**PUBLIC REDACTED VERSION**
**SEE ALSO APPENDIX**
**ATTACHED HERETO**

# AMENDED AND RESTATED

# APPLICATION FOR

# CERTIFICATE OF PUBLIC ADVANTAGE

**Submitted by:**

**Union Hospital, Inc. and Terre Haute Regional Hospital, L.P.**

**Amended and Restated Version Submitted on August 26, 2024**

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# I. GENERAL INFORMATION AND DESCRIPTION OF PROPOSED MERGER

## *a. General Definitions*

In addition to the defined terms found throughout this document:

- "***Application***" means this application for an Indiana Certificate of Public Advantage.
- "***Applicant***" means either Union Hospital, Inc., or Terre Haute Regional Hospital, L.P.
- "***Applicant Group***" means Union Hospital, Inc. and Terre Haute Regional Hospital, L.P. collectively.
- "***Asset Purchase Agreement,*** *"* ***"APA,"*** or "***Merger Agreement***" means the written agreement, which serves as the agreement under the COPA statute for purposes of this Application, entered into between Union Hospital, Inc. (as "Buyer") and Terre Haute Regional Hospital, L.P and Regional Hospital Healthcare Partners, LLC (as "Sellers") for the acquisition of the Purchased Assets (as defined in the Asset Purchase Agreement) by Union Hospital, Inc., or an Affiliate of Union Hospital, Inc.
- "***Attachment***" means a document referenced in this Application that is included in the compilation of Attachments that accompanies this Application.
- "***Closing Date***" means the date defined as the "Closing Date" in Section 3.1 of the Asset Purchase Agreement.
- "***Center for Occupational Health, Inc.***" means the Center for Occupational Health, Inc., an Indiana nonprofit corporation. The Center for Occupational Health, Inc. is wholly owned by Union Hospital, Inc. It provides work-related injury care and other occupational medicine services.
- "***Combined Clinical Platform***" means, as a result of the Merger, the aggregate health care assets, resources, capabilities, locations and personnel of Regional Hospital, Regional Hospital Healthcare Partners, Union Hospital, Union Associated Physicians Clinic, LLC, Center for Occupational Health, Inc., Union Hospital Therapy, LLC, and the Rural Health Clinics.
- "***Combined Enterprise****"* means the enterprise consisting of the Regional Healthcare Providers (including their respective administrative and clinical operations) and the Union Healthcare Providers (including their respective administrative and clinical operations), resulting from the Merger.
- "***Merger***" means the transaction that is effectuated by the Asset Purchase Agreement, including the acquisition of the Purchased Assets identified in the Asset Purchase Agreement by Union Hospital, Inc. or an Affiliate of Union Hospital, Inc., pursuant to the terms and conditions of the Asset Purchase Agreement.

- "***Post-Merger Initiatives***" include: (i) the "Health Equity Plan," "Population Health Improvement Plan," "Virtual Nursing Program," described in Section III.b.1.A.(i) - (iii) of this Application; and (ii) the "Service Line Model of Care," described in Section III.b.1.B. of this Application.

- "***Post-Merger Union Hospital***" means Union Hospital after applicable Purchased Assets of Regional Hospital are incorporated into Union Hospital's administrative and clinical operations.

- "***Purchased Assets***" means the assets defined as "Purchased Assets" in the Asset Purchase Agreement.

- "***Regional Healthcare Partners,***" for the period prior to the Merger, means Regional Hospital Healthcare Partners, LLC. For the period subsequent to the Merger, "***Regional Hospital Healthcare Partners****"* means all Purchased Assets of Regional Hospital Healthcare Partners, LLC that: (i) were acquired by Union Hospital, Inc. or an Affiliate of Union Hospital, Inc., pursuant to the Asset Purchase Agreement; and (ii) are incorporated into the administrative and clinical operations of Union Hospital or Union Associated Physicians Clinic, LLC. The term includes any Facility Employees of Regional Hospital Healthcare Partners, LLC employed at Union Hospital or Union Associated Physicians Clinic, LLC.

- "***Regional Healthcare Providers***" means, unless otherwise indicated, Regional Hospital and Regional Hospital Healthcare Partners, post-Merger.

- "***Regional Hospital,***" for the period prior to the Merger, means the licensed acute care hospital owned and operated by Terre Haute Regional Hospital, L.P, located in Terre Haute, Vigo County, Indiana. For the period subsequent to the Merger, "***Regional Hospital***" means all Purchased Assets, attributable to or comprising the licensed hospital owned and operated by Terre Haute Regional Hospital, L.P. in Terre Haute, Vigo County, Indiana, that: (i) were acquired by Union Hospital, Inc. pursuant to the Asset Purchase Agreement; and (ii) are incorporated into the administrative and clinical operations of Union Hospital. The term includes any Facility Employees of Terre Haute Regional Hospital, L.P. employed at Union Hospital.

- "***Rural Health Clinics***" means the rural health clinic in Brazil, Clay County, Indiana, and the rural health clinic in Clay City, Clay County, Indiana, both of which are owned and operated by Union Hospital Inc.

- **"*Terre Haute Regional Hospital, L.P.*"** means Terre Haute Regional Hospital, L.P., a for-profit Delaware limited partnership.

- "***Union Associated Physicians Clinic, LLC****"* means Union Associated Physicians Clinic, LLC, an Indiana limited liability company. Union Associated Physicians Clinic, LLC operates a multi-specialty physician clinic with approximately 162 physicians and allied health care providers. [redacted]

- "***Union Health System, Inc.***" means Union Health System, Inc., an Indiana nonprofit corporation. Union Health System, Inc. is the sole member of Union Hospital, Inc. Union Health System, Inc., itself, is not a licensed health care provider and does not directly provide health care services.

- "***Union Healthcare Providers***" means Union Hospital, Union Associated Physicians Clinic, LLC, Center for Occupational Health, Inc., Union Hospital Therapy, LLC, and the Rural Health Clinics.

- "***Union Hospital***" means the separately licensed acute care hospital owned and operated by Union Hospital, Inc., located in Terre Haute, Vigo County, Indiana.

- "***Union Hospital, Inc.***" means Union Hospital, Inc., an Indiana non-profit corporation.

- "***Union Hospital Therapy, LLC****"* or "***UHT***" means Union Hospital Therapy, LLC, an Indiana nonprofit limited liability company. [redacted] UHT provides physical, occupational, and speech therapy, and related rehabilitation services.

- "***Wabash Valley Community***" means Vigo, Clay, Greene, Parke, Sullivan and Vermillion counties in Indiana. The Wabash Valley Community has a combined population of approximately 215,000, half of which are residents of Vigo County − where Union Hospital and Regional Hospital are located. The remaining 5 counties have populations ranging from approximately 15,000 to approximately 30,000, with more than half of those populations residing in rural areas.

Capitalized terms not otherwise defined in this Application are defined pursuant to the terms of the Asset Purchase Agreement.

### *b. Executive Summary of this Application*

Union Hospital, Inc. ("***UHI***") owns and operates, and holds the Indiana hospital license for, Union Hospital. Union Hospital is an acute care hospital located in Terre Haute, Vigo County, Indiana. In addition to meeting the health care needs of the residents of Vigo County, Indiana, Union Hospital serves the residents of Clay, Greene, Parke, Sullivan and Vermillion counties in Indiana (i.e., the Wabash Valley Community).

Terre Haute Regional Hospital, L.P., is a for-profit Delaware limited partnership ("***THRH***"). THRH owns and operates, and holds the Indiana hospital license for, Regional Hospital. Regional Hospital is an acute care hospital located in Terre Haute, Vigo County, Indiana. Regional Hospital and Union Hospital are located within 5.5 miles of each other in Terre Haute.

Given the uncoordinated health care services provided by Regional Hospital and Union Hospital, perhaps it should be no surprise that the health status of the residents of Vigo County and the other counties of the Wabash Valley Community is poor – and has been for years. Each year, the University of Wisconsin Population Health Institute issues a report regarding health outcomes and health factors on a county-by-county basis throughout the U.S. The table below reflects the results of the Institute's 2023 report for Vigo County and the other counties of the Wabash Valley Community (each county's score is based on Indiana's 92 counties):

| **INDIANA COUNTY**[1] | **RANK** |
|---|---|
| VIGO | 63rd out of 92 |
| CLAY | 55th out of 92 |
| GREENE | 64th out of 92 |
| PARKE | 34th out of 92 |
| SULLIVAN | 60th out of 92 |
| VERMILLION | 66th out of 92 |

To review the details of the Institute's scoring for each of the counties, *see* Attachment I.b.

In November 2020, UHI and THRH began discussing how they might work together to improve the health status of Vigo County and the other counties of the Wabash Valley Community. These discussions included a wide array of stakeholders, including local governmental officials, businesses and community leaders and, most importantly, patients. Based upon these discussions, UHI and THRH ultimately decided that the most efficient and successful way to focus their resources on the health care needs of Vigo County, and the other counties of the Wabash Valley Community, would be for UHI (and possibly an Affiliate of UHI) to acquire substantially all of THRH's assets (and substantially all the assets of Regional Healthcare Partners) so as to accomplish a merger that creates a Combined Clinical Platform that will operate as a single organized system of health care. Accordingly, on September 12, 2023, UHI (as the Buyer) and THRH and Regional Healthcare Partners (as Sellers) entered into an Asset Purchase Agreement whereby, on a future date, and upon the satisfaction of the closing conditions set forth in the Asset Purchase Agreement, the Merger will be formally "Closed." Upon the Closing, THRH, and Regional Hospital Healthcare Partners, LLC, will cease providing health care services. *Importantly, at the same time, UHI, in satisfaction of the goals stated in I.C. § 16-21-15-4(c), will commence its operation of the Combined Clinical Platform so as to benefit the health outcomes, health care access, and quality of care in Vigo County, and the other counties of the Wabash Valley Community, in a manner that outweighs any disadvantages attributable to a reduction in competition that may result from the Merger.*

It is important to note, however, that the Merger will only occur if the Indiana Department of Health ("***DOH***") issues a COPA with respect to the Merger.[1] To that end, UHI and THRH submit this Application to the DOH, with copies to the Family and Social Services Administration, and the Office of the Attorney General.

### *c. Descriptions of Applicants: UHI and THRH*

1. Union Hospital, Inc. ("***UHI***")

- **Legal Name:** Union Hospital, Inc., an Indiana non-profit corporation
- **Address:** 1606 North Seventh St., Terre Haute, Indiana 47804
- **Membership:** Union Health System, Inc., an Indiana non-profit corporation, is the sole member of Union Hospital, Inc.
- **Assumed Business Name:** Various assumed business names, including "Union Hospital Terre Haute." *See* Attachment I.c.1. (the organizational chart for UHI) for a comprehensive list.
- **Organizational Chart for UHI:** *See* Attachment I.c.1.
- **License Number for Union Hospital:** 23-005022-1
- **General Narrative Description:**

  UHI owns and operates, and holds the Indiana hospital license for, Union Hospital. UHI's sole member is Union Health System, Inc., a non-profit Indiana corporation. Union Hospital provides comprehensive health care services to Vigo County and the other counties of the Wabash Valley Community. It is licensed for 341 beds (and staffs and operates 257 acute care beds) and operates a full-service acute care hospital. It provides medical-surgical, obstetric, pediatric, coronary care, post-coronary care, emergency, and intensive care services. Union Hospital is a Level III trauma center. Additionally, Union Hospital is a referral center for services such as neonatal intensive care, open heart surgery, cardiac rehabilitation, radiology, cardiopulmonary services, and radiation therapy. Furthermore, Union Hospital educates and trains health professionals. Through its family medicine residency program, Union Hospital trains physicians with an emphasis on primary care. The residency program has graduated 238 family medicine physicians, many of whom practice in underserved areas, including throughout the Wabash Valley Community.

[1] [redacted]

UHI is [redacted] of Union Associated Physicians Clinic, LLC, which operates a multi-specialty physician clinic with approximately 162 physicians and allied health care providers. [redacted]

2. Terre Haute Regional Hospital, L.P. ("***THRH***")

- **Legal Name:** Terre Haute Regional Hospital, L.P., a for-profit Delaware limited partnership
- **Address:** 3901 South 7th St, Terre Haute, IN 47802
- **Ownership:** Terre Haute Hospital GP, Inc., a Tennessee for-profit corporation
- **Assumed Business Name:** Terre Haute Regional Hospital
- **Organizational Chart for THRH:** *See* Attachment I.c.2.
- **License Number for Regional Hospital:** 22-005042-1.
- **General Narrative Description:**

  THRH owns and operates, and holds the Indiana hospital license for, Regional Hospital. Regional Hospital is licensed for 278 beds (and staffs and operates 208 acute care beds) and operates a full-service acute care hospital. Regional Hospital provides many of the same core clinical services that Union Hospital provides. Regional Hospital, like Union Hospital, is a Level III trauma center. Regional Hospital provides cardiovascular services, including open-heart surgery and cardiac catheterization, oncology services (including radiation therapy and outpatient infusion), and labor and delivery (including neonatal intensive care). Regional Hospital also provides inpatient behavioral health services, and other specialized inpatient areas, including intensive care and inpatient rehabilitation care.

***d. Contact Information for Each Applicant and its Lead Attorney***

1. Union Hospital, Inc.

- Entity contact information:

  Steven M. Holman, President and CEO
  Union Health
  1606 North Seventh St.
  Terre Haute, Indiana 47804
  812-238-7606

- Lead attorney name and contact information: Amy T. Hock, Chief Legal Officer

  Amy T. Hock, Chief Legal Officer
  Union Health
  1606 North Seventh St.
  Terre Haute, Indiana 47804
  812-238-7659

2. Terre Haute Regional Hospital, L.P.

   - Entity contact information:

     Bobby Moran, Corporate Development
     HCA Healthcare, Inc.
     One Park Plaza
     Nashville, TN 37203
     615-344-2528

   - Lead attorney name and contact information:

     Andrew Wilcox
     Polsinelli PC
     900 W. 48th Place, Suite 900
     Kansas City, MO 64112
     816-753-1000

***e. Executed Copy of the Merger Agreement*** See Attachment I.e.

***f. Written Description of Nature and Scope of Proposed Merger***

The Merger is structured as the sale of substantially all assets (real, personal or mixed, and tangible or intangible) of THRH, as well as the sale of substantially all assets (real, personal or mixed, and tangible or intangible) of Regional Healthcare Partners, LLC. These assets are described in Article 2 of the Asset Purchase Agreement and include, but are not limited to, the following Purchased Assets:

[redacted]

[redacted]

Importantly, in the event employees of Terre Haute Regional Hospital, L.P. and Regional Hospital Healthcare Partners, LLC wish to seek other employment opportunities, there are a variety of alternative employment options. Examples of competing health care-related employers include, but are not limited to: critical access hospitals in Sullivan, Clay, Greene and Crawford

Counties; Horizon Health in Paris, Illinois; Harsha Behavioral Center in Terre Haute; Hamilton Center in Terre Haute; Anabranch Recovery Center in Terre Haute; various home health and hospice agencies; and private practices. Moreover, with respect to non-clinical personnel, recent economic development announcements indicate that additional job openings will be coming to Terre Haute. In March 2023, ENTEK, a battery component manufacturer, announced plans for a $1.5 billion plant in the Vigo County Industrial Park II. The company says it will bring 642 jobs by the end of 2027.[2] Churchill Downs Inc. plans to open the new Terre Haute Casino Resort, with 500 new job openings, in spring 2024.[3] Without question, UHI will be required to compete with the other employers in the area (both health care-related, and non-health care-related) to attract and retain personnel.

Upon Closing, UHI will commence its Post-Merger Initiatives (as described in Sections III.b.1.A.(i) - (iii) and Section III.b.1.B. of this Application) through the Combined Clinical Platform.

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 including additional information relevant to this section. *See* Exhibit 1, pages 1-2 for more detail.

***g. Certification by Officer of Each Applicant***

*See* signature page of this Application.

***h. Evidence of Copy of Application Filed with the Office of the Secretary of Family and Social Services***

This Application will be filed with the DOH, and shortly thereafter a copy of this Application will be filed with the Family and Social Services Administration ("***FSSA***"). Evidence of the filing with FSSA will then be provided to DOH.

***i. Evidence of Copy of Application Filed with the Office of the Attorney General***

This Application will be filed with the DOH, and shortly thereafter a copy of this Application will be filed with the Office of the Attorney General ("***OAG***"). Evidence of the filing with OAG will then be provided to DOH.

[2] *See* https://entek.com/news/posts/entek-announces-location-of-first-lithium-battery-separator-plant-in-indiana-to-power-growing-domestic-electric-vehicle-market/ and https://www.tribstar.com/news/business_news/1-5-billion-battery-part-factory-to-create-642-vigo-jobs/article_42f62822-c82e-11ed-be52-e71feb28b130.html

[3] *See* https://www.insideindianabusiness.com/articles/terre-haute-casino-looking-to-add-hundreds-of-workers

## II. FINANCIAL AND BUSINESS INFORMATION

### *a. Copy of the Financial Statements and Related Audit Reports for the Last Five Years for the Applicants*

1. UHI: *See* Attachments II.a.1.(i),(ii),(iii),(iv), and (v). The Attachments consists of the audited consolidated financial statements of Union Health System, Inc. for the last five years. Each consolidated financial statement includes the accounts of, among other entities, UHI. The audits were by external auditors Blue & Company.

2. THRH: *See* Attachment II.a.2. The Attachment consists of "Financial Statement Reports" for THRH. THRH is a subsidiary of HCA Healthcare, Inc. and does not have separately audited financial statements. As a subsidiary of HCA Healthcare, Inc., it is included in the consolidated audited financial statements of HCA Healthcare, Inc., which are publicly available. If DOH wishes for HCA Healthcare, Inc. to submit those consolidated audited financial statements, it will do so.

### *b. Description of the Current Healthcare Services Provided by the Applicants, the locations at which such services are provided, and the primary service areas (based on zip codes) for Union Hospital and Regional Hospital*

The following table shows the similarity in the major health care service lines provided by Union hospital and Regional Hospital in 2023, as well as the health care services within each service line.

**KEY:**
Y – Yes, Services Are Offered
IP – Inpatient
OP – Outpatient
N – No, Services Are Not Offered

| HOSPITAL SERVICES | UNION HOSPITAL<br>1607 N. 7th St.<br>Terre Haute, IN<br>47804 | REGIONAL HOSPITAL<br>3903 S. 7th St.<br>Terre Haute, IN<br>47802 |
|---|---|---|
| **Academic Health Centers** | **Y[1]** | **IP/OP** |
| **After Hours Access Nurse** | **Y** | **IP/OP** |
| **Accountable Care Organization** | **Y** | **N** |
| **Behavioral Health** | **ER/IP consults only** | **IP** |
| **Cardiology** | | **IP/OP** |
| **Cardiac Cath Lab** | **IP/OP** | **IP/OP** |

[1] Indiana State University, Rose Hulman Institute of Technology and St. Mary of the Woods College

| HOSPITAL SERVICES | UNION HOSPITAL<br>1607 N. 7th St.<br>Terre Haute, IN<br>47804 | REGIONAL HOSPITAL<br>3903 S. 7th St.<br>Terre Haute, IN<br>47802 |
|---|---|---|
| Cardiac Rehab | OP | OP |
| Cardiac Testing | IP/OP | IP/OP |
| Cardiovascular Surgery | IP | IP/OP |
| Electrophysiology | OP | OP |
| Heart Scan | N | N |
| TAVR | OP | N |
| Convenient/Urgent Care | Y, two locations | N |
| Diabetes Education | IP/OP | N |
| Dialysis | IP | N |
| Emergency Department | Y | IP/OP |
| Accredited Chest Pain Center | IP | N |
| Accredited Stroke Center | IP | IP |
| Level III Trauma Center | IP | IP/OP |
| ENT | OP | N |
| Family Medicine | IP/OP | IP/OP |
| Family Medicine Residency | Y | N |
| General Surgery | IP/OP | IP/OP |
| Hospitalists | IP | IP/OP |
| Infusion Center | OP | OP |
| At-Home Monitoring | OP | N |
| Medical Rehab | IP | IP |
| Hospice | IP | IP |
| Intensive Care | IP | IP |
| Internal Medicine | IP/OP | IP/OP |
| Laboratory | IP/OP | IP/OP |
| Maternal Health | | IP/OP |
| Labor & Delivery | IP | IP/OP |
| Level III NICU | IP | IP |
| Nurse Navigators | OP | OP |
| OB Hospitalists | IP | IP |
| Neurology | IP/OP | IP/OP |
| Neurosurgery | IP/OP | N |
| OB/GYN | IP/OP | IP/OP |
| Occupational Medicine | OP | OP |
| Oncology | Y | IP/OP |
| Medical | IP/OP | IP/OP |

| HOSPITAL SERVICES | UNION HOSPITAL<br>1607 N. 7th St.<br>Terre Haute, IN<br>47804 | REGIONAL HOSPITAL<br>3903 S. 7th St.<br>Terre Haute, IN<br>47802 |
|---|---|---|
| Radiation | OP | OP |
| Ophthalmology | OP | N |
| Orthopedic Surgery | IP/OP | IP/OP |
| Outpatient Pharmacy | Y | N |
| Pain Management | OP | N |
| Palliative Care Program | IP | N |
| Pediatrics | IP/OP | IP/OP |
| Pediatric Therapy | OP | N |
| Physical Therapy | IP/OP | IP/OP |
| Podiatry | IP/OP | N |
| Population Health Program | Y | N |
| Pulmonary Rehab | OP | OP |
| Pulmonology | IP/OP | IP/OP |
| Radiology | Y | IP/OP |
| CT | IP/OP | IP/OP |
| Dexascan | OP | N |
| Mammography | OP | IP/OP |
| MRI | IP/OP | IP/OP |
| PET CT | OP | OP |
| US | IP/OP | IP/OP |
| Interventional | IP/OP | IP/OP |
| Retinal Surgery | OP | N |
| Rheumatology | OP | N |
| Respiratory Therapy | IP/OP | IP/OP |
| Sleep Lab | OP | N |
| Specialty Pharmacy | OP | N |
| Speech Therapy | IP/OP | IP/OP |
| Swing Bed Unit | N | N |
| Surgery | Y | IP/OP |
| Surgery | IP | IP/OP |
| Ambulatory Surgery | OP | N |
| Endoscopy | IP/OP | IP/OP |
| Robotics | IP/OP | IP/OP |
| Urology | IP/OP | IP/OP |
| Wound Care (Hyperbaric Medicine) | OP | OP |

Zip codes for primary service areas:[4]

[redacted]

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the primary service areas and hospital services described above. *See* Exhibit 1, pages 2-5. Additional information specific to THRH can be found in the attachments to Exhibit 1. *See* Exhibit 1, RFI1 Attachment A.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on June 5, 2024 about the healthcare services provided by each of the Applicants and their respective affiliates and subsidiaries, including information about the primary service area, services provided, and location of services. *See* Exhibit 3, pages 1-3. Additional information can be found in the attachments to Exhibit 3. *See* Exhibit 3, RFI2 Attachments A and B.

***c. Description of the Types and Number of Healthcare Providers Who Are Employed or Contracted by Applicants*** [5]

[4] The zip codes for the primary service areas are based on data from the Indiana Hospital Association for the period CY 2019-2022, plus Q1 of 2023. "Primary service area" is defined as the zip codes where 80% of volume originates from.

[5] The number of providers reported in the table does not reflect providers employed by physician groups that provide specialized medical coverage at Union Hospital pursuant at to a contract with UHI, or providers employed by physician groups that provide specialized medical coverage at THRH pursuant to a contract with THRH. In addition, the table does not reflect health care providers who have clinical privileges at Union Hospital, but are not employed by, or contracted with, UHI on behalf of Union Hospital. Likewise, the table does not reflect health care providers who have clinical privileges at Regional Hospital, but are not employed by, or contracted with, THRH.

| Provider Type | UHI [6, 7] | THRH[8] |
|---|---|---|
| Cardiovascular Surgery | 1 physician | 0 |
| Urology | 0 | 0 |
| OB/GYN | 1 physician | |
| Maternal Fetal Medicine | 1 physician | 0 |
| Cardiology | 6 physicians (via a professional services agreement) | 0 |
| Oncology | 2 physicians (via a professional services agreement) | 0 |
| Psychiatry | 0 | 0 |
| Family Medicine | 13 physicians | 0 |
| Hospitalists | 0 | 0 |
| Internal Medicine | 6 physicians | 0 |
| Pediatrics | 0 | 0 |
| Dermatology | 0 | 0 |
| General Surgery | 0 | 0 |
| Neurology | 3 physicians | 0 |
| Neurosurgery | 2 physicians | 0 |
| Gastroenterology | 0 | 0 |
| Ophthalmology | 0 | 0 |
| Orthopedics | 0 | 0 |
| Sports Medicine | 0 | 0 |
| Podiatry | 0 | 0 |
| Physical Medicine & Rehab | 1 physician | 0 |
| Pulmonology | 1 physician | 0 |
| Rheumatology | 0 | 0 |
| Nurses | 889 | 214 |

[6]UHI owns and operates, and holds the Indiana hospital license for, a hospital located in Clinton, Vermillion County, Indiana ("Union Hospital Clinton"). Union Hospital Clinton is licensed separately from Union Hospital, has Medicare and Medicaid provider numbers separate from Union Hospital, and, unlike Union Hospital, is designated by CMS as a "critical access hospital." Because the COPA statute only applies to hospitals located in Vigo County, the table only reflects healthcare providers employed or contracted by UHI on behalf of Union Hospital.

[7] The number of providers reported in the table does not include physicians and other health care providers employed by UHI's physician group, Union Associated Physicians Clinic, LLC. The group has over 162 providers, in 20 medical specialties, practicing in multiple locations throughout western Indiana.

[8] The number of providers reported in the table does not include physicians and other health care providers employed by THRH's physician group, Regional Hospital Healthcare Partners, LLC. The group consists of seven physicians.

| Provider Type | UHI [6, 7] | THRH[8] |
|---|---|---|
| Advance Practice Nurses | 3 | 2 |
| Other Licensed Health Care Providers | 2 physician assistants | 0 |

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the type and number of healthcare providers who are employed or contracted by each Applicant. *See* Exhibit 1, pages 5-7. Additional information can be found in the attachments to Exhibit 1. *See* Exhibit 1, RFI1 Attachments B, C, D, and E.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on June 5, 2024 related to the type and number of healthcare providers who are employed or contracted by each Applicant. *See* Exhibit 3, pages 3-6. Additional information can be found in the attachments to Exhibit 3. *See* Exhibit 3, RFI2 Attachment C.

***d. Description of Any Current Cooperative or Contractual Relationships between the Applicants, or Any Such Relationships That Have Been Proposed or Terminated Within the Last Five Years***

In addition to transfers and delivering care in the regular course:

**Interventional Radiology**: Union Hospital supported the interventional radiology needs of Regional Hospital's inpatients for approximately six months from August 2022 until February 2023. During this time, patients were transported from Regional Hospital to Union Hospital where these high-level services could be performed. Patients were monitored and recovered post-procedurally, and then transported back to Regional Hospital for the remainder of each patients' inpatient stay.

**Laundry**: Union Hospital provided laundry services for Regional Hospital through the Union Hospital in-house laundry during the Covid-19 Pandemic. Throughout that period, Union Hospital laundered scrubs, isolation gowns, physician/advanced practice provider lab jackets, and head covers to support Regional Hospital's medical team and support staff in taking care of patients.

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about cooperative or contractual relationships proposed between the UHI and THRH. There were no proposed cooperative or contractual relationships between UHI and THRH within the past five years. *See* Exhibit 1, pages 7-8.

***e. Copy of the Most Recent Application for License Renewal for Union Hospital and Regional Hospital***

1. Union Hospital: *See* Attachment II.e.1.

2. Regional Hospital: *See* Attachment II.e.2.

***f. Patient Census for Each Hospital***

| 2022 – Hospital | Inpatient Census | Outpatient Census |
|---|---|---|
| Union Hospital | 197 | 28 |
| Regional Hospital | 64 | N/A+ |

+ Regional Hospital's definition of average daily census does not apply to outpatient.

| 2023 – Hospital | Inpatient Census | Outpatient Census |
|---|---|---|
| Union Hospital | 210 | 16 |
| Regional Hospital | 64 | N/A+ |

+ Regional Hospital's definition of average daily census does not apply to outpatient.

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024. The response to RFI1 clarifies that Regional's definition of average daily census does not apply to outpatients as it is a metric that measures their daily inpatient average and by definition does not include outpatients. *See* Exhibit 1, page 8.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on June 5, 2024. The response to RFI2 clarifies how UHI calculates its outpatient census, applies a similar reasoning to THRH data and explains differences between UHI data and inpatient data reported by the Indiana Hospital Association. *See* Exhibit 3, page 6.

***g. Each Hospital's Hospital Compare Rate From the Centers for Medicare and Medicaid Services (CMS)***

1. Union Hospital: *See* Attachment II.g.1.

2. Regional Hospital: *See* Attachment II.g.2.

***h. Other Provider or Medical Professional Quality Information***

1. Union Hospital: *See* Attachment II.h.1.

2. Regional Hospital: *See* Attachment II.h.2.

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 expanding upon and clarifying data contained within COPA Application Attachments II.h.2.(i) and II.h.2.(ii). *See* Exhibit 1, pages 8-9 and Exhibit 1, RFI1 Attachments II.h.2.(i) and II.h.2.(ii).

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on June 5, 2024 updating quality information for the year 2023, and clarifying or otherwise updating certain RFI1 attachments. *See* Exhibit 3, pages 6-7 and Exhibit 3, RFI2 Attachments E and F.

***i. Each Hospital's Most Recent Medicare Cost Report***

1. Union Hospital: *See* Attachment II.i.1.

2. Regional Hospital: *See* Attachment II.i.2.

***j. Each Hospital's Past Two Accreditation Surveys***

1. Union Hospital: *See* Attachment II.j.1.

2. Regional Hospital: *See* Attachment II.j.2.

***k. Pricing Data Reported Separately for All Inpatient and Outpatient Services Provided by Each Applicant For the Previous Five Years and Monthly Aggregated Data, Computed Separately for Medicaid, Medicare, Commercial, and All Other Payors***

***A. Number of Patients, Classified by Type of Inpatient or Outpatient Service***

[redacted]

[redacted]

***B. Total Billed Charges of Each Hospital, Stated Separately to Include and Exclude and Physician Services***

[redacted]

***C. Total Amounts of Each Hospital's Billed Charges Allowed Under Health Plan Contracts, Stated Separately to Include and Exclude any Physician Services***

[redacted]

***D. Total Amounts of Each Hospital's Billed Charges Actually Paid by Health Plans and Patients (Combined), Stated Separately to Include and Exclude Physician Services***

[redacted]

[redacted]

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 including data responsive to the above requests analyzed by month, supplementing to the original data which was analyzed by year. *See* Exhibit 1, page 9. Additional information can be found in the attachments to Exhibit 1. *See* Exhibit 1, RFI1 Attachments G, H, and I.

***l. List of All Insurance Contracts and Payor Agreements***

1. Union Hospital: *See* Attachment II.l.1.

2. Regional Hospital: *See* Attachment II.l.2.

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 clarifying the attachments referenced above. *See* Exhibit 1, pages 9-10.

Additionally, UHI provided the Department of Health with further information about the top five payers in April 2024. *See* Miscellaneous Attachments, Attachment 1 – CONFIDENTIAL – Union Hospital – Top Five Payer Information.

## III. PROPOSED MERGER

***a. Description of the Post-Merger Business Plan and Organization, Including Three Years of Projections, Sources of Financing, Integration Plans and Timelines***

1. Business Plan and Timeline

UHI's post-Merger business plan is relatively unconventional. For example, instead of looking to cut costs by reducing workforce, UHI is committed to protecting the employees of THRH and Regional Healthcare Partners.[9] UHI has

[9] [redacted]

no plans to reduce the services currently provided by the Regional Healthcare Providers or the Union Healthcare Providers. Moreover, UHI has no plans to close any facility or other location of the Regional Healthcare Providers or the Union Healthcare Providers currently in operation. In sum, although UHI, of course, will be alert for efficiencies and cost savings that may be realized post-Merger, substantially reducing the operating costs of the Combined Enterprise is not a primary goal of the Merger – *instead, the primary goal of the Merger is to significantly improve the health status of the residents of Vigo County and the other counties of the Wabash Valley Community*.

Although substantially reducing operating costs is not a primary goal of the Merger, this should not be interpreted as disregard for the health care costs paid by the residents of Vigo County and the other counties the Wabash Valley Community, or by health care payors. In fact, the opposite is true. In this regard, it is important to note that, if the COPA is granted, the ability of Post-Merger Union Hospital to increase charges for individual services will be significantly limited by the operation and effect of I.C. § 16-21-1-7(c). In addition, the Post-Merger Initiatives implemented by UHI will reduce health care costs, will improve the quality of care provided by the Combined Clinical Platform, and will significantly improve the health status of the residents of Vigo County and the other counties of the Wabash Valley Community. These Post-Merger Initiatives are the initiatives described in Section III.b.1.A.(i) - (iii) and Section III.b.1.B. below.

Attachment III.a.1. is a map showing the Wabash Valley Community and the health care sites for the Combined Clinical Platform, post-Merger. UHI anticipates establishing, at some point in the future, additional health care sites in the Wabash Valley Community. These additions will further improve access to care for the residents of the Wabash Valley Community. The Post-Merger Initiatives will be implemented at each of these sites.

[redacted]

[redacted]

[redacted]

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the financial projections concerning the proposed merger. *See* Exhibit 1, pages 10-11. Additional information can be found in the attachments to Exhibit 1. *See* Exhibit 1, Attachment J.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on June 5, 2024 about valuation reports, financial projections, and costs related to the Merger. *See* Exhibit 3, pages 7-8. Additional information can be found in the attachments to Exhibit 3. *See* Exhibit 3, RFI2 Attachments G, H, I, and J.

2. Integration Plan

The priority throughout the Merger and post-Merger will be to remain patient-focused while optimizing and coordinating the delivery of health care services. This will require thoughtful planning. Although the post-Merger integration plan for the Combined Enterprise remains fluid and subject to revision due to the evolving nature of the information-gathering, planning, collaboration, and execution processes, UHI currently expects many opportunities to promote the delivery of, and access to, quality health care services through its Post-Merger Initiatives. Formal integration planning for the Combined Enterprise will begin upon the parties' execution of the Asset Purchase Agreement. The formal process for integrating the Combined Enterprise will start upon the Closing, and thereafter proceed organically over the course of 18-24 months.

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the integration plans and other information related to the post-merger entity. *See* Exhibit 1, pages 11-12. Additional information can be found in the attachments to Exhibit 1. *See* Exhibit 1, RFI1 Attachment K.

The Applicant Group received additional questions from the Department of Health on a call. In response to these additional questions, via email attachment on February 6, 2024, the Applicant Group clarified how the interests of the Wabash Valley Community would be protected after the COPA is terminated and more detail on the overview of the integration and preliminary timeline. *See* Exhibit 2 and Exhibit 2, Attachment – Post Closing Timeline: Analysis of Services.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on

June 5, 2024 about the integration plans related to the Merger. *See* Exhibit 3, page 8. Additional information can be found in the attachments to Exhibit 3. *See* Exhibit 3, RFI2 Attachment K.

***b. Description of Any Services, Facilities or Organizations That Will be Established, Eliminated, Enhanced, Reduced, Share or Relocated as Part of the Post-Merger Business Plan***.

1. Services

As noted, UHI has no plans to reduce the types of health care services provided to the residents of Vigo County or the other counties of the Wabash Valley Community. In fact, to the contrary, UHI will enhance the types of health care services provided to the residents of these counties, and also enhance how those health care services are delivered.

Currently, there is no opportunity for the Union Healthcare Providers and the Regional Healthcare Providers to coordinate service lines, or to otherwise thoughtfully utilize health care resources to address the health care needs of Vigo County and the other counties of the Wabash Valley Community. However, following the Merger, the Combined Clinical Platform, operating as a single organized system of health care, will be able to coordinate the provision of health care services, and the utilization of health care resources, to address the area's health care needs.

A. Enhancing the Types of Health Services Provided

UHI has implemented, and plans to implement, a number of innovative health care initiatives that are not typically associated with routine clinical care, but which will nonetheless improve the health status of, and the access to quality care by, patients and the public at large.[10]

**(i) Health Equity Plan.** There is a clear link between health equity and health status. A 2022 report issued by the Department of Health and Human Services ("***HHS***") through the Office of the Assistant

[10] For example, UHI has established a "Mobile Healthy Transitions Team." The team consists of a community health worker, a respiratory therapist and a registered nurse. The goal of this team is to bridge the gap between the hospital and the patient's home environment. The team's process is initiated by a face-to-face visit while the patient is hospitalized. Two or three days after hospital discharge, the team will make a home visit and/or a phone call to the patient. During this connection, the team reviews the discharge instructions, and medications, confirms follow-up visits, and answers any questions or concerns.

Another example is the "Collaborative Medical Clinic For Our Unsheltered Community Members." The initiative addresses the medical needs of the unsheltered population of Terre Haute. These "pop-up" clinics have been located at a local food distribution center near downtown Terre Haute. The team is made up of resident physicians, primary care providers, pharmacists, respiratory therapists, nurses, community health workers and clinical psychologists. Also, *see* the article published by the Indiana Hospital Association, "Putnam County Hospital Partners With Union Hospital to Bridge Gaps in Maternal Health" at https://www.ihaconnect.org/member/newsroom/Pages/bridgegaps.aspx .

Secretary for Planning and Evaluation (which serves as the principal advisor to the Secretary of HHS on policy development), observed the following:

> "Long-standing health inequities and poor health outcomes remain a pressing policy challenge in the U.S. Studies estimate that clinical care impacts only 20 percent of county-level variation in health outcomes, while social determinants of health (SDOH) affect as much as 50 percent. Within SDOH, socioeconomic factors such as poverty, employment, and education have the largest impact on health outcomes."[11] (emphasis added)

The Centers for Medicare and Medicaid Services ("***CMS***") recognize the important role health equity plays in high quality, effective health care. CMS notes that "[p]ersistent inequities in health care outcomes exist in the United States, including among Medicare patients."[12] According to CMS, these health inequities result in poor health outcomes:

> "Belonging to a racial or ethnic minority group; living with a disability; being a member of the lesbian, gay, bisexual, transgender, and queer (LGBTQ+) community; living in a rural area; or being near or below the poverty level, is often associated with worse health outcomes. Such disparities in health outcomes are the result of number of factors, but importantly for CMS programs, although not the sole determinant, poor access and provision of lower quality health care contribute to health disparities. For instance, numerous studies have shown among Medicare beneficiaries, racial and ethnic minority individuals often receive lower quality of care, report lower experiences of care, and experience more frequent hospital readmissions and procedural complications."[13]

In addition, there is growing evidence that addressing health inequities is crucial to slowing the rate of escalating healthcare expenditures in the U.S. It is getting more costly over time to ignore this issue:

---

[11] *See* https://aspe.hhs.gov/sites/default/files/documents/e2b650cd64cf84aae8ff0fae7474af82/SDOH-Evidence-Review.pdf?ref=letsgetchecked-blog.ghost.io .

[12] 86 Fed. Reg. 64996, 65382 (November 19, 2021).

[13] *Id.* at 65382-83.

> "In addition to the moral argument for achieving health equity and the fact that improving health care quality and population health will require reducing health disparities, there is a strong business case for accelerating this work at the national, state, and individual health system levels. Health disparities not only result in poorer health outcomes for historically marginalized populations; this excess disease burden also leads to increased costs for health systems, insurers, employers, and patients and families, as well as lower worker productivity due to higher rates of absenteeism and presenteeism (i.e., working while sick).
>
> Health disparities lead to significant financial waste in the US health care system. The total cost of racial/ethnic disparities in 2009 was approximately $82 billion — $60 billion in excess health care costs and $22 billion in lost productivity. The economic burden of these health disparities in the US is projected to increase to $126 billion in 2020 and to $353 billion in 2050 if the disparities remain unchanged. A 2009 analysis by the Urban Institute projected that, between 2009 and 2018, racial disparities in health will cost US health insurers approximately $337 billion, including $220 billion for Medicare due to higher rates of chronic diseases among African Americans and Hispanics and the aging of the population. Additionally, there is an opportunity cost of not reducing health disparities; for example, if death rates and health outcomes of individuals with a high school education were equivalent to those of individuals with college degrees, the improvements in life expectancy and health would translate into $1.02 trillion in savings annually in the US."[14] (emphasis added)

Mindful of the foregoing, UHI is scheduled to formally adopt a Health Equity Plan before the end of calendar year 2023. *See* Attachments III.b.1.A.(i),(ii) (a draft copy of the Health Equity Plan, and a draft amendment to Union Health System, Inc.'s strategic plan related to the Health Equity Plan). As noted throughout this Application, UHI's goal in pursuing the Merger is to significantly improve the health status of the residents of Vigo County and the other counties of the Wabash Valley Community. UHI believes the application of this Health Equity Plan across the Combined Clinical Platform will be instrumental to achieving this goal. *Regional*

[14]Wyatt R, Laderman M, Botwinick L, Mate K, Whittington J. *Achieving Health Equity: A Guide for Health Care Organizations*. IHI White Paper. Cambridge, Massachusetts: Institute for Healthcare Improvement; 2016.

*Hospital and Regional Healthcare Partners, LLC have limited initiatives regarding health equity, and they do not have any current plans to pursue any material initiatives similar to UHI's Health Equity Plan. Without the Merger, the resources of Regional Hospital and Regional Healthcare Partners, LLC will not be utilized as part of, and in furtherance of, UHI's Health Equity Plan for the benefit of the Wabash Valley Community.*

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health through a subsequent submission on July 19, 2024 about detailed implantation plans and expected benefits to health outcomes, access to care and quality of care in the Wabash Valley Community due to the Merger. *See* Exhibit 4, page 1. Additional information can be found in the attachments to Exhibit 4. *See* Exhibit 4, RFI2 Attachments L(1), L(3), L(4), L(5) and L(6).

**(ii) <u>Population Health Improvement Plan</u>**. UHI's "***Population Health Improvement Plan***" includes access to services designed to address the "social determinants of health." Social determinants of health include factors like socioeconomic status, education, neighborhood and physical environment, employment, and social support networks, as well as access to health care. Social determinants of health have a significant impact on health status:

> "Social determinants of health, which are defined as 'the conditions in which people are born, grow, work, live, age, and the wider set of forces and systems shaping the conditions of daily life,' are responsible for most health inequalities. Social determinants are primarily rooted in resource allocation and affect factors at the local, national, and global levels. Evidence gathered over the past 30 years supports the substantial effect of nonmedical factors on overall physical and mental health. An analysis of studies measuring adult deaths attributable to social factors found that, in 2000, approximately 245,000 deaths were attributable to low education, 176,000 were due to racial segregation, 162,000 were due to low social support, 133,000 were due to individual-level poverty, and 119,000 were due to income inequality. The number of annual deaths attributable to low social support was similar to the number from lung cancer."[15]

[15] *Addressing Social Determinants to Improve Patient Care and Promote Health Equity: An American College of Physicians Position Paper 2018*, American College of Physicians, p. 1.

* * *

> "Socioeconomic status has far-reaching influence on nearly all areas of physical and mental health. All races and ethnicities with low socioeconomic status are at a disadvantage, and persons who are born into lower socioeconomic status are more likely than those in higher brackets to have cardiovascular disease, mental illness, poor quality of life, and premature death. A study also showed that lower socioeconomic position in childhood is associated with higher risk for death from certain causes in adulthood. In a separate study spanning 4 decades, researchers found that lead exposure in childhood affected cognitive function and socio-economic status at age 38 years, greatly influencing social mobility."[16]

Efforts to improve health status have traditionally focused on the acute care health care delivery system as the key driver of health and health outcomes. However, given the increased recognition that improving health and achieving health equity will require broader approaches that address social, economic, and environmental factors that influence health, UHI believes it is not only appropriate, but also necessary, to address social determinants of health in Vigo County and the other counties of the Wabash Valley Community. Doing so through its Population Health Improvement Plan will significantly help the underserved population in Vigo County and the other counties of the Wabash Valley Community.

Currently, UHI's Population Health Improvement Plan consists of eleven initiatives ("***Initiatives***"). Each Initiative has multiple components. The table below lists the seven Initiatives that have already commenced ("***Commenced Initiatives***"). For each Commenced Initiative, the components *that have already begun* are in ***bold italics*** font. For each Commenced Initiative, the components that have not begun, but are in process, are in regular font. Of the Commenced Initiatives, some of the components are designed to be deployed on a community-wide basis (a "meet the patients where they are" approach). Alternatively, some of the components of the Commenced Initiatives are designed to more directly involve the provision of health care services and are currently deployed at Union Hospital, Union Associated Physicians Clinic, LLC, the Rural Health Clinics and, depending on the particular component, the Center for Occupational Health, Inc. and/or Union Hospital

[16] *Id.* at p. 21.

Therapy, LLC. Post-Merger, these components will also be deployed at Regional Hospital and Regional Healthcare Partners.[17] For a more detailed description of the components of the Commenced Initiatives, *see* Attachment III.b.1.A.(iii).

| **POPULATION HEALTH IMPROVEMENT PLAN** | |
|---|---|
| **COMMENCED INITIATIVES** | **COMPONENTS** |
| | |
| 1. Community Benefit & Community Health Committee | • ***Establish UH Steering Committee / Health Impact***<br>• ***United Way Health Council***<br>• ***Chamber of Commerce - MH & Healthy Eating***<br>• ***Patient Ombudsperson - complaints and feedback process***<br>• ***PR Annual Report***<br>• ***Community Health Needs Assessment and Implementation*** |
| 2. Employee & Provider Health and Wellbeing & Retention | • ***Wellness Screenings***<br>• ***Health Advocate Coaches***<br>• ***Weight Loss Clinic***<br>• ***Incentives to mitigate chronic conditions and improve health and wellbeing***<br>• ***Mental Minute***<br>• ***Physician Wellness Activities***<br>• ***Align Occ Health, Health Plan, & Community Health*** |
| 3. Community Action & Partnerships addressing health drivers | • ***Chronic Diseases (DREAM Pilot, Case Management)***<br>• ***DCS collaboration on FIMR & CFR***<br>• ***Trauma (Physical) prevention requirements (falls, heat, bike safety, etc.)***<br>---<br>• Maternal Child Health (All Babies Initiative, Community Action Network) |

[17] This effort will commence within approximately 12 months after the Closing Date.

| POPULATION HEALTH IMPROVEMENT PLAN | |
|---|---|
| **COMMENCED INITIATIVES** | **COMPONENTS** |
| | • School Bases Activities (Nutrition, Exercise, Emotional Wellbeing, Clinics)<br>• Substance Use and Abuse Prevention Activities<br>• Food as Medicine<br>• I-Smile Cancer Survivorship |
| 4. Supporting Elderly's Ability to Age in Place | • ***ACO***<br>• ***Aging and Memory Clinic (Dementia & Alzheimer's, driving tests)***<br>• Partnership with LTCs<br>• Outreach Clinic to Section 8 Housing Residents<br>• Partnership with Meals on Wheels |
| 5. Access to Insurance & low/no cost pharmaceuticals for low-income individuals | • ***Insurance Navigation***<br>• Nationwide Prescription Connection<br>• Medical Assistance Program |
| 6. OB Desert / Access Interventions | • ***Home OB Services Offered***<br>• Partnerships with Rural Clinics and Hospitals<br>• Title X Clinics Established |
| 7. Harm Reduction | • ***Eat Sleep Console (NICU)***<br>• Peer Support Services Integration<br>• Narcan Access/Distribution<br>• Medication Assisted Treatment Clinics<br>• Hospital Protocols for Initiation of Treatment<br>• Police Social Work<br>• Addressing Stigma Associated with Addictions |

The table below lists the remaining four of UHI's eleven Initiatives. Each of these Initiatives are in development ("***In Development Initiatives***"). Of these In Development Initiatives, some of the components will be deployed on a community-wide basis.[18] The other components involve the provision of health care services and will be deployed at Union Hospital, Regional Hospital, Union Associated Physicians Clinic, LLC, Regional Healthcare Partners, the Rural Health Clinics and, depending on the particular component, the Center for Occupational Health, Inc. and/or Union Hospital Therapy, LLC.[19] For a more detailed description of the components of the In Development Initiatives, *see* Attachment III.b.1.A.(iii).

| **ENHANCING POPULATION HEALTH SERVICES** | |
|---|---|
| **INITIATIVES IN DEVLOPMENT** | **COMPONENTS** |
| | |
| 8. Improved Access and Resources for Homeless and Housing Insecure Individuals | • Pop-up Medical Clinics<br>• Back-Pack Outreach<br>• Collaboration with Catholic Charities (Bethany House, Food Distribution Sites) |
| 9. Workforce Development (new job creation) - Expand Access to nursing and allied health care through support of new and expanded education programs | • Collaborations with Ivy Tech, Indiana State University, and Saint Mary of the Woods College<br>• Residency Expansion - Capacity (new slots)<br>• Curricular (Behavior Health Training) - Mental Health & ACES |
| 10. Food Desert (death by zip code - opportunities) | • Food Prescription Programs (Diabetes & Perinatal)<br>• Leah's Pantry Collaboration with WIC<br>• On site food pantry<br>• Nutrition Counseling |
| 11. Establish a Health Resources and Education Center (Pt & Community education - consolidate activity currently at dept level | • Patient Education (heart, diabetes, cancer, etc.) |

[18] This effort will commence within approximately 24 months after the Closing Date.

[19] This effort will commence within approximately 24 months after the Closing Date.

| | |
|---|---|
| | • Classes (birthing, parenting, health literacy, etc.)<br>• Support Groups (cancer survivors, teen parents, bereavement, fathers, etc.)<br>• Health Literacy /Preventative and Wellness of the community through various populations (employers, faith based, general community)<br>• Provide Services in non-traditional settings such as food distribution sites, etc.<br>• In Situ Health Screenings targeting high needs populations |

*It is important to note that Regional Hospital and Regional Healthcare Partners have implemented limited programs for social determinants of health – and they have no current plans to implement or pursue any material initiatives similar to UHI's Population Health Improvement Plan. Without the Merger, the resources of Regional Hospital and Regional Healthcare Partners, LLC will not be utilized as part of, and in furtherance of, the important health care-related support made available for the Wabash Valley Community through UHI's Population Health Improvement Plan.*

In addition to addressing social determinants of health, UHI's Population Health Improvement Plan includes "***population health management***." Population health management is the process of improving clinical health outcomes of a defined group of individuals (including communities as a whole), through improved care coordination and patient engagement. Population health management can be a tool for designing and implementing a plan to improve a community's overall health by engaging with and targeting certain populations, and by measuring the impact of the plan.[20] In addition, through population health management initiatives, a single organized health system can gather patient

[20]"*Implementing a Successful Population Health Management Program*," Philips White Paper, at 5-8, https://www.usa.philips.com/c-dam/b2bhc/us/Specialties/community-hospitals/Population-Health-White-Paper-Philips-Format.pdf; Phillips, Frances, "*Sustaining Community Hospital Partnerships to Improve Population Health*," Maryland Community Health Resources Commission (January 2015) at 12, 19-21, https://health.maryland.gov/mchrc/Documents/White%20paper%20-%20Final%20v%2012%2C%20for%20external%20distribution%2C%20Jan%2022%2C%202015.pdf.

information in an efficient manner to focus on health disparities within its community (such as the Wabash Valley Community).[21] Moreover, population health management can bolster coordination of care among and between providers, and enable data-driven strategies by collaborating with public health organizations to pool resources and create unified community outreach efforts to enhance proactive health measures.[22]

Accountable care organizations ("***ACOs***") are designed to drive population health management and improve outcomes. They incentivize clinically integrated networks to provide proactive care. ACOs promote care coordination to refine resourcing across the continuum. Therefore, it is important to note that, in addition to the initiatives listed in the tables above, Union Hospital, through UHI, is a member of the Stratum Med ACO, one of the largest Medicare Shared Savings Program (MSSP) ACOs in the country, in partnership with Caravan Health. Caravan Health affiliated ACOs lead the nation in quality and savings.

Union Hospital currently has 9,679 attributed lives covered in its ACO. The population health team at Union Hospital, consisting of 52 full-time employees (including ambulatory pharmacists, data abstractors, dieticians, nurse navigators, patient care coordinators, palliative care coordinators, palliative care social workers, palliative care nurse practitioners, post-acute care coordinator, and nurse navigators), focus on the care of the ACO's patients under value-based care arrangements. It is estimated that patients not treated by UHI physicians (i.e., physicians employed or contracted by UHI or Union Associated Physicians Clinic) prior to the Closing Date, but who are treated by UHI physicians after the Closing Date, will be eligible for enrollment in the ACO in 2025. However, for these patients, the other population health initiatives described above will be available for them shortly after the Merger. *Regional Hospital and Regional Healthcare Partners do not participate in any ACOs, and they have no plans to do so. Consequently, without the Merger, their patients are disadvantaged by not realizing the health care benefits available through the coordinated and preventive care incentivized Union Hospital's ACO.*

**(iii) <u>Union's Hospital's Virtual Nursing Program</u>.** "***Virtual nursing***" refers to the provision of nursing care and services

[21] *See* "*Pathways to Population Health Framework*," Institute for Healthcare Improvement (2017), at 12-16, https://www.ihi.org/Topics/Population-Health/Documents/PathwaystoPopulationHealth_Framework.pdf

[22] *Id.*

through virtual means, typically using telecommunications technology and digital platforms. It involves using digital communication tools and technology to remotely connect nurses with patients, allowing them to assess, monitor, educate, and support individuals or communities in need of health care services. UHI, through Union Hospital, plans to expand its nursing services to include virtual nursing. [redacted] This will allow nurses to complete admissions, discharges, and patient education virtually. This technology will also assist with hourly rounding (where nurses and other clinicians *see* each patient hourly to ensure their safety and comfort), medical rounds (where a physician or advanced practice provider reviews a patient's current condition and response to treatment), and care rounds (where a patient's health care team reviews with the patient and his/her family the patient and his/her plan of care and determines treatments that need to be altered or changed. Benefits of virtual nursing include a reduction in the need to pay temporary staffing agencies for the short-term retention of nurses and other clinicians, improved recruitment and retention of providers and other staff, improved efficiencies with medication reconciliation and discharge time. In addition, the work completed by virtual nurses frees in-person nurses to deliver more patient-specific, in-person care.

Some of the key aspects and services provided through virtual nursing include:

- Nurses can assess and triage patients remotely, providing advice, guidance, and determining the appropriate level of care required.

- Nurses can conduct virtual consultations with patients, discussing their symptoms, providing education, answering questions, and offering guidance on self-care or treatment options.

- Nurses can monitor patients remotely using wearable devices, sensors, or mobile apps to collect data such as vital signs, medication adherence, and disease management. This allows nurses to track patients' progress and intervene when necessary.

- Nurses can provide health education, counseling, and guidance on diverse topics such as medication management,

lifestyle modifications, and chronic disease management through virtual platforms.

- Virtual nursing enables nurses to conduct follow-up visits with patients after hospital discharge, ensuring continuity of care and monitoring their recovery progress.

The goal of virtual nursing is to improve access to health care services, enhance patient convenience, reduce health care costs, and increase efficiency in health care delivery. It can be particularly beneficial for individuals in remote or underserved areas, those with limited mobility, and those requiring ongoing monitoring and support. Regional Hospital and Regional Healthcare Partners do not currently have a virtual nursing program, *but they will if the Merger occurs.*

B. Enhancing How Health Services Are Provided: The Service Line Model of Care

In its June 2016 article, "*Priorities in Focus - Care Coordination*,"[23] the U.S. Agency for Healthcare Research and Quality ("***AHRQ***") observed that patient outcomes improve when health care providers coordinate with each other. According to AHRQ, improved coordination decreases medication errors, unnecessary or repetitive diagnostic tests, unnecessary emergency room visits, and preventable hospital admissions and readmissions − all of which together lead to higher quality of care, improved health outcomes, and lower costs. In AHRQ's view, the delivery of coordinated care necessarily brings together disparate sectors of the health care system, and improving care coordination offers a potential opportunity for drastically improving care quality.

UHI's mission is to deliver compassionate health care of the highest quality, and UHI's vision is to lead the Wabash Valley Communities to their best health and wellness. UHI shares AHRQ's belief in the value of coordinated care, and in 2019 UHI commenced a comprehensive initiative, referred to as the "***Service Line Model of Care***," to optimize service delivery and outcomes for these five service lines:

- Orthopedics

[23] *Priorities in Focus–Care Coordination*. Agency for Healthcare Research and Quality, Rockville, MD. https://archive.ahrq.gov/workingforquality/reports/priorities-in-focus/care-coordination.html; *see also,* "*Care Coordination Technique Reduces Medical Errors by 30%,*" Health IT Analytics (Nov. 7, 2014), https://healthitanalytics.com/news/care-coordination-technique-reduces-medical-errors-30(reporting that better care coordination among residents reduced patient safety issues and medical errors by nearly one-third).

- Oncology
- Neuroscience (Neurosurgery, Neurology, Neurophysiology, and Pain)
- Women's and Children's Health
- Cardiovascular Care

Simply stated, the medical care of a patient receiving care under one of these service lines is provided by a coordinated, multidisciplinary team of medical professionals and administrative staff. This team is responsible for providing and coordinating the entire continuum of care needed by the patient. For example, in the case of an orthopedic surgery patient, the patient's team is responsible for scheduling and providing all pre-surgery preparation, the surgery itself, post-surgery recovery, medication management, follow-up rehabilitation/physical therapy, and all surgery-related medical needs. If the surgery patient has other medical issues, for example, a heart condition, the patient's team for the orthopedic surgery will communicate and coordinate with the patient's cardiovascular care team. In sum, the Service Line Model of Care is structured to align clinical pathways and other services internally within and between Union Hospital and Union Associated Physicians Clinic, LLC to benefit the patient. This approach improves the quality of care and, by coordinating care, reduces health care costs by eliminating duplicative, unnecessary, and untimely care.

Measures of success from the Service Line Model of Care are objective and measurable in both standardized quality and outcome measures. Furthermore, patients and families have benefitted in other less measurable, but equally meaningful, ways that will never be seen on a scorecard. For instance, with care coordination within the Service Line Model of Care, the travel burden for patients can be significantly decreased compared to uncoordinated models of care. Uncoordinated care typically requires multiple visits to various providers at different locations, along with different appointment dates and times for ancillary services such as for labs, radiological exams, and other tests and procedures.

There are two factors that are essential to the Service Line Model of Care. First, is the technology necessary to efficiently coordinate a patient's medical care needs. UHI has this technology. Particularly noteworthy is the electronic longitudinal medical record, which allows all caregivers, regardless of location, to access and update a patient's medical record in real time. Upon Closing, physicians at Regional Hospital and Regional Healthcare Partners will have access to, and be incorporated into, this electronic medical record. For example, physician specialists who typically treat patients at Regional Hospital will be able to share a patient's clinical information with primary care physicians and

other physician specialists at Union Hospital or Union Associated Physicians Clinic, LLC. Similarly, primary care physicians and other physician specialists at Union Hospital or Union Associated Physicians Clinic, LLC will be able to share a patient's clinical information with physicians treating patients at Regional Hospital. *Expanding the use of UHI's electronic medical record to include Regional Hospital and Regional Healthcare Partners would not happen without the Merger*. Also, as noted later in this Application, within one year of the Closing Date, UHI plans to spend $15 million on upgrades to its information technology in order for Union Hospital and Union Associated Physicians Clinic, LLC, combined with Regional Hospital and Regional Healthcare Partners, to fully integrate. The technology will include network infrastructure, hardware (e.g., computers and other devices such as printers, telephony, applications), both clinical (e.g., EMR, Cath Lab systems) and non-clinical (e.g., HR, financial, supply chain), and network security. *This substantial and timely investment in IT for Regional Hospital and Regional Healthcare Partners will not occur, but for the Merger*.

The second essential factor is a robust primary care team. Primary care, with its emphasis on wellness and preventive care, is the core of the Service Line Model of Care. Under the Service Line Model of Care, primary care physicians guide their patients seamlessly through the health care delivery system. It is well-established that access to primary care improves health status and lowers health care costs over time. For example, a retrospective study of over five million patients assigned to primary care providers in the Veterans Health Administration from 2016-2019 confirmed a close link to primary care and improved health outcomes and reduced health care costs:

> "The findings of the present study, substantiated by our exhaustive sensitivity analyses, suggest that expanding [primary care] capacity can significantly reduce overall health care costs and improve patient care outcomes given the former is a robust proxy of the latter."[24]

In 2022, a study was conducted of 8.5 million adults enrolled in California commercial HMO products where provider organizations ("***POs***") assume responsibility and financial risk for managing the care of their assigned patients. The study, which included 180 POs distributed across California, showed that POs in the highest quartile of primary care spending percentage had better

[24]*The Effect of Primary Care Visits on Total Patient Care Cost: Evidence From the Veterans Health Administration*, Journal of Primary Care & Community Health, Volume 13, December 23, 2022, pp. 1–9. Link: Link: https://journals.sagepub.com/doi/10.1177/21501319221141792

performance on clinical quality, patient experience, utilization, and total cost of care. The study's key takeaways[25] include the following:

> • "Primary care spending percentage at the PO level was consistently and statistically significantly associated with better performance on measures of clinical quality, patient experience, utilization, and cost."
>
> • "This study is novel in its examination of primary care spending percentage among POs and supports the important role of primary care and its relationship to positive quality and cost outcomes."

Spending more on primary care means spending less on hospitalization for chronic conditions and emergency department services, according to a 2019 report by the Patient-Centered Primary Care Collaborative. The report found a correlation between increased primary care spending and fewer hospitalizations and emergency department visits, especially for patients with chronic conditions such as diabetes, chronic obstructive pulmonary disease, high blood pressure, pneumonia, urinary tract infections and congestive heart failure. "Consistent and growing evidence shows that primary care-oriented systems achieve better health outcomes, more health equity and lower costs," according to the report. The report also concluded the following:

> "Further analysis that examined associations between primary care investment and three outcomes—total hospitalizations, hospitalizations for ambulatory care sensitive conditions, and emergency department visits—found an inverse association. In other words, as primary care investment increased, both hospital outcomes and emergency department visits decreased."[26]

UHI, through Union Hospital and Union Associated Physicians Clinic, LLC, has emphasized, and will continue to emphasize, primary care. Indeed, Union Hospital and Union Associated Physicians Clinic, LLC, in total, currently employ or contract with 94 physicians serving as primary care physicians.[27]

In contrast, Regional Healthcare Partners only employs seven physicians in total, and none of them are primary care. Regional Hospital has no employed

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[25] *Key Takeaways, Investing in Primary Care: Why It Matters for Californians with Commercial Coverage*, California Health Care Foundation. Link: https://www.chcf.org/wp-content/uploads/2022/04/InvestingPrimaryCareWhyItMattersCommercialCoverageKT.pdf.

[26] *Investing in Primary Care, a State-Level Analysis*, Patient-Centered Primary Care Collaborative: https://cdn.sanity.io/files/0vv8moc6/medec/0313e4a5e4530ac65c7b9b902e01d59fdfa167ad.pdf/pcmh_evidence_es_2019.pdf.

[27] "Primary care" physicians are physicians who are board certified in family medicine, internal medicine, pediatrics, or obstetrics-gynecology.

primary care physicians, and has contracts with only three physicians serving as primary care physicians. Neither Regional Hospital, nor Regional Healthcare Partners, has implemented any initiative similar to the Service Line Model of Care (and they have no current plans to do so). Fortunately, post-Merger, the specialists currently employed by Regional Healthcare Partners (who opt to be employed by Union Associated Physicians Clinic, LLC) and the specialists currently contracted with Regional Hospital (who enter into contracts with UHI to serve at Union Hospital, or enter into contracts with Union Associated Physicians Clinic, LLC) will be easily incorporated into UHI's Service Line Model of Care. Their patients will be able to receive coordinated care under the Service Line Model of Care, with ready access to primary care. Allowing more residents of Vigo County and the other counties of the Wabash Valley Community to access primary care will improve the health status of Vigo County and the other counties – while lowering health care costs over time. *However, without the Merger, these patients (because of Regional's lack of primary care providers), will not have the benefit of a care model such as UHI's Service Line Model of Care.*

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on June 5, 2024 about primary care providers and their relationship to proposed initiatives related to the Merger as well as why the Service Line Model implementation is contingent on the Merger. *See* Exhibit 3, page 9 and pages 11-12.

C. Other Services Currently Pursued by UHI

**(i) Expansion of Inpatient Psychiatric Services**. Regional Hospital completed an expansion of its inpatient psychiatric unit in the spring of 2023. This expanded the unit from 19 beds to 22 beds. According to the most recent market data from the Indiana Hospital Association, inpatient psychiatric discharges represent the 6th largest volume of discharges by service line in the Wabash Valley Community, accounting for 1458 market discharges in 2022.

Union Hospital does not have an inpatient psychiatric service, but it does admit a small number of patients with psychiatric diagnoses who are in need of acute medical care. Union Hospital's emergency department, however, does *see* a high volume of psychiatric patients. [redacted] This volume of transfers suggests that the Wabash Valley Community currently has insufficient inpatient beds for adults in need of inpatient psychiatric services. This shortage of beds requires patients to travel outside of Wabash Valley Community for care. [redacted]

[redacted] The projected timeframe of this project would be two to three years. This project is feasible because of, and will be an extension of, Regional Hospital's aforementioned recent expansion of its inpatient psychiatric unit. In fact, this project will extend down the same corridor on the campus of the current Regional Hospital. *However, because this project is designed to be a follow-on to Regional Hospital's recent expansion of its inpatient psychiatric unit, it will not move forward if the Merger does not occur.*

D. Deploying Union Hospital's Expertise and Commitment

Union Hospital currently holds several accreditations and certifications that evidence its expertise in, and commitment to, the provision of high-quality hospital services. These accreditations and certifications include the following:

(i) Magnet Recognition Program (from American Nurses Credentialing Center)

(ii) Level III OB and NICU (from the Indiana Department of Health)

(iii) Blue Distinct for Cardiac Care (from Anthem Blue Cross Blue Shield)

(iv) Cardiovascular & Pulmonary Rehabilitation Certification (from American Association of Cardiovascular and Pulmonary Rehabilitation)

(v) Chest Pain ACHE Accreditation (from the American College of Health Care Executives)

(vi) ACHC Primary Stroke Center (from the Accreditation Commission for Health Care)

(vii) Total Joint ACHE Accreditation (from the American College of Health Care Executives)

(viii) ACS Commission on Cancer (from the American Cancer Society)

(ix) Stroke Gold Plus/ Target: Stroke Honor Roll Elite (from American Heart Association/American Stroke Association)

(x) American Society Gastrointestinal Endoscopy Recognition Program (from American Society Gastrointestinal Endoscopy)

(xi) Blue Distinct for Maternity Care (from Anthem Blue Cross Blue Shield)

(xii) Gold Safe Sleep Champion (from Cribs for Kids)

(xiii) Alliance for Innovation on Maternal Health (from the Alliance for Innovation on Maternal Health)

Union Hospital's expertise and commitment will be shared with, and deployed at, Regional Hospital following the Merger (i.e., at the Post-Merger Union Hospital).

E. COPA Criteria

Ind. Code § 16-21-15-4(a)(1) provides that DOH shall review the COPA Application to determine whether there is clear evidence that the proposed Merger would benefit the population's health outcomes and quality of health care. Relatedly, I.C. § 16-21-15-4(b)(1) provides that, in reviewing a COPA Application, DOH should consider the quality of hospital and health care services provided to Indiana residents, including the demonstration of population health improvement of the region serviced and the extent to which medically underserved populations have access to and are projected to use the proposed services. I.C. § 16-21-15-4(c)(1) provides that DOH shall grant the COPA if, among other things, there is clear evidence that the proposed merger would benefit the population's health outcomes, health care access, and quality of care in the county. UHI and THRH respectfully submit that the initiatives described in Section III.b.1.A.(i) - (iii) and Section III.b.1.B. above are the types of initiatives described in I.C. § 16-21-15-4(a)(1), (b)(1), and (c)(1), and the implementation of these initiatives (and others) will result in benefits that outweigh any disadvantages attributable to a reduction in competition that may result from the Merger, in satisfaction of I.C. § 16-21-15-4(c)(2).

2. Facilities and Organizations

The current facilities of both Regional Hospital and Union Hospital will remain open. All such services, facilities, and hospital organizations will be shared as part of Union Hospital.

A. Initial Infrastructure Work

Facility infrastructure improvements will begin within one year of the Closing. Regional Hospital's main hospital building was constructed in the late 1970's,

and needs an investment in the mechanical and electrical infrastructure of the building. The total investment is expected to be $10.5 million. From a mechanical perspective, there are fourteen air handlers that need replaced and/or refurbished at an estimated cost of $3.65 million. The chiller needs to be replaced, in conjunction with pumps and the cooling tower. This work is estimated to be $1.5 million. Regarding the building's electrical system, the work will consist of a $1.8 million improvement in the power distribution systems, $2.5 million investment in the emergency power distribution system and $500,000 to retrofit lighting fixtures to LED.

Information Technology improvements will be made in order for the combined systems of Union Hospital and Regional Hospital (and Regional Healthcare Partners and Union Associated Physicians Clinic, LLC) to fully integrate. The areas to be addressed include network infrastructure, hardware (e.g., computers and other devices such as printers, telephony, applications), both clinical (e.g., electronic medical record system, and cardiac catheterization lab system) and non-clinical (e.g., HR, financial, supply chain), and network security. Of these, the electronic medical record system is particularly crucial for clinical integration. Such integration is crucial to care coordination and the avoidance of duplicative, unnecessary, and untimely care. Additional staffing will be required in project management, desktop support, help desk, call center and communications to integrate, manage and support the new systems. Total IT investment for the project will be $15 million, with the completion of these improvements estimated to be within one year of the Closing Date.

B. Potential Repurposing of Current Facility Spaces

As noted, the current facilities of both Regional Hospital and Union Hospital will remain open. UHI believes there will be several space-related efficiencies that will be derived from the Merger. While a complete and precise understanding of these efficiencies will not be possible until the Combined Clinical Platform has been in operation for a number of months, Union Hospital has already identified, on a preliminary basis, some facility spaces that could be reasonably repurposed for cost and/or clinical reasons. These spaces remain subject to further evaluation, but initial considerations include the following:

- Trauma. Union Hospital will remain a Level III trauma center post-Merger. Over time, and after considering the matter thoroughly and reviewing the relevant data, a decision might be made to triage all high-level trauma at Union Hospital.

- Wound Care. It is anticipated that, within one year post-Merger, wound care will be moved to Union Hospital, or, if sufficient space at Union Hospital proves to be unavailable, wound care services might be consolidated in some other appropriate space operated by

Union Hospital that can accommodate the volume and potential growth.

• Women's Services. Union Hospital anticipates repurposing the outpatient mammography center space currently located at Thomas Plaza (in Terre Haute) and continue to offer outpatient mammography services at Union Hospital and at Regional Hospital's campus.

• Mother-Baby/NICU/Pediatric Unit. Within six months post-Merger, these services are expected to be consolidated at Union Hospital.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health through a supplemental RFI2 response on July 19, 2024 about the advantages of consolidating the Mother-Baby Units or NICUs. *See* Exhibit 4, page 2-3.

• Oncology Services. Both Regional Hospital and Union Hospital currently operate a cancer center on their respective campuses. Union Hospital has two linear accelerators and Regional has one. Regional Hospital's linear accelerator is older and needs to be replaced – which will occur post-Merger. Union Hospital has an open vault that could host the replacement linear accelerator. Planning will take place to determine if it is best for the community to consolidate cancer services into one center. Regardless of the decision, more than $3 million will be spent to add oncology treatment-related technology for the residents of Vigo County and the other counties of the Wabash Valley Community.

• ICU. Union Hospital expects, during the first year following the Closing, to evaluate the efficacy of consolidating ICU services at Union Hospital, so as to eliminate the need to duplicate the service and resources needed to operate two different ICU locations.

• Morgue. The morgues at both Hospitals will remain in place, with plans to consolidate at Union Hospital once autopsy capabilities at Union Hospital are enhanced and a pathologist is hired.

• Cardiac Catheterization Labs. The cardiac catheterization labs will likely be consolidated at Union Hospital.

• Laundry/Linens. Laundry and linen services will be consolidated at Union Hospital.

• Lab. Main hub will be located at Union Hospital, ancillary services all locations.

• Endoscopy Suite. Primary site endoscopies will likely be consolidated at Regional Hospital's campus.

• Ophthalmology. Eye surgeries will likely be consolidated at Regional Hospital's campus.

• Dental. Dental procedures will be consolidated at Regional Hospital's campus.

• Pain Services. Pain services will be consolidated at Regional Hospital's campus.

• Sterile Processing Department. Sterile processing services will be consolidated at Regional hospital's campus.

• ICU at Regional Hospital's Campus. The ICU at Regional Hospital's campus (located directly above the ED) will be transformed into a Clinical Decision/Observation Unit.

• Physician Office Building on Regional Hospital's Campus. The POB will be used for patient and employee education, in conjunction with, and as part of, partnerships with Indiana State University, Ivy Tech, and St. Mary's of the Woods College.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on June 5, 2024 about the criteria that will be used to determine actions taken to ensure continued availability and quality of care, especially as related to repurposing facilities. *See* Exhibit 3, page 9-10.

C. "Back Office" Operations

A comprehensive and precise identification of redundancies, and the cost savings that will be realized by eliminating such redundancies, will not be possible until the Merger takes place and UHI obtains real-time operational data and related information. Nevertheless, based on the research undertaken to date by UHI, it is likely that, within twelve to eighteen months of the Closing Date, Post-Merger Union Hospital will consolidate the current management teams and "back-office" operations (e.g., finance, human resources, quality control, legal, etc.) of Union Hospital and Regional Hospital (in this regard, however, it should be noted that most of Regional Hospital's "back-office" work is handled by the staff of its parent company, HCA Healthcare, Inc., who are located in Nashville, Tennessee). [redacted]

[redacted] the Merger is not expected to result in material cost reductions attributable to employee departures. However, combining the management and back-office operations at a single location will maximize the coordination and efficiency of management and other administrative services, including communications across the Combined Clinical Platform. In addition, doing so will also free-up facility space which will be used to further support and strengthen the operations of the Combined Enterprise. Consolidation will commence immediately upon the consummation of the Merger. Some of the consolidation will be completed quickly (for example, Human Resources and Finance); others will take more time (for example, Revenue Cycle and IT services). Once consolidation is completed, shared services expense is expected to be reduced by $2 million annually.

***c. Description of the Applicant Groups' Current Policies for Free or Reduced Fee Care for Uninsured and Underinsured Patients, Bad Debt Write-Offs and Charity Care and Any Proposed Changes as a Result of the Proposed Merger***.

1. UHI. It is the policy of UHI, including Union Hospital and Union Associated Physicians Clinic, LLC (collectively, "Union") to provide emergency medical services and medically necessary care to all individuals regardless of their ability to pay. Moreover, Union does not discriminate in the provision of services to an individual (i) because the individual is unable to pay; (ii) because payment for those services would be made under Medicare, Medicaid, or the Children's Health Insurance Program (CHIP); or because of the individual's race, color, sex, national origin, disability, religion, age, sexual orientation, or gender identity.

   Union's Sliding Fee Discount Program Policy ("SFDP Policy") applies to all Union sites of care. The SFDP Policy is summarized as follows:

   - Individuals and families whose annual household income is at or below 100% of the current Federal Poverty Income Guidelines ("FPIG") will be eligible to receive a full discount for ambulatory primary care services, with an allowance for a nominal fee of $4.70.

   - Individuals and families whose annual household income is above 100% of the current FPIG, but at or below 300% of the current FPIG will be eligible to receive a partial discount for ambulatory primary care services. For such individuals and families, the discount will be calculated as a percentage of total eligible charges according to this sliding fee discount schedule:

     ‣ 101% to 150%: 95% (but not less than the $4.70 Nominal Fee)
     ‣ 151% to 200%: 90% (but not less than the $4.70 Nominal Fee)
     ‣ 201% to 225%: 80% (but not less than the $4.70 Nominal Fee)

[28] *See* footnote no. 9.

- 226% to 250%: 60% (but not less than the $4.70 Nominal Fee)
- 251% to 300%: 40% (but not less than the $4.70 Nominal Fee)

- Individuals and families with an annual Household Income exceeding 300% of FPIG shall not be eligible for Financial Assistance, absent unusual circumstances as approved by the Financial Assistance Committee.

- All uninsured patients, regardless of financial need, will be eligible for an initial automatic discount of 30% to the gross charges. Union may further determine, that an uninsured individual eligible for this automatic discount, may also be eligible for a full or partial financial assistance under the sliding fee discount schedule.

- Financial assistance is available to all persons regardless of third-party insurance coverage including the uninsured and those with HMO, PPO, Medicaid, or any other third-party payer (including Medicaid Managed Care), provided they meet the income and household size criteria outlined above.

UHI's Medicare Bad Debt Policy is summarized as follows:

- To be considered a "Medicare Bad Debt" account, a reasonable collection effort must be applied to all deductibles and coinsurance due from the Medicare Beneficiary. The collection effort must be similar to the effort the Hospital puts forth to collect comparable amounts from non-Medicare patients.

- After the account has been with the outside vendor and remains unpaid for at least 120 days (4 months) with no payment, the account will be returned to the hospital per normal hospital policy. Exceptions: accounts with payments, payment arrangements, or judgments.

2. THRH. To be eligible for a charity write-off under THRH's Charity Financial Assistance Policy for Uninsured and Underinsured Patients ("Policy"), a patient must be (a) uninsured or underinsured and (b) have an out-of-pocket patient responsibility of $1,500 or more for an individual account. Upon request by a patient and, if there are extenuating circumstances, accounts with out-of-pocket responsibility of balances of less than $1,500 may be reviewed and a charity write-off applied if the applicable Federal Poverty Guidelines/Level ("FPL") thresholds are met.

   THRH's Policy is summarized as follows:

   - Patients with individual or household incomes of between 0-200% of Federal Poverty Guidelines:

     - Patients with more than a $1,500 patient liability that fall within 0-200% of the FPL will have the entire patient balance processed as charity write-off.

Upon request by a patient and, if there are extenuating circumstances, accounts with out-of-pocket responsibility balances of less than $1,500 may be reviewed and a charity write-off applied.

- Patients with individual or household incomes of between 201- 400% of Federal Poverty Guidelines:

  ‣ Patients with incomes between 201% and 400% of FPL will have their balances capped at a percentage of their income according to the table below. This percentage will be determined using the patient's FPL:

  ▪ 201% - 300%: balances capped at 3% of annual household income.

  ▪ 301% - 400%: balances capped at 4% of annual household income Upon request by a patient and, if there are extenuating circumstances, accounts with out-of-pocket responsibility balances of less than $1,500 may be reviewed and a charity write-off applied.

THRH's Medicare Bad Debt Policy is summarized as follows:

- All Medicare bad debt write-offs will be processed in accordance with HCFA Pub. 15-1, 310 and 312, PRM 304, and 42 CFR 413.80 and in accordance with HCA APG #6. Collection efforts on Medicare patients' coinsurances and deductibles including agency payment, will match non-Medicare accounts. When an indigent Medicare patient is identified anytime during the collection process, documentation will be obtained to substantiate indigence. All necessary patient account documentation and related reports will be maintained.

Following the Merger, THRH's above-listed policies will be discontinued and UHI's above-listed policies will be applied across the Combined Clinical Platform.

***d. Description of the proposed cost savings and efficiencies anticipated to be achieved as a result of the proposed merger agreement, including the plans for achieving such savings and efficiencies, how such savings and efficiencies will be measured, and how such savings and efficiencies will be invested for the benefit of the community served by the parties to the merger agreement.***

The main campuses of Union Hospital and Regional Hospital are located within 5.5 miles of each other in Terre Haute. Within this 5.5 mile range, the Hospitals' combined respective bed capacity exceeds 600 inpatient beds – plus, both Hospitals operate their own Level III trauma centers. In this same vein, the table in Section II.b. of this Application confirms that Regional Hospital and Union Hospital provide substantially the same services. A thorough understanding of these redundant services, and the cost savings that may be realized by virtue of the Combined Enterprises, cannot be obtained until after the Merger. However, as noted earlier, substantially reducing the operating costs of the Combined Enterprise is not a primary goal of the Merger. The primary goal of the Merger is to significantly improve the health status of the residents of Vigo

County and the other counties of the Wabash Valley Community. As also noted earlier, UHI has no plans to reduce the services currently provided by the Regional Healthcare Providers or the Union Healthcare Providers. In addition, UHI has no plans to close any facility or other location of the Regional Healthcare Providers or the Union Healthcare Providers currently in operation. Moreover, UHI is committed to protecting the employees of both the Regional Healthcare Providers and the Union Healthcare Providers.[29] Nonetheless, despite these self-imposed limitations on the part of UHI, the Merger will produce reductions in health care costs over time. As explained in Section III.b.1.A.(i) - (iii) and Section III.b.1.B. of this Application, each of UHI's Post-Merger Initiatives will result in better health outcomes *and* less spending on costly emergency department visits and hospitalizations. Furthermore, unnecessary costs attributable to fragmented, uncoordinated care will be slashed. Of course, any cost savings realized by UHI will be used to improve the health status of the residents of Vigo County and the other counties of the Wabash Valley Community, in satisfaction of I.C. § 16-21-15-7(d)(1).

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the analyses of proposed savings or efficiencies related to the Merger. *See* Exhibit 1, pages 12-13.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health through a subsequent response to RFI 2 on July 19, 2024 about the investment of cost savings from efficiencies due to the Merger and Merger-specific initiatives such as capacity creation. Additionally, Applicant Group explained how care would be improved despite the fact that Regional as currently operating is losing money (particularly with regard to trauma, NICU, and labor and delivery). *See* Exhibit 4, pages 2-3 and 4-5. Additional information can be found in the attachments to Exhibit 4. *See* Exhibit 4, RFI2 Attachment M.

***e. Description of proposed quality metrics that will be used to measure the quality of hospital and health care services provided to Indiana residents resulting from the proposed merger agreement.***

The quality measures listed below are recognized on a national scale, through various value-based programs, as the measuring stick for health care quality in hospital settings. The universally available, standardized measures are considered a direct reflection on the organization's commitment to excellence and patient safety in areas where the impact and influence of the health care teams on patient outcome is greatest. Thus, improvement or sustainment of high performance in these measures translates to high quality health care for the community.

[29] *See* footnote no. 9.

Most of the measures will be applicable immediately upon the Merger, as they will remain a requirement of participation in federal programs for acute care hospitals.

**Hospital Acquired Infections:**

- Central line associated blood stream infections
- Hospital onset *Clostridium difficile*, or "C.diff"
- Catheter associated urinary tract infections
- Surgical Site Infections (colon and hysterectomy)
- Methicillin-resistant *Staphylococcus aureus*, or "MRSA"

**Other Quality Measures:**

- Hospital acquired pressure injury
- Falls/injury
- Sepsis Bundle (SEP-1) compliance
- Length of Stay (LOS) for patients discharged to LTAC
- Rate of return to ED for patient originally discharged from the ED with a behavioral health diagnosis

**Patient Safety Indicators (PSI):**

- PSI-2: Death in Low Mortality DRGs
- PSI-3: Stage III/IV PU
- PSI-4: Death in Surgical Pts w/ Treatable Conditions
- PSI-6: Iatrogenic Pneumothorax
- PSI-9: Post Op Hemorrhage/ Hematoma
- PSI-10: Post Op AKI
- PSI-11: Post Op Resp Failure
- PSI-12: Post Op VTE
- PSI-13: Post Op Sepsis
- PSI-14: Post Op Wound Dehiscence
- PSI-15: Accidental Puncture
- PSI-17: Birth Trauma Injury to Neonate
- PSI-18: OB Trauma- Vaginal Delivery w/ Instrument
- PSI-19: OB Trauma- Vaginal Delivery w/o Instrument

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the proposed quality metrics. *See* Exhibit 1, page 13. Additional information can be found in the attachments to Exhibit 1. *See* Exhibit 1, RFI1 Attachment L.

### *f. Evidence of support from municipalities and counties served by each Applicant Group.*

The COPA statute, I.C. § 16-21-15, was enacted in Public Law 104-2021, Section 2, effective July 1, 2021. The legislation originated in the Indiana Senate, and was authored by

Senator Jon Ford (who represents Senate District 38, which includes Terre Haute and surrounding communities). Senator Ford has submitted a letter of support for the Merger (*see* Attachment III.f.1.). The legislation was assigned to the Senate's Committee on Health and Provider Services, which unanimously passed the legislation out of the Committee by a vote of 11-0. The Chair of the Senate's Committee on Health and Provider Services, Senator Ed Charbonneau, has penned a letter in support of the Merger (*see* Attachment III.f.2.). On February 23, 2021, the Senate unanimously passed the legislation by a vote of 47-0. The legislation was then referred to the Indiana House of Representatives.

In the House, the legislation's primary sponsor was Representative Alan Morrison (who represents House District 42, which includes most of Vigo County). Rep. Morrison has submitted a letter of support for the Merger (*see* Attachment III.f.3.). Representative Beau Baird (who represents House District 46, which includes portions of Vigo and Clay counties) was a co-sponsor of the legislation. The legislation was assigned to the House's Committee on Public Health. The legislation passed out of the Committee by a vote of 11-1. On April 13, 2021, the House passed the legislation by a vote of 94-3. The legislation was then referred back to the Senate to concur with the House's amendments to the legislation. The Senate concurred with the House amendments by a vote of 42-0. Governor Holcomb signed the legislation into law on April 22, 2021.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on June 5, 2024 about outreach to the Wabash Valley community regarding the Merger and the responses, if any. *See* Exhibit 3, page 10-11. Additional information can be found in the attachments to Exhibit 3. *See* Exhibit 3, RFI2 Attachment N.

### *g. Description of the impact of a Certificate of Public Advantage not being granted, including the impact on availability of services, quality, pricing and community health outcomes*.

As mentioned, the Merger is driven by the desire to significantly improve the health status of the residents of Vigo County and the other counties of the Wabash Valley Community. In the view of UHI and THRH, the most effective and cost-efficient way to do this is through a single organized system of health care that will be able to maximize the appropriate application of limited health care resources to address the health care needs of the residents of Vigo County and the other counties of the Wabash Valley Community. The core of this approach, the creation of the Combined Clinical Platform and the coordinated application of healthcare resources, will not be possible without the COPA. In other words, without the COPA, there will be no Combined Clinical Platform − and without the Combined Clinical Platform, residents who receive care from Regional Hospital and Regional Healthcare Partners will not benefit from the Post-Merger Initiatives, and the quality health care, improved health status, and reduced health care costs resulting therefrom.

Also, the denial of the COPA will shelve UHI's above-described plans for adding inpatient psychiatric beds for Vigo County and the other counties of the Wabash Valley Community. That

project is feasible because of, and will be an extension of, Regional Hospital's recent expansion of its inpatient psychiatric unit. As noted, Union Hospital currently has no inpatient psychiatric beds. Currently, a significant percentage of patients must travel outside of the Wabash County Community for this care. The Merger will facilitate the possibility that many local patients can receive care locally (and their families can avoid the time, inconvenience, and cost of travelling outside the area).

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on July 19, 2024 relate to the possible expansion of Inpatient Psychiatric Services. *See* Exhibit 4, pages 1 and 3-4. Additional information can be found in the attachments to Exhibit 4. *See* Exhibit 4, RFI2 Attachment L(5).

Furthermore, if the COPA is not granted, the residents of the Wabash Valley Community who receive care from Regional Hospital or Regional Healthcare Partners, and the health care payors for residents who receive care from Regional Hospital and Regional Healthcare Partners, will not realize the cost savings from the reduction of emergency department visits and hospitalizations, or the cost savings from the reduction of fragmented, uncoordinated care, that will occur if the Post-Merger Initiatives were implemented. Moreover, if the COPA is not granted, neither residents, nor health care payors, will benefit from the cap on Post-Merger Union Hospital's charges under I.C. § 16-21-15-7(c).

Perhaps a more relevant question is whether it is reasonable to expect the health status of the residents of Vigo County and the other counties of the Wabash Valley Community to materially improve if the COPA is not approved and Regional Hospital and Union Hospital continue to provide care in a disparate and uncoordinated manner. Is there anything about the current health care landscape in the Wabash Valley Community that indicates the *status quo* will produce a significant increase in the health status of the residents, or produce a reduction in the growth of health care costs? UHI and THRH respectfully maintain that the Merger, as described herein, affords the best opportunity for accomplishing both goals.

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the impact of a Certificate of Public Advantage *not* being granted. *See* Exhibit 1, pages 13-14.

The Applicant Group received a second request for information ("RFI2") from the Department of Health. In response to RFI2, additional information was provided to the Department of Health on June 5, 2024 and through a supplemental response to RFI2 on July 19, 2024 about the impact of a Certificate of Public Advantage *not* being granted. *See* Exhibit 3, page 11 and Exhibit 4, page 2. Additional information can be found in the attachments to Exhibits 3 and 4. *See* Exhibit 3, RFI2 Attachment P and Exhibit 4, RFI2 Attachment O.

***h. Description of whether and how the projected benefits of the proposed merger could be achieved without the approval of the Certificate of Public Advantage.***

The projected benefits of the Merger cannot be achieved without the approval of the COPA. As noted earlier, neither Regional Hospital, nor Regional Healthcare Partners, have implemented, or have any current plans to implement, a robust health equity plan or population health improvement plan. Regional Hospital and Regional Healthcare Partners do not have, and will not have, a virtual nursing program. Neither participate in ACOs. Regional Hospital and Regional Healthcare Partners have no current plans to institute a care model similar to UHI's Service Line Care Model.

***i. Copies of any plans, reports, studies or other documents reflecting each Applicant Group's current or future business plans and analyses of competition in the relevant service areas.***

1. UHI: *See* Attachment III.i.1. ("Service Line Strategic Strategy" (and individual tabs therein for 2023-2027) and Attachment III.i.2. ("Union Health Digital Strategy 2022-2025")

2. THRH: *See* Attachment III.i.3. ("THRH 2020-2022 Market Strategic Plan")

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the Applicant's current or future business plans or analyses of competition. *See* Exhibit 1, page 14. Additional information can be found in the attachments to Exhibit 1. *See* Exhibit 1, RFI1 Attachments M, N, O, P, and Q.

## IV. COMMUNITY NEEDS

***a. Description of the population of the primary service areas, including economic conditions, poverty, uninsured/underinsured, age, gender and race.***

The table below[30] outlines some of the key demographics of the Wabash Valley Community. Among other things, the majority of residents in the Wabash Valley Community report their race as white, with Vigo County having the highest percentage (13.8%) of non-white residents. Male and female residents are relatively evenly split, and between 16.7% and 20.3% of the residents in each county are age 65+. Except for Clay County, the counties' respective median household incomes are less than the statewide median household income. Each of the counties' respective percentages of children qualifying for free or reduced lunch is greater than the statewide

[30] The table is based on 2021 census data for Indiana, The U.S. Census Bureau's Small Area Income and Poverty Estimates Program for 2021, and kids count data, 2020 - https://datacenter.aecf.org/data/tables/5187-public-school-students-receiving-free-or-reduced-price-lunches#detailed/5/2302,2319,2352,2368,2374-2375/false/574/1281/13762,11655

percentage. For each of the counties, the percentage of 4-year college graduation rates are significantly below the statewide graduation rates.

| | Total Population | % White Residents | % Non-White Residents | % Male | % Female | % 65+ Y.O. | Median Household Income | % High School Grads | % 4-Year College Grads | % Children In Single Parent Homes | % Children Qualifying For Free Or Reduced Lunch |
|---|---|---|---|---|---|---|---|---|---|---|---|
| INDIANA | 6,805,985 | 78.0% | 22.0% | 49.6% | 50.4% | 16.4% | $62,723 | 33.0% | 17.7% | 14.3% | 47.0% |
| CLAY COUNTY | 26,466 | 94.6% | 5.4% | 49.8% | 50.2% | 18.8% | $64,245 | 41.6% | 11.3% | 13.4% | 53.5% |
| GREENE COUNTY | 30,803 | 94.9% | 5.1% | 49.9% | 50.1% | 20.0% | $55,504 | 39.3% | 10.5% | 11.8% | 47.0% |
| PARKE | 16,156 | 95.4% | 4.6% | 47.6% | 52.4% | 20.0% | $55,683 | 38.8% | 7.9% | 10.1% | 53.3% |
| SULLIVAN | 20,817 | 91.1% | 8.9% | 54.9% | 45.1% | 18.4% | $47,606 | 42.5% | 8.1% | 17.8% | 50.2% |
| VERMILLION | 15,439 | 95.6% | 4.4% | 49.5% | 50.5% | 20.3% | $53,540 | 41.2% | 11.3% | 16.6% | 53.3% |
| VIGO | 106,153 | 84.2% | 13.8% | 50.1% | 49.9% | 16.7% | $48,421 | 33.6% | 14.5% | 18.5% | 55.4% |

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the uninsured and underinsured population. *See* Exhibit 1, page 15.

***b. Description of projected population changes over the next five years.***

According to census projection data obtained from the Indiana Business Research Center, the combined market population of the six Indiana counties comprising the Wabash Valley Community will decrease slightly over the next five years. Vigo County is the only county that is not expected to decrease in population between 2020 and 2030. Despite the projected lack of growth in the population in total, the population that is over age 65 is projected to grow resulting in an increased demand for health care services available to seniors.


***c. Description of the current health status and future health care needs over the next five years of the population in the primary service areas, including chronic disease, behavioral risk factors and other factors affecting the healthiness of the community.***

As noted in Section I of this Application, the University of Wisconsin Population Health Institute issues a report regarding health outcomes and health factors on a county-by-county basis throughout the U.S. The table below reflects the results of the Institute's 2023 report for Vigo County and the other counties of the Wabash Valley Community (each county's score is based on Indiana's 92 counties):

| **INDIANA COUNTY**[1] | **RANK** |
|---|---|
| VIGO | 63rd out of 92 |
| CLAY | 55th out of 92 |
| GREENE | 64th out of 92 |
| PARKE | 34th out of 92 |
| SULLIVAN | 60th out of 92 |
| VERMILLION | 66th out of 92 |

The unhealthy behaviors of the Wabash Valley Community's residents, including tobacco use, drug use, obesity and sedentary lifestyles, significantly contribute to these poor health status rankings. These behaviors are directly responsible for the development of chronic health conditions such as heart disease, diabetes, metabolic syndrome and liver and kidney disease, as well as for an increased incidence of cancer.

The expected increase in the population of residents over age 65 will require an increase in both primary care and specialty physicians and advanced practice providers, particularly in specialties such as internal medicine, cardiology, oncology, neurology and orthopedic surgery.

***d. Description of any healthcare service gaps.***

1. Behavioral Health. The University of Wisconsin Population Health Institute 2023 County Health rankings demonstrate several counties in the Wabash Valley perform worse than Indiana as a whole with respect to various mental health measures, including access to mental health providers. Internal data (reference below and attached) validates the mental health crisis observed throughout the country is even more devastating in the Union Hospital's service area, exacerbated, in part, by the provider shortage. *See* Attachment IV.d.1. for data pertaining to:

    - Out-migration of psychiatry patients.
    - Psychiatry patients returning to the ED after an initial ED encounter
    - ED patients being transferred to a psychiatric facility
    - Suicidal ideation and intentional self-harm for Vigo and Vermillion counties compared to the rest of Indiana
    - County Health Rankings specific to mental health in the Wabash Valley Community

    Union Hospital accounts for approximately 74% of the acute care discharges in the Wabash Valley Community. Given Union's Hospital's acute care presence, a behavioral health expansion of beds and services could increase coordination of care and ultimately outcomes for patients needing inpatient psychiatric care. As noted earlier, UHI is currently exploring a joint venture to add, *post-Merger*, inpatient psychiatric beds. Such an initiative would support the community's behavioral health needs.

2. Physician Shortages. As noted below, physician shortages are a growing issue for the Wabash Valley Community. It is difficult to recruit physicians to the area due to factors such as frequent call coverage and lack of depth in some medical specialties. The Merger will mitigate these factors. The combination of the Regional Hospital and Union Hospital medical staffs, which will result in an overall larger medical staff, will allow for less frequent call coverage, and will aggregate greater depth in medical specialties. This will aid in the recruitment of physicians to the area, and every new physician so recruited will create momentum for additional successful recruiting efforts.

• Cardiology. Keeping catheterization lab teams and cardiovascular surgery teams fully staffed for open heart procedures is a challenge at both Regional Hospital and Union Hospital.

• Urology. Nationally the urology workforce is aging. The median age of a urologist is 55 years old. The national urology workforce aged 65+ is 29.8% making the specialty one of the oldest in the medical profession. In the Wabash Valley Community, the effects of urology workforce shortages are impacting emergency urological coverage and increasing times to obtain outpatient appointments.

• Gastroenterology. GI service access is limited in the Wabash Valley Community due to the national shortage and physicians desiring larger practice settings to reduce the burden of call coverage. This shortage restricts the ability to meet the demand for cancer screenings provided for in national guidelines.

• Neurology. According to the American Academy of Neurology the demand for neurologists exceeds the supply by 11% overall, with an expected increase to 19% by 2025 as Americans age and Medicare enrollments increase. This shortfall results in long wait times to get an appointment and difficulty hiring new neurologists.

• Neurosurgery. There is a shortage of neurosurgeons in the United States half of all practicing neurosurgeons are over 55 years old. There are 102 accredited neurosurgical residency training programs in the U.S. with approximately 1,200 total trainees produce 160 graduates annually. At this current rate, the supply-demand mismatch will grow with time. Simply creating more residency positions will not close the gap quickly enough due to the prolonged length of time required to generate board-certified neurosurgeons. This is further complicated by neurosurgery's shift towards sub specialization, further delaying new arrivals to the workforce by an additional one to two years. Multiple care access points for neurosurgery services in mid-sized communities is unsustainable.

• Oncology. The market demand for oncology treatment is expected to grow by 40% by 2025 with the rising elderly population growth. This comes at a time where only 16% of the oncology provider workforce is under forty years old with a median age of fifty-two. The Wabash Valley Community reflects this aging oncology provider landscape and predicted volume growth. It will be necessary to focus on efficient clinical practices and optimize treatment settings to meet treatment demands with limited provider resources.

3. Long-term acute care (LTAC) Units/Beds. The establishment of long-term acute care ("LTAC") units/beds is a priority for post-Merger optimization. LTAC is

specialized medical care provided to individuals with complex medical conditions who require an extended period of acute care beyond what is typically provided in a traditional hospital setting. LTAC units are designed to provide a higher level of medical monitoring, intensive treatment, and rehabilitation for patients who have serious illnesses or injuries that require ongoing care.

LTAC units are often utilized for patients who have experienced a severe illness or injury, such as those recovering from major surgeries, ventilator-dependent patients, individuals with complex respiratory conditions, or patients with multiple organ failure. These units have a multidisciplinary team of healthcare professionals, including physicians, nurses, respiratory therapists, physical and occupational therapists, and social workers, who work together to provide comprehensive care.

The main goal of long-term acute care is to stabilize and improve the patient's medical condition and functional status so that they can eventually transition to a lower level of care, such as a skilled nursing facility, rehabilitation center, or home health care. The length of stay in an LTAC unit can vary depending on the individual patient's needs and progress.

The Wabash Valley Community currently has zero LTAC units/beds available. [redacted]
Combined, these units would offer acute rehabilitation. Bringing needed LTAC services to the Wabash Valley Community would also enable the appropriate level of care to be provided in current Intensive Care Units. This will also benefit the residents of Vigo County and the other counties of the Wabash Valley Community by keeping care close to home and decreasing the burden of travel on families.

[redacted]

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 to confirm that Attachment 1.b and Attachment IV.d.1.(v) to the original COPA application submitted on September 14, 2023 were intended to be the same document. *See* Exhibit 1, page 15.

## V. EFFECT OF THE PROPOSED MERGER

***a. Description of the current state of competition in the relevant service areas, including healthcare providers and payors, and projections of the impact, both positive and negative, of approval of the Certificate of Public Advantage on competition in the***

***relevant service areas, including identifying all healthcare providers in the relevant services areas that compete with the Applicant Groups and estimated market shares of market participants, barriers to entry, and likelihood of entry of other healthcare providers***.

1. Competition.

UHI and THRH face competition from a number of hospitals, health systems, and other facilities that provide general acute inpatient care and outpatient services in the region. Attachment V.a. is a map showing all hospitals located in counties surrounding UHI and THRH. As detailed in the map, the services UHI and THRH provide are currently offered to patients in UHI and THRH's service areas by numerous competing hospitals. In addition, patients from throughout the region routinely travel to Indianapolis to receive services at competing hospitals and health care providers. Therefore, the parties compete with a vast number of health care providers located throughout the state, beyond those highlighted in this Application. Post-Transaction, the combined health system will continue to face competition from these providers, including large and significant health systems with substantial market share. As the Parties expand services, combine existing resources, and continue to recruit physicians and other health care providers, these providers will spur competition among other inpatient and outpatient facilities in the region and in the state.

The Applicant Group received a first request for information ("RFI1") from the Department of Health. In response to RFI1, additional information was provided to the Department of Health on January 9, 2024 about the Applicants' competitors within the applicable relevant service area. *See* Exhibit 1, pages 15-16. Additional information can be found in the attachments to Exhibit 1. *See* Exhibit 1, RFI1 Attachments R and S.

A. UHI and THRH compete with myriad other inpatient facilities throughout Indiana.

Many competing providers offer inpatient and outpatient services in the parties' service areas. Post-Transaction, robust competition for inpatient hospital services will continue from more than 16 other hospitals, listed in Attachment V.a., located in surrounding counties. As discussed below, the parties will continue to compete with large and significant health systems in the region and the state, many of which are expanding and gaining strength.

The table below provides a listing of other hospitals located in counties surrounding UHI and THRH.

| **Name** | **Address** | **County** |
|---|---|---|
| Ascension St. Vincent Clay | 1206 E. National Ave.<br>Brazil, IN 47834 | Clay |

| Name | Address | County |
|---|---|---|
| Daviess County Community Hospital | 1314 E. Walnut St.<br>Washington, IN 47501 | Daviess |
| Greene County General Hospital | 1185 County Rd. 100 W.<br>Linton, IN 47441 | Greene |
| IU Health West | 1111 Ronald Regan Pkwy.<br>Avon, IN 46123 | Hendricks |
| Hendricks Regional Health | 1000 E. Main St.<br>Danville, IN 46122 | Hendricks |
| Hendricks Behavioral Health | 1051 Southfield Dr.<br>Plainfield, IN 46168 | Hendricks |
| Good Samaritan Hospital | 520 S. 7th St.<br>Vincennes, IN 47591 | Knox |
| IU Heath Bloomington | 2651 E. Discovery Pkwy.<br>Bloomington, IN 47408 | Monroe |
| Monroe County Hospital | 4011 S. Monroe Medical Park Blvd.<br>Bloomington, IN 47403 | Monroe |
| Bloomington Meadows (behavioral) | 3600 N. Prow Rd.<br>Bloomington, IN 47404 | Monroe |
| Bloomington Regional Rehabilitation Hospital | 3050 N. Lintel Dr.<br>Bloomington, IN 47404 | Monroe |
| Franciscan Health Crawfordsville | 1710 Lafayette Ave.<br>Crawfordsville, IN 47933 | Montgomery |
| Franciscan Health Mooresville | 1201 Hadley Rd.<br>Mooresville, IN 46158 | Morgan |
| Putnam County Community Hospital | 1542 S. Bloomington St.<br>Greencastle, IN 46135 | Putnam |
| Sullivan County Community Hospital | 2200 N. Section St.<br>Sullivan, IN 47882 | Sullivan |
| Ascension St. Vincent Williamsport | 412 N. Monroe St.<br>Williamsport, IN 47993 | Warren |

B. The combined entity will continue to face competition from other health systems in the region and in Indiana.

Several large and significant health systems in the state compete with UHI and THRH, including IU Health, Franciscan Health, and Hendricks Regional Health. The parties expect continued competition from these and other large health systems in Indiana, many of which are undergoing substantial facility and service expansions. For example:

- **IU Health**. IU Health is Indiana's most comprehensive health care system and the largest network of physicians in the state of Indiana. IU Health is a unique partnership with the Indiana

University School of Medicine. With dozens of facilities statewide, an academic medical center, and its partnership with the Indiana University School of Medicine, IU Health is a regional leader in providing health care. IU Health has over 2,700 available beds and employs over 38,000 team members.

In the past few years, IU Health has been expanding and growing. IU Health is in the middle of a $4.3 billion expansion of its health care campus in downtown Indianapolis. When complete, the new 44-acre hospital campus will have 864 private patient beds. In addition, IU Health is currently investing $300 million to significantly expand its IU Health Saxony Hospital campus. Previously, on December 5, 2021, IU Health opened its new $560 million IU Health Bloomington Hospital. The new hospital in Bloomington has 364 private patient beds, 622,000 square feet of space, and an emergency department twice the size of the previous one. In addition, in 2021 IU Health completed its $84 million expansion of its IU Health West hospital that increased inpatient capacity by 50%.

- **Franciscan Health**. Franciscan Health has 12 hospital campuses in Indiana and Illinois, 20,000 employees, and more than 850 primary and specialty care providers at over 260 locations. In 2022, Franciscan Health Mooresville completed a $40 million project. The first phase of the project included modernizing the hospital and cost $23 million. The second phase of the project included the construction of a new $17 million medical office building with 50,000 square feet to house its Women's Center and other specialty care.

- **Hendricks Regional Health**. Hendricks Regional Health has two hospitals with 166 licensed beds, almost 6,000 hospital admissions, almost 380,000 outpatient visits, and almost 2,500 associates, with locations throughout Hendricks County and Putnam County. In 2018 Hendricks Regional Health opened its $50 million, 100,000 square foot Hendricks Regional Health Brownsburg Hospital. In 2022, Hendricks Regional Health was selected to join the Mayo Clinic Care Network (only the 46$^{th}$ in the world).

In addition, several other health care providers have recently entered into or expanded services in Vigo County. These substantial expansions demonstrate the ease with which hospitals and other health care providers can enter the market under current market and regulatory conditions. For example:

- **Horizon Health**. Horizon Health is a hospital located in Paris, Illinois, which is about a 20 mile drive from UHI. In recent years, Horizon Health has been expanding into Indiana.

    - **Terre Haute Specialty Clinic.** In 2021, Horizon Health announced opening of the Terre Haute Specialty Clinic with the addition of two doctors, one providing orthopedic and sports medicine services, the other providing spine surgery.

    - **Sycamore Pain & Wellness Center**. In 2022, Horizon Health partnered with a Wabash Valley pain management group to open the Sycamore Pain & Wellness Center which offers pain management, bone health and wellness services, behavioral health, psychiatry, and weight management.

    - **Primary Care Clinic**. In 2023, Horizon Health announced the opening of a primary care clinic in Terre Haute.

- **Valley Professionals Community Health Center**

    - **South Terre Haute Clinic**. In 2021, Valley Professionals opened its South Clinic offering primary care services.
    - **West Terre Haute Clinic**. In 2022, Valley Professionals opened its West Clinic offering primary care, behavioral health, and pharmacy services.

- **Anabranch Recovery Center**. In 2021, Anabranch Recovery Center opened a 66-bed addiction treatment center in Terre Haute.

- **Sullivan County Community Hospital – Pain Management Clinic**. In 2020, Sullivan County Community Hospital opened a pain management center in Terre Haute.

C. The combined entity will continue to face competition from outpatient facilities and post-acute care facilities.

Patients have many independent alternatives for outpatient services.[31] Outpatient care includes ambulatory surgery centers, primary care clinics, retail clinics, community health clinics, urgent care centers, skilled nursing homes, specialized outpatient clinics, imaging service facilities, and emergency

[31] *The Outpatient Shift Continues: Outpatient Revenue Now 95% of Inpatient Revenue, New Report Reveals*, Advisory Board (Jan. 8, 2019), https://www.advisory.com/daily-briefing/2019/01/08/hospital-revenue (reporting hospitals' net outpatient revenue in 2017 was $472 billion, while net inpatient revenue totaled almost $498 billion).

departments.[32] In general, the shift to outpatient settings is due to clinical innovation, patient preferences, and financial incentives. This is reflected by the vast number of competing—and growing—independent outpatient facilities, nursing homes, assisted living facilities, and hospice care facilities located in the region that compete for patients with the UHI and THRH.

The table below provides a listing of other health care facilities within Vigo, Vermillion, Parke, Clay, Greene, and Sullivan Counties.

| Name | Address | County |
|---|---|---|
| Amedisys Home Health | 4134 S. 7th St.<br>Terre Haute, IN 47802 | Vigo |
| Anabranch Recovery Center | 1400 E. Crossing Blvd<br>Terre Haute, IN 47802 | Vigo |
| Athletico Physical Therapy Downtown | 516 Wabash Ave.<br>Terre Haute, IN 47807 | Vigo |
| Athletico Physical Therapy East | 2155 SR 46<br>Terre Haute, IN 47803 | Vigo |
| ATI Physical Therapy | 5399 S. US Hwy 41, Suite 113<br>Terre Haute, IN 47802 | Vigo |
| Bethesda Gardens Assisted Living | 1450 E. Crossing Blvd.<br>Terre Haute, IN 47802 | Vigo |
| Cobblestone Crossing Assisted Living | 1850 E. Howard Wayne Blvd.<br>Terre Haute, IN 47802 | Vigo |
| Eye Specialists of Indiana Cataract Center | 1055 S. Hunt St.,<br>Terre Haute, IN 47803 | Vigo |
| Heart-to-Heart Hospice | 4529 S. 7th St.<br>Terre Haute, IN 47802 | Vigo |
| Horizon Health Primary Care Clinic | 1378 S. SR 46<br>Terre Haute, IN 47803 | Vigo |
| Horizon Health Specialty Clinic | 3736 S. 4th St.<br>Terre Haute, IN 47802 | Vigo |
| Horizon Health Sycamore Pain & Wellness Center | 1378 S. SR 46<br>Terre Haute, IN 47803 | Vigo |
| Independence Rehab & Physical Therapy | 1400 E. Pugh Dr., Suite 28<br>Terre Haute, IN 47802 | Vigo |
| Intrepid USA Healthcare & Hospice-at-Home Services | 2901 Ohio Blvd., Suite 100<br>Terre Haute, IN 47803 | Vigo |
| Kindred Transitional Care & Rehab | 2222 Margaret Ave.<br>Terre Haute, IN 47802 | Vigo |
| Rayus Imaging Center | 4313 S. 7th St. | Vigo |

[32] *Growth in Outpatient Care – The Role of Quality and Value Incentives*, Center for Health Solutions, Deloitte (2018), at 5, https://www2.deloitte.com/us/en/insights/industry/health-care/outpatient-hospital-services-medicare-incentives-value-quality.html.

| Name | Address | County |
|---|---|---|
| | Terre Haute, IN 47802 | |
| Signature Healthcare (Nursing Home) | 3500 Maple Ave.<br>Terre Haute 47804 | Vigo |
| Southern Care Hospice | 4624 S. Springhill Junction St.<br>Terre Haute, IN 47802 | Vigo |
| Springhill Village Senior & Assisted Living | 1001 E. Springhill Dr.<br>Terre Haute, IN 47802 | Vigo |
| Sycamore Manor Assisted Living | 222 S. 25th St.<br>Terre Haute, IN 47803 | Vigo |
| Terre Haute Nursing Home & Rehab | 830 S. 6th St.<br>Terre Haute, IN 47807 | Vigo |
| Terre Haute Physical Therapy | 4555 S. 7th St.<br>Terre Haute, IN 47802 | Vigo |
| Terre Haute Surgical Center | 227 E. McCallister Dr.<br>Terre Haute, IN 47802 | Vigo |
| Ultimate Health & Fitness Physical Therapy | 380 W. Honey Creek Dr.<br>Terre Haute, IN 47802 | Vigo |
| VA Outpatient Clinic | 5080 Bill Farr Drive<br>Terre Haute, IN 47803 | Vigo |
| Valley Professionals FQHC North | 1530 N. 7th St. Suite 201<br>Terre Haute, IN 47807 | Vigo |
| Valley Professionals FQHC South | 4757 S. 7th St.<br>Terre Haute, IN 47802 | Vigo |
| Valley Professionals FQHC West | 601 W. National Ave.<br>West Terre Haute, IN 47885 | Vigo |
| Valley Rehab Physical Therapy | 1219 Ohio St.<br>Terre Haute, IN 47807 | Vigo |
| VNA Hospice | 400 8th Ave.<br>Terre Haute, IN 47804 | Vigo |
| Wabash Valley Health Center FQHC | 1436 Locust St.<br>Terre Haute, IN 47807 | Vigo |
| Westridge Healthcare (Nursing Home) | 125 W. Margaret Ave.<br>Terre Haute, IN 47802 | Vigo |
| Heritage House of Clinton (Nursing Home) | 375 S. 11 St.<br>Clinton, IN 47842 | Vermillion |
| Valley Professionals FQHC Cayuga | 702 W. Park St.<br>Cayuga, IN 47928 | Vermillion |
| Valley Professionals FQHC Clinton | 777 S. Main St., Suite 100<br>Clinton, IN 47842 | Vermillion |
| Valley Professionals FQHC Bloomfield | 201 W. Academy St.<br>Bloomfield, IN 47832 | Vermillion |
| Vermillion Convalescent Center | 1705 S. Main St.<br>Clinton, IN | Vermillion |

| Name | Address | County |
|---|---|---|
| Indiana Home Care Plus (Nursing Home) | 303 N. Lincoln Rd.<br>Rockville, IN 47872 | Parke |
| Valley Professionals FQHC Rockville | 727 N. Lincoln Rd.<br>Rockville, IN 47872 | Parke |
| Clay City Senior Citizens Housing | 110 W. 5th St.<br>Clay City, IN 47841 | Clay |
| Clay County Health Center | 1408 E. Hendrix St.<br>Brazil, IN 47834 | Clay |
| Exceptional Living Center | 501 S. Murphy St.<br>Brazil, IN 47834 | Clay |
| Town Park Assisted Living | 503 S. Murphy St.<br>Brazil, IN 47834 | Clay |
| Autumn Trace Assisted Living | 1150 CR 1000 W.<br>Linton, IN 47441 | Greene |
| Glenburn Home & Health Center | 618 Glenburn Rd<br>Linton, IN 47441 | Greene |
| Greene County Health Lonetree | 1210 N 1000 W.<br>Linton, IN 47441 | Greene |
| Greene County Health Shakamak | 714 W. Main St.<br>Jasonville, IN | Greene |
| Greene County Health Worthington | 102 E. Main St.<br>Worthington, IN 47471 | Greene |
| Greene County General Hospital (Critical Access Hospital) | 1185 N. 1000 W.<br>Linton, IN 47441 | Greene |
| Envive Healthcare of Sullivan (Nursing Home) | 325 W. Northwood Dr.<br>Sullivan, IN 47882 | Sullivan |
| Millers Merry Manor (Nursing Home) | 505 W. Wolfe St.<br>Sullivan, IN 47882 | Sullivan |
| Sullivan County Community Hospital (Critical Access Hospital) | 2200 N. Section St.<br>Sullivan, IN 47882 | Sullivan |
| Sullivan SurgiCenter | 320 N. Section St.<br>Sullivan, IN 47882 | Sullivan |

D. The Transaction will enhance competition.

Indiana law provides that DOH may not issue a COPA unless it finds that "the likely benefits resulting from the proposed merger agreement outweigh any disadvantages attributable to a reduction in competition that may result from the proposed merger." I.C. § 16-21-15-4(c). This proposed Merger will result in higher quality and improved access to health care without any undue increase in health care costs because it will not result in a meaningful reduction in competition for inpatient and outpatient services in the region.

Competition is valuable because it can benefit consumers. The "principal objective of antitrust policy is to maximize consumer welfare by encouraging firms to behave competitively."[33] If the Merger is consummated, the net effect will be to promote, not lessen, the traditional benefits of competition in UHI and THRH's geographic service areas.

The Merger will allow the combined entity to compete more effectively against large and significant health systems in the state, many of which are growing themselves. As the combined entity expands services, increases investment, and recruits physicians and other health care providers Post-Merger, UHI and THRH will increase the number of providers in the community and spur competition among other inpatient and outpatient facilities in the region. Additionally, as detailed above, the combined entity will continue to face competition from several general acute care hospitals, outpatient facilities, and post-acute care facilities in the region.

Finally, the statutory framework in effect in Indiana protects against competitive harms by providing for ongoing, active supervision by DOH and the ability of the Office of the Attorney General to investigate whether a hospital that holds the certificate continues to meet the requirements of the certificate. I.C. § 16-21-15-7, et. seq. In addition, UHI must submit an annual report. Specifically, the report must provide "information relating to the price, cost, health improvements, quality of, and access to health care for the community served by the hospital . . . any other health information required by [DOH] to ensure compliance with this chapter, including compliance with any terms or conditions for the issuance of the [COPA]." I.C. § 16-21-15-8. Importantly, DOH has the authority to issue a deficiency notice and require a hospital to adopt a place of correction concerning a deficiency to maintain the COPA. I.C. § 16-21-15-9(b). Plus, the Office of the Attorney General may file an action with the district court for the revocation of the COPA. I.C. § 16-21-15-9(c). Thus, supervision by the DOH and Office of the Attorney general will ensure that the combined entity will act in furtherance of the public policies that underlie the Indiana legislation's statutory provisions.

2. Payors.

The Merger will not materially limit the ability of health care payors to negotiate payments or service agreements with Union Hospital. Among other things, I.C. § 16-21-15-7(c) will prevent Post-Merger Union Hospital from increasing the charges for its individual services by more than the increase in the preceding year's annual average of the Consumer Price Index for Medical Care as published by the

[33] Philip E. Areeda & Herbert Hovenkamp, Antitrust Law: An Analysis of Antitrust Principles and Their Application: Vol. 1, 4 (2nd ed. 2000).

federal Bureau of Labor Statistics. In effect, I.C. § 16-21-15-7(c) operates to shield payors from charge increases that would likely occur without the Merger. In addition, payors will be further protected by virtue of DOH's annual review of the COPA pursuant to I.C. § 16-21-15-6, DOH's active monitoring of the COPA pursuant to I.C. § 16-21-15-7, and UHI's requirement to submit annual reports concerning the COPA (including the reporting of information relating to the price, cost, health improvements, quality of, and access to health care for the community) pursuant to I.C. § 16-21-15-8. Moreover, as set forth in Section V.a.5 below, UHI, if the COPA is granted, will make several commitments regarding its contract negotiations with health care payors. But none of these benefits will be available to payors (or to patients) if the COPA is not granted.

Post-Merger Union Hospital will not be free from competition. Health care payors will no doubt use Post-Merger Union Hospital's competitive environment to leverage price concessions from the Hospital and the other providers of the Combined Clinical Platform. As noted above, multiple hospitals have a share of the Wabash Valley Community market. There are a number of hospitals in close proximity to Terre Haute. Ascension St. Vincent Clay, located in Clay County, is approximately 17 miles from Terre Haute. Sullivan County Community Hospital, located in Sullivan County, is approximately 24 miles from Terre Haute. Greene County General Hospital, located in Greene County, is approximately 33 miles from Terre Haute. As discussed above, Union Hospital will also continue to face significant competition from more than 16 other hospitals, listed in Attachment V.a., located in surrounding counties, as well as large and significant health systems such as IU Health, Franciscan Health, and Hendricks Regional Health.

It is also important to note that, effective January 1, 2021, hospitals have been required to publicly report their negotiated prices with health insurers.[34] This publicly available information will help inform health care payors of the range of pricing terms that Post-Merger Union Hospital has agreed to, and the price transparency in the general healthcare landscape will serve as a further check on Union Hospital's ability to increase rates.

Another crucial factor to be noted is the market power of the health care payors. According to a November 2022 report issued by the American Medical Association, Anthem, alone, enjoys a 70% share of the Terre Haute market. United Health Group's share of the Terre Haute market is 10%.[35] By the sheer strength of their respective market shares, these payors, and others, will have the power to robustly negotiate provider contracts with UHI for the Combined Health Care Platform, and/or the individual providers thereof.

[34] *See* 45 C.F.R. § 180.10 et seq.

[35] *See* https://www.ama-assn.org/system/files/competition-health-insurance-us-markets.pdf

In sum, for all of these reasons, the Merger will not materially limit the ability of health care payors to negotiate payments or service agreements with UHI.

3. No Barriers to Entry.

Many states limit hospitals' abilities to expand services by requiring them to seek government approval before entering or expanding in the state. State certificate-of-need ("CON") laws typically establish requirements for state approval before a new health care provider can enter a market or an existing provider can make certain capital improvements. In such states, if a hospital wants to build a wing or add additional beds, for example, it must first seek regulatory approval. The state will determine whether there is sufficient public "need" for the capital improvement and either grant or deny the provider's application. These restrictions typically lead to reduced competition and innovation, as the laws impose additional regulation and prevent new providers from expanding or entering.[36]

Hospitals in Indiana are not protected by CON laws.[37] Similarly, licensed outpatient facilities (e.g., ambulatory surgery centers) and unlicensed health care settings (e.g., imaging centers, physician offices, etc.) are not protected by CON laws. Indiana hospitals can decide how to best serve their patients—whether by expanding facilities, offering new services, or purchasing new equipment—without seeking such government approval. As detailed in this Application, Post-Merger Union Hospital and the other providers of the Combined Clinical Platform will continue to face the threat of significant competition from other potential providers—in addition to existing competition—that can challenge the hospitals simply by arriving at their doorstep or improving existing nearby facilities.

***b. Analysis of the effects (both positive and negative) of the proposed merger agreement on the following seven topics listed below.***

1. The availability, access, quality and price of hospital and health care services provided to Indiana residents, including the demonstration of population health improvement of the relevant services areas and the extent to which medically underserved populations have access to and are projected to use the proposed services.

The effects of the Merger, including population health improvement and access to quality health care by underserved populations, are best summarized in Section III.b.1.A.(i),(ii) above. Furthermore, with regard to the provision of quality health care services particularly, it is well established that there is a materially positive correlation between hospital volumes and better

[36] Maureen K. Ohlhausen, *Certificate of Need Laws: A Prescription for Higher Costs*, 30 Antitrust 50 (Fall 2015), https://https://www.ftc.gov/system/files/documents/public_statements/896453/1512fall15-ohlhausenc.pdf

[37] In Indiana, comprehensive care health facilities (i.e., nursing homes) are subject to a CON process, which requires a determination of need for additional beds; however; this CON process does not apply to acute care hospitals. I.C. § 16-29-7 et. seq. *See also Certificate of Need (CON) State Laws*, National Conference of State Legislatures, https://www.ncsl.org/research/health/con-certificate-of-need-state-laws.aspx.

outcomes across a wide range of procedures and conditions.[38] The patient volumes at Post-Merger Union Hospital will be greater than the pre-Merger patient volumes at Regional Hospital, or the pre-Merger patient volumes at Union Hospital. Consistent with the findings of various studies, this increased volume will operate to improve the quality of care provided by Post-Merger Union Hospital.[39]

As previously noted, Regional Hospital is owned and operated by Terre Haute Regional Hospital, LP, a Delaware limited partnership. Terre Haute Regional Hospital, LP is an affiliate of HCA Healthcare, Inc., a Delaware corporation that is a publicly traded entity. As a non-profit hospital that is organized under Section 501(c)(3) of the Internal Revenue Code, Union Hospital (unlike Regional Hospital currently) is required every three (3) years to conduct a "Community Health Needs Assessment." The Assessment, which is based on extensive discussions with several social service organizations (including, but not limited to, the Vigo County Health Department and surrounding county health departments, the Minority Health Coalition, the Terre Haute Chamber of Commerce, the Hamilton Center, the Purdue Extension, and the United Way of the Wabash Valley), enables Union Hospital to better understand the needs of the community and to assist in making measurable improvements in community health and well-being. Because of this requirement to prepare and implement a Community Health Needs Assessment, Union Hospital is able to quickly and adroitly respond to the ever-changing health care needs of the Wabash Valley Community. The scope of Union Hospital's ability in this regard (and the results stemming therefrom) will materially increase when Regional Hospital's resources are combined with Union Hospital, and, consequently, such resources are used in furtherance of Union Hospital's charitable purposes and mission. Particularly, those resources will be applied in furtherance of the initiatives set forth in Union Hospital's current Community Needs Assessment. A copy of Union Hospital's current Community Health Needs Assessment is found in Attachment V.b.

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[38] *See* Institute of Medicine, Interpreting the Volume-Outcome Relationship in the Context of Health Care Quality: Workshop Summary (2000), at 4-5, https://www.nap.edu/catalog/10005/interpreting-the-volume- outcome-relationship-in-the-context-of-health-care-quality; Levaillant, M., Marcilly, R., Levaillant, L. et al., "Assessing the hospital volume-outcome relationship in surgery: a scoping review", BMC Med Res Methodol 21, 204 (2021), https://doi.org/10.1186/s12874-021-01396-6.

[39] Higher volumes are strongly associated with better outcomes across a wide range of procedures and conditions (*see* Maria Hewitt, *Interpreting the Volume-Outcome Relationship in the Context of Health Care Quality: Workshop Summary*, Institute of Medicine at 4-5 (2000), https://nap.nationalacademies.org/read/10005/chapter/1). For example, patients with myocardial infarctions admitted to hospitals with low volumes were 17% more likely to die within 30 days after admission than in high-volume hospitals (*see* David R. Thiemann et al., *The Association between Hospital Volume and Survival after Acute Myocardia Infarction in Elderly Patients*, 340 New England Journal of Medicine 1640 (May 27, 1999), https://www.nejm.org/doi/full/10.1056/NEJM199905273402106). Similarly, stroke patients in high-volume units had better outcomes than those at low-volume units, as reflected by shorter lengths of stay at the initial hospital and reduced bed use in the first year after a stroke (*see* Marie Louise Svendsen et al., *Higher Stroke Unit Volume Associated With Improved Quality of Early Stroke Care and Reduced Length of Stay*, 43 Stroke 3041 (Nov. 2012), https://www.ahajournals.org/doi/10.1161/strokeaha.111.645184). Mortality and length of stay also significantly improve when trauma volume exceeds a certain threshold of cases per year (*see* Avery B. Nathens et al., *Relationship Between Trauma Center Volume and Outcomes*, 285 JAMA 9 (Mar. 7, 2001), https://pubmed.ncbi.nlm.nih.gov/11231745/). Thus, patient volume can serve as a proxy for quality of care and as a driver of recognition for clinical excellence, and, in light of that correlation, patient volume is one factor in ranking clinical programs (*see* e.g., 2022-2023 Best Hospitals Rankings, U.S. News).

2. Analysis of the effects (both positive and negative) of the proposed merger agreement on: The preservation of sufficient health care services within the relevant services areas to ensure public access to health care services.

As noted above, post-Merger, UHI has no plans to reduce the services currently provided by the Regional Healthcare Providers or the Union Healthcare Providers, or to close any facility or other location of the Regional Healthcare Providers or the Union Healthcare Providers currently in operation.

3. Analysis of the effects (both positive and negative) of the proposed merger agreement on: The efficiency of services, resources, and equipment provided or used by the Applicant Groups, including avoidance of duplicate services to better meet the needs of the community.

The short distance between the Regional Hospital campus and the Union Hospital campus, plus the similarity in the types of health care services provided by the Regional Healthcare Providers and the Union Healthcare Providers, will provide opportunities for UHI to identify redundancies and cost savings. However, although UHI will certainly be alert for these opportunities (*see* the discussion regarding infrastructure work in Section III.b.2.A. herein, the discussion regarding repurposing of current facility spaces in Section III.b.2.B. herein, and the discussion regarding "back office" operations in Section III.b.2.C. herein), substantially reducing the operating costs of the Combined Enterprise is not a primary goal of the Merger. As emphasized throughout this Application, UHI has no plans to reduce the services currently provided by the Regional Healthcare Providers or the Union Healthcare Providers; nor does UHI plan to close any facility or other location of the Regional Healthcare Providers or the Union Healthcare Providers currently in operation. As also emphasized throughout this application, UHI is committed to protecting the employees of both the Regional Healthcare Providers and the Union Healthcare Providers.[40] Mindful of the foregoing, UHI's primary goal for the Merger is the significant improvement of the health status of the residents of Vigo County and the other counties of the Wabash Valley Community.

4. Analysis of the effects (both positive and negative) of the proposed merger agreement on: Utilization of health care, including preventable visits, re-admission, and impact on health outcomes.

The discussion above in Section III.b.1.A.(i) - (iii), and in Section III.b.1.B., outlines the various benefits that will result from the Post-Merger Initiatives. Particularly, as noted, UHI's "Service Line Model of Care" is designed to improve the quality of care and, by coordinating care, reduce health care costs by eliminating duplicative, unnecessary, and untimely care. THRH has not implemented a model of care similar to UHI's Service Line Model of Care, and it has no plans to do so. In addition, it is worthwhile to note the benefits of standardized electronic medical records ("***EMRs***"), and standardized protocols, for the Combined Clinical Platform. Here are some key advantages:

[40] *See* footnote no. 9.

• ***Enhanced Patient Safety: Standardized EMRs and protocols across the Combined Clinical Platform will improve patient safety by reducing medical errors and ensuring consistent, evidence-based care***. With standardized documentation and protocols, health care providers have access to accurate and up-to-date patient information, including medical history, allergies, and medications, leading to better-informed decisions and decreased adverse events.

• ***Improved Coordination of Care: Standardized EMRs facilitate better coordination among healthcare providers and care teams***. Patient data can be easily shared across different health care settings, enabling seamless transitions and reducing the risk of fragmented care. This promotes continuity, reduces redundant tests, and enhances collaboration among providers involved in a patient's treatment.

• ***Enhanced Efficiency and Workflow: Standardization of data entry and clinical protocols helps in reducing variability and increasing efficiency***. It enables quicker access to patient information, reduces time spent searching for records, and allows health care providers to focus more on patient care.

• ***Better Data Analysis and Research: Standardized EMRs provide a wealth of data that can be analyzed and used for research and population health management***. Aggregating de-identified patient data from multiple sources allows clinicians to study patterns, identify trends, and make evidence-based decisions. It can also support the development and evaluation of standardized treatment protocols, leading to improved outcomes.

• ***Cost Savings: By reducing duplicate tests, minimizing medication errors, and avoiding unnecessary procedures, healthcare organizations can decrease healthcare expenses***. Additionally, streamlined workflows and improved efficiency contribute to cost savings by reducing administrative burdens and enhancing resource utilization.

***• Quality Improvement: Standardized EMRs and protocols promote quality improvement initiatives by providing standardized frameworks for care delivery***. By adhering to evidence-based protocols, health care providers can ensure consistent, high-quality care across different settings. Standardized documentation also facilitates tracking and monitoring of key performance indicators, enabling organizations to identify areas for improvement and implement targeted interventions.

▪ ***Population Health Management: Standardized EMRs allow for effective population health management***. Aggregated data from EMRs helps identify high-risk patient populations, monitor disease prevalence, and implement preventive strategies. Standardized protocols support the implementation of evidence-based care pathways and protocols for specific conditions, improving population health outcomes.

• ***Patient Engagement and Empowerment: Standardized EMRs can be integrated with patient portals, allowing patients to access their medical information, test results, and educational resources***. This promotes patient engagement, empowers individuals to take

an active role in their healthcare, and supports shared decision-making with healthcare providers.

5. Analysis of the effects (both positive and negative) of the proposed merger agreement on: The ability of health care payors to negotiate payments and service agreements with the Applicant Groups and anticipated impact on reimbursement rates and service agreements, including any anticipated changes to any payor agreements and changes to the calculation of pricing.

As a threshold matter, it is important to note that, if the COPA is granted, Post-Merger Union Hospital will be prohibited, pursuant to I.C. § 16-21-15-7(c), from increasing the charges for its individual services by more than the increase in the preceding year's annual average of the Consumer Price Index for Medical Care, as published by the federal Bureau of Labor Statistics. This is a significant advantage for health care payors. This prohibition limits the Hospital's charges and, consequently, limits the Hospital's ability to use its charges as a basis for negotiating for higher reimbursement rates with payors.

In addition to the cap on charge increases, the COPA statute provides other important protections for health care payors. For example, pursuant to I.C. § 16-21-15-6(a), DOH will review the COPA annually. In conducting this review, DOH, pursuant to I.C. § 16-21-15-6(c), shall consider whether Post-Merger Union Hospital continues to meet the standards required for the issuance of the COPA.

Pursuant to I.C. § 16-21-15-7(a), DOH will actively supervise and monitor Post-Merger Union Hospital to ensure that the conduct of the Hospital furthers the purposes of the COPA statute. For example, in the event Post-Merger Union Hospital fails (hypothetically) to abide by the cap on charge increases, such a violation of I.C. § 16-21-15-7(c) would certainly be addressed by DOH. Moreover, UHI, pursuant to I.C. § 16-21-15-8, will be required to submit annual reports to DOH regarding the COPA. These annual reports must address a number of topics, including, pursuant to I.C. § 16-21-15-8(b)(4), information relating to the price, cost, health improvements, quality of, and access to health care for the community.

[redacted]

Historically, Union Hospital and Union Associated Physicians Clinic have been a participating provider with top tier status with the vast majority of insurance companies and payer products offered in its primary service area. UHI has been responsive to the needs of local employers through the establishment of customized discounting arrangements. UHI's goal is to provide a seamless environment for its community members' health care needs. Moving forward, UHI will continue to pursue both traditional and non-traditional contracting arrangements in addition to value-based agreements that aim to improve the health of our community.

For so long as the COPA remains in effect, UHI will fulfill the following commitments which are intended generally to minimize the adverse impact, if any, caused by the Merger on the ability of health care payors to negotiate appropriate payment and service arrangements with the Combined Enterprise, and to ensure that post-Closing pricing is fair to both consumers and payors:

- UHI will negotiate in good faith with all payors to include in the health plans offered in the geographic services area.

- UHI will not unreasonably refuse to negotiate with potential new payor entrants to the market or payors that have small market shares.

- UHI will attempt to include in payor contracts reasonable provisions for improved quality and other value-based incentives based upon priorities agreed upon with each payor.

- UHI will honor all payor contracts terms and not unilaterally terminate without cause any such contract prior to its slated expiration date.

- UHI will negotiate with payors in good faith and will attempt in good faith to contract with all payors that offer terms on a capitated bases, percentage of premium revenue as is, or other terms that require UHI to assume risk.

- UHI will abide by the limit on negotiate with payors in good faith and will attempt in good faith to contract with all payors that offer terms on a capitated bases, percentage of premium revenue as is, or other terms that require UHI to assume risk.

Union Hospital anticipates reimbursements to come down slightly as a result of payors moving from THRH contracts to UHI negotiated contracts. Union is actively negotiating with Elevance (Anthem) around its Commercial Outpatient Prospective Payment System. Similar discussions are ongoing with United Healthcare. Those are the two primary payors covering the nine-county service area.

Finally, health care payors will certainly use Post-Merger Union Hospital's competitive environment to negotiate price concessions from the Hospital and the other providers of the Combined Clinical Platform. As described earlier, there are a number of hospitals in close proximality to Terre Haute: Ascension St. Vincent Clay (approximately 17 miles from Terre Haute); Sullivan County Community Hospital (approximately 24 miles from Terre Haute); and Greene County General Hospital (approximately 33 miles from Terre Haute).

The Applicant Group received a third request for information ("RFI3") from the Department of Health. In response to RFI3, additional information was provided to the Department of Health on May 31, 2024 related to patient level data for the years 2018-2023. *See* Exhibit 5, Additional information can be found in the attachments to Exhibit 5. *See* Exhibit 5, RFI3 Attachments 1-7. *See also* independently submitted response from THRH/HCA to RFI3.

6. Analysis of the effects (both positive and negative) of the proposed merger agreement on: Employment, the healthcare workforce, recruiting and retention.

As noted earlier, UHI, in order to assure continuity of patient care post-Merger, will offer employment to the employees of Regional Hospital and the other Sellers. While attrition, retirements, etc., will occur over time, the Merger, itself, will not result in a loss of employment.[41]

Healthcare systems continue to navigate the strain on labor resources and access to talent across the nation. It is estimated that by 2034, there will be a national shortage of physicians ranging from 37,000 to 124,000 with significant impact to primary care. Within the registered nurse profession, over 100,000 RNs have left the profession due to burnout, stress, and retirements with nurse intent to leave continually increasing. This projected shortage is magnified by educator shortages restricting the development and infusion of new graduates into the workforce. In 2021, the U.S. turned away over 91,000 qualified RN applicants due to educational barriers.

More specifically, the state of Indiana has seen a 40% increase in job openings since 2020 with 74 available workers for each 100 job postings--while still experiencing a decrease in unemployment rates. Vigo County's unemployment rate is the lowest it's been in 6 years at 3.5%,

Health care organizations must continually look for opportunities to provide top quality care in new, innovative, and flexible ways. The Merger will result in an opportunity to better leverage community talent and resources in a strategic and sustainable way. By aligning services and care delivery models, human capital will be more effectively organized and applied to provide safe, high-quality care for more patients across the continuum of care. The Merger will also result in the ability to align best practices related to the recruitment and retention of scarce resources. Including increased talent pipelines of both experienced and newly graduated professionals, better problem solving, strength management, along with training and development.

The Merger will benefit the overall engagement of the workforce as well. Better engagement of staff directly impacts the care received by the community. Studies show that the challenges placed on health care teams by short staffing and concerns around safety culture—and the impact it has on engagement--directly impact key indicators such as bloodstream infections, pressure injuries and ventilator-associated events. Overall engagement is also correlated with prevention and reporting along with resources and teamwork.

Finally, in a report published January 12, 2017, Blue Cross and Blue Shield ("***BCBS***") concluded that healthier populations contribute to a stronger local economy, and a stronger local economy contributes to a healthier population.[42] According to BCBS, the strongest connection between health and the economy is sustaining a healthier workforce. Healthier workers are more likely to show up for work, be more productive when at work, are in better physical and mental health and are more likely to engage in education and skills training. In BCBS's view, its research demonstrates that the health of a population plays an increasingly important role in *economic* outcomes.[43]

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[41]See footnote no. 9.

[42]*See* https://www.bcbs.com/the-health-of-america/articles/healthy-communities-mean-better-economy.

[43]Similar conclusions regarding the relationship between health status and employers' health care expenditures, and between health status and workforce productivity, are found in "*The Future of the Public's* Health *in the 21st Century*,"

7. The BCBS report reinforces the need for, and the appropriateness of, the Merger. As a single organized system of health care, the Combined Clinical Platform will be able to implement the above-described quality and health care access initiatives throughout the Wabash Valley Community – with the express goal of improving the health status of the Community's residents. It is reasonable to conclude that UHI's efforts will, indeed, improve the community's health status. Furthermore, it is reasonable to conclude that the improved health status of the Wabash Valley Community will have a positive impact on the Community's economy. In this regard, it should be noted that, prior to deciding to engage in a Merger with THRH, UHI consulted with a number of business and community leaders. Each of them enthusiastically supports the Merger.Analysis of the effects (both positive and negative) of the proposed merger agreement on: Economic impact.

The economic impact of hospitals generally, and of UHS particularly, is significant. UHS is the largest employer in the Wabash Valley, employing over 3,000 associates and over 2,480 FTE's (Full Time Equivalents). In addition, health systems are major purchasers of goods and services. A strong health system is vital, similar to schools and housing markets, to economic development activities. The Indiana Hospital Association (IHA) estimated that the total impact of all Indiana hospitals in 2019 was $48.2 billion, generating over 242,000 jobs and employing 113,000. Union Health estimated economic impact was $745.9 million, generating an additional 3,379 jobs in addition to the employed health professionals.

THRH contributes positively to the community through the employment of approximately 700 people representing 500 FTE's. THRH economic impact contributes another $145 million, generating an additional 500 jobs within the community. Successful implementation of this acquisition will lead to significant growth in services to the nine-county service area increasing the overall economic impact. This success will be measured through key volume indicators, impact on revenue and cost and then the impact on a per case basis.

***c. Description of how any benefits arising out of the proposed merger will be implemented.***

Please *see* Sections III.b.(i), (ii) and (iii) above.

***d. Description that the likely benefits arising from the proposed merger outweigh any disadvantages attributable to a reduction in competition that may result from the proposed merger.***

In responding to this request, it is reasonable to consider what the absence of a COPA (i.e.,, the current level of competition in the health care market) has produced for the residents of Vigo County and the other counties of the Wabash Valley Community, and what it has produced for the organizations that help pay for the residents' health care. As noted earlier:

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Committee on Assuring the Health of the Public in the 21st Century (2003), at pages 278, 279, https://www.ncbi.nlm.nih.gov/books/NBK221239/pdf/Bookshelf_NBK221239.pdf.

- The health status of the residents is poor;
- The health care delivery system is fragmented.
- The use of health care resources in the Wabash Valley Community is not coordinated.

The Regional Healthcare Providers are not pursuing health equity strategies, or population health/social determinants of care initiatives. With only three physicians serving as primary care physicians (none of them employed), the Regional Healthcare Providers are not capable of implementing and expanding primary care, nor are they able to adopt a Service Line Model of care (in other words, there are few safeguards against duplicative, unnecessary and/or untimely care, nor are there coordinated strategies in place for wellness care, or for avoiding unnecessary emergency room visits and preventable hospital admissions and readmissions).

In contrast, if the COPA is granted, the resulting Combined Clinical Platform will be able to take advantage of the Post-Merger Initiatives. As explained in Section III.b.1.A.(i) - (iii) and Section III.b.1.B. of this Application, the Post-Merger Initiatives will improve access to care, improve the quality of care provided by the Combined Clinical Platform, and will significantly improve the health status of the residents of Vigo County and the other counties of the Wabash Valley Community. The Post-Merger Initiatives will also reduce health care costs over time. Moreover, per I.C. § 16-21-15-7(c), patients and health care payors will benefit from the fact that the ability of Post-Merger Union Hospital to increase charges will be capped. Patients and payors will also benefit from DOH's annual review of the COPA pursuant to I.C. § 16-21-15-6, DOH's active monitoring of the COPA pursuant to I.C. § 16-21-15-7, and UHI's requirement to submit annual reports concerning the COPA (including the reporting of information relating to the price, cost, health improvements, quality of, and access to health care for the community) pursuant to I.C. § 16-21-15-8. In addition, as set forth in Section V.a.5 above, UHI, if the COPA is granted, will make several commitments regarding its contract negotiations with health care payors.

In sum, it is fair to ask how, given the totality of circumstances, the denial of the COPA will benefit the residents of Vigo County and the other counties of the Wabash Valley Community, or the organizations that help pay for the residents' health care. UHI and THRH believe the choice is obvious: *the benefits of the Merger clearly outweigh the disadvantages, if any, attributable to a reduction in competition that may result from the Merger.*

## VI. PROPOSED MONITORING AND SUPERVISION

### *a. Description of how progress related to the benefits arising from the proposed merger will be measured and monitored.*

Progress related to the benefits of improved health outcomes and increased access to quality health care within the Wabash Valley Community will be consistently measured and monitored by UHI. As further described below, the results of such data collection will be shared with the DOH to promote and support its responsibility of ongoing supervision of the COPA.

### *b. Description of any reporting requirements for reviewing progress.*

**Annual Reports**. UHI will provide the DOH, the office of the attorney general and the general assembly with a detailed report as of the end of each Fiscal Year during the COPA Term. The report will be submitted no later than July 1st of the following year and will include, in addition to the requirements set forth in I.C. § 16-21-15-8, the following items related to compliance (or not) with each of the terms and conditions of the COPA:

(i) A narrative describing the benefits realized pursuant to the COPA during the prior year, including steps taken to reduce costs and improve efficiencies;

(ii) Patient-related price trends;

(iii) An update on employee pay activity and benefit equalization;

(iv) Updates on the population health program with measures to assess improvements in access;

(v) A list of services that were consolidated during the prior year and the resulting cost savings in excess of Five Million Dollars ($5,000,000);

(vi) Inpatient and outpatient encounter volumes and capacity;

(vii) An update on quality measures performance;

(viii) A summary of charity care provided;

(ix) Financial statements;

(x) An updated organizational chart of UHS, including an updated list of officers and members of the Board of Directors for UHI;

(xi) Facility maintenance and capital expenditures at the acquired locations;

(xii) Patient satisfaction survey results, to include both prior and current year; and

(xiii) Any other health information reasonably required by the Department of Health to ensure compliance with this Application, including compliance with any terms or conditions for the issuance of the COPA**.**

**Quarterly Reports**. UHI will provide DOH with a quarterly report, no later than sixty (60) days after the end of each quarter during the COPA Term. The quarterly report shall include the following items:

(i) A narrative describing the status of the post-Merger integration, including material updates on commitments made by UHI, integration plans to include change of location of services, new plans to close or open any service lines or facilities, and/or updates on progress of existing plans to close or open any service lines or facilities.

(ii) Key financial metrics to include a balance sheet and the profit and loss statement for UHI, including a comparison to the same quarter of the previous year as well as previous quarter of same year; and

(iii) Quality metrics for all applicable locations as reported to CMS for the Inpatient Quality Reporting (IQR) program, Outpatient Quality Reporting (OQR), Inpatient Psychiatric Facility (IPF) and all others as available.

**Ongoing and Supplemental Reporting**. In order to demonstrate that the Combined Enterprise maintains the financial and operational viability to fulfill requirements of the COPA, and to provide for proper active supervision, UHI shall notify the Department of Health, within fifteen (15) business days following notice of any facts or circumstances that indicate, or that can be reasonably interpreted to indicate, any event, circumstance, fact, occurrence, result, or change that would reasonably be expected to materially impact the delivery of services, operations, legal status, or financial condition of the Combined Enterprise. Such notification shall include an explanation and supporting documentation and shall be certified by the Chief Executive Officer and Chief Financial Officer of UHI as being true and correct in all material respects to their best knowledge, after due inquiry. UHI agrees to respond in a timely manner to any requests from DOH for supplemental information with respect to annual, quarterly, or ongoing reporting.

***c. Description of proposed terms and conditions that may be established to ensure that the merger benefits the relevant service areas populations' health outcomes, health care access, and quality of health care and that benefits arising from the proposed merger outweigh any disadvantages attributable to a reduction in competition that is authorized to result from the proposed merger***.

If this request seeks to obtain a list of commitments from UHI relative to the granting of the COPA, please know that UHI is willing to commit to each of its representations made herein. UHI, of course, would welcome the opportunity to discuss with the Department of Health how those commitments may be memorialized.

[ *signature page omitted* ]

APPLICATION FOR CERTIFICATE OF PUBLIC ADVANTAGE BY UNION HOSPITAL, INC. AND TERRE HAUTE REGIONAL HOSPITAL, L.P.

**Applicants' Response to First Request for Information**

In response to the first request for information ("**RFI1**") of the Department of Health ("**DOH**"), the Applicants, Union Hospital, Inc. ("**UHI**") and Terre Haute Regional Hospital, LP ("**THRH**"), submit the information set forth below.

**RESPONSES**[1]

General Information and Description of the Proposed Merger

1. A written description of the nature and scope of the proposed merger, including financial and other business terms and significant conditions to the consummation of the proposed merger.

   **REQUEST:** Provide a description of significant conditions, whether or not specifically identified in the Asset Purchase Agreement, to the consummation of the closing, other than issuance of a Certificate of Public Advantage (the "**COPA**"), including any other material regulatory approvals or issuances, transfers of material permits or licenses or consents of lenders or bondholders.

   **RESPONSE:**

   **A.** With respect to the request for a written description of the "significant conditions to the consummation of the proposed merger" set forth in the Indiana Certificate of Public Advantage Application Checklist ("**Checklist**"), the Applicants believe the "significant" conditions are those conditions referenced on page 8 of the Certificate of Public Advantage submitted to the Indiana Department of Health ("**IDOH**") on September 14, 2023 ("**Application**") .

   **B.** With respect to the above request for "other material regulatory approvals or issuances, transfers of material permits or licenses or consents of lenders or bondholders," the Applicants note the following:

   - Indiana Hospital License
   - Indiana Board of Pharmacy License
   - Indiana Controlled Substance Registration
   - Indiana Board of Pharmacy Tech Training Program Registration
   - DEA Controlled Substances Registration and Post-Closing Application

[1] Ind. Code § 16-21-15-4(c) makes clear that the only dispositive standards regarding the granting of the COPA are whether: (i) there is clear evidence that the proposed merger would benefit the population's health outcomes, health care access, and quality of care in the county; and (ii) the likely benefits resulting from the proposed merger agreement outweigh any disadvantages attributable to a potential reduction in competition that may result from the proposed merger. The Applicants submit these Responses in furtherance of their belief that, indeed, the proposed merger satisfies these standards.

- Resource Conservation and Recovery Act Registration
- FCC Registration
- American College of Radiology
- 340B Registration
- U.S. Nuclear Regulatory Commission License
- Department of Homeland Security, Radioactive Material Facility Registration
- Radiation Machine / Facility Registration
- NPPES (NPI) Registry
- Food and Drug Administration Mammography Facility Certification
- Underground Storage Tank Management
- Elevator Operating Permits
- Boiler Pressure Vessel UPV 3-year and S-Stamp Permits
- Vigo County Certificate of Use and Occupancy
- Vigo County Health Department, Food Establishment Retail-Employee Operating Permit
- CLIA Certificates of Accreditation and Certificate of Waiver
- 855A Medicare Filing
- 855B and 855R (Physician Group) Medicare Filing
- Medicaid filings – Hospital and Physician Group
- HFAP / ACHC Accreditation
- Accreditation - College of American Pathologists
- Intersocietal Accreditation Commission Vascular Testing
- Anthem Blue Distinction; Centers for Maternity Care Designation American College of Surgeons – Level III Trauma and Community Cancer Program

Financial and Business Information

2. A description of the current healthcare services provided by each of the Applicants and their respective affiliates and subsidiaries (each, an "**Applicant Group**"),[2] including the locations at which such services are provided and the primary service areas for such Applicant Group (based on ZIP codes). If the primary service area of the Applicant Group varies based on the type of healthcare service, please describe such areas separately.

   **REQUEST:** If the primary service areas for the healthcare services listed in the table that begins on p. 10 of the Application vary by service, provide a description of each such primary service area by zip code by service.

   **RESPONSE:**

   **A.** For UHI: The primary service areas for the healthcare services listed in the table that begins on p. 10 of the Application do not vary by service.

[2] Pursuant to its definition as stated in the Application, "Applicant Group," for purposes of the Application, means Union Hospital, Inc. and Terre Haute Regional Hospital, L.P. collectively. Likewise, for purposes of these Responses to RFI1, "Applicant Group" means Union Hospital, Inc. and Terre Haute Regional Hospital, L.P. collectively.

**B.** For THRH: See RFI1 Attachment A for a list of the primary service areas by zip code, as separated by services offered for THRH. For those services in which a zip code is not provided, the data for that particular service is not tracked due to the lack of granularity in the data to be able to distinguish that particular service (e.g., Family Medicine).

**REQUEST:** Confirm whether Union Hospital's primary service area described in the Application on p. 13 relates solely to the UHI's Vigo County hospital or includes the services area for UHI's Clinton County hospital. If it does not include the service area for UHI's Clinton County hospital, please provide the service area for the two hospitals on a combined basis.

**RESPONSE:**

**A.** As noted in the table beginning on page 10 of the Application, as well as the text describing the primary service areas for "Union Hospital" at the top of page 13, the subject zip codes pertain to Union Hospital in Terre Haute (see also footnote no. 6 on page 13 of the Application). In the table, no reference is made to Union Hospital Clinton, nor is Union Hospital Clinton referenced in the text describing the primary service areas for "Union Hospital" at the top of page 13 of the Application.

**B.** With respect to the above request for the primary service areas, on a combined basis, for Union Hospital in Terre Haute and Union Hospital Clinton, please see the following (as referenced below, "UHTH" refers to Union Hospital in Terre Haute, "UHC" refers to Union Hospital in Clinton, and "Combined" refers to the combined service areas for Union Hospital in Terre Haute and Union Hospital in Clinton):

[redacted]

[redacted]

**REQUEST:** With respect to the table that begins on p. 10 of the Application, for the services offered by UHI that are marked "Y," are these services offered on an in-patient, out-patient or other basis.

**RESPONSE:**

As noted in the key on page 10 of the Application, "Y" means "Yes, Services Are Offered." In the nomenclature used by Union Hospital, some services that are provided are not described as "inpatient" or "outpatient" services. For example, the "Y" was used for the Accountable Care Organization to indicate that Union Hospital participates in an accountable care organization. In another example, the "Y" was used for Emergency Department to indicate that Union Hospital operates an emergency department (thus, it provides emergency services – which, in the nomenclature used by Union Hospital, are neither inpatient nor outpatient services). The "Y" used for Family Residency Program" is another example. The "Y" was used to indicate that Union Hospital operates a family medicine residency program (which is nether impatient or outpatient in nature). Similarly, Oncology was marked with "Y" (to indicate that Union hospital provides oncology services), but "medical" oncology was marked "IP/OP", and "radiation" oncology was marked "OP." In response to the above request, Union Hospital advises that, given the foregoing, "Y" means, unless otherwise indicated in the table, services provided on a basis "other" than an inpatient or outpatient basis.

**REQUEST:** With respect to the table that begins on p. 10 of the Application, confirm that "ER" refers to "Emergency Room."

**RESPONSE:**

Yes. "ER" refers to "Emergency Room."

**REQUEST:** Provide the location(s), including address(es) and counties, at which each service listed in the table located at p. 10 of the Application is provided.

**RESPONSE:**

**A.** As indicated in the table located at page 10 of the Application, the services listed in the table are provided at Union Hospital, located at 1607 N. 7th Street, Terre Haute, Vigo County, Indiana, and at Regional Hospital, located at 3903 S. 7th Street, Terre Haute, Vigo County, Indiana.

**B.** As noted, "Applicant Group" means Union Hospital Inc. and Terre Haute Regional Hospital, L.P. To the extent the request above refers to services provided by Union Hospital Inc. and Terre Haute Regional Hospital, L.P., those services, as noted in "A" above, are provided at Union Hospital, located at 1607 N. 7th Street, Terre Haute, Vigo County, Indiana, and at Regional Hospital, located at 3903 S. 7th Street, Terre Haute, Vigo County, Indiana.

3. A description of the type and number of healthcare providers who are employed or contracted by each Applicant Group.

**REQUEST:** Confirm that the healthcare providers listed in the table on p. 13 of the Application all provide services solely at the Applicants' hospitals located in Vigo County, Indiana. If they do not provide services solely at such hospitals, provide the locations, including address(es) and counties, at which they also provide services, and the number of providers by service at each such location.

**RESPONSE:**

**A.** The information contained in the table on page 13 of the Application is responsive to the Checklist's request for a description of the type and number of employed and contracted healthcare providers.

**B. For UHI:** With regard to providers employed by or under contract with UHI, the following are the other locations where those providers render services (and the number of said providers rendering services at such locations) in their respective capacities as employees or contractees of UHI (please note that UHI does not know, and cannot ascertain without a time-consuming and burdensome investigation, which of the providers, if any, render services at any other locations when not acting in their respective capacities as employees or contractees of UHI. Nevertheless, please advise if the DOH believes these other locations are relevant to the COPA and, consequently, the DOH wishes to know the locations, if any, where these providers render services when not acting as employees or contractees of UHI):

[redacted]

**B.** For THRH: As to Regional Hospital Healthcare Partners, the employed providers provide services at the locations set forth in the attachment included as RFI1 Attachment B.

**REQUEST:** With respect to physicians employed by Union Associated Physicians Clinic, LLC, provide by service, the locations, including address(es) and counties, where such services of provided and number of providers at each such location.

**RESPONSE:**

See RFI1 Attachment C.

**REQUEST:** With respect to physicians employed by Regional Hospital Healthcare Partners, LLC, provide by service, the locations, including address(es) and counties, where such services of provided and number of providers at each such location.

**RESPONSE:**

For THRH: As to Regional Hospital Healthcare Partners, the employed providers provide services at the locations set forth in the attachment included as RFI1 Attachment B.

**REQUEST:** Provide a description of the type and number of healthcare providers who are employed or contracted on behalf of UHI's Clinton County hospital and state the number of such healthcare providers also provide services at UHI's

hospital in Vigo County.

**RESPONSE:**

See RFI1 Attachment D. None of the employed providers referenced in the Attachment provide services at "UHI's hospital in Vigo County." All of the contracted providers referenced in the Attachment provide services at "UHI's hospital in Vigo County" from time-to-time.

**REQUEST:** Provide a description of the type and number of healthcare providers who provide specialized medical coverage at UHI's Vigo County hospital and Clinton County hospital pursuant to contracts between physician groups and UHI, indicating at which hospital such services are provided and the name of the applicable physician group.

**RESPONSE:**

See RFI1 Attachment E.

**REQUEST:** Provide a description of the type and number of healthcare providers who provide specialized medical coverage at Terre Haute Regional Hospital pursuant to contracts between physician groups and THRH, indicating at which hospital such services are provided and the name of the applicable physician group.

**RESPONSE:**

Regional Hospital contracts with Regional Hospital Healthcare Partners for the following services/providers at Regional Hospital:

4. A description of any current cooperative or contractual relationships between the Applicant Groups or any such relationships that have been proposed or terminated within the last five years.

**REQUEST:** Within the last five years, have any cooperative or contractual relationships between the Applicant Groups been proposed that were ultimately not consummated? If so, please describe the proposed relationship.

**RESPONSE:**

The information contained on page 14 of the Application does not describe any proposed but not consummated cooperative or contractual relationships because there were no such proposed relationships within the past five years between UHI and THRH.

5. A patient census for each hospital owned or operated, directly or indirectly, by a member of an Applicant Group.

**REQUEST:** Explain the asterisk for the Inpatient Census value at UHI for 2023 (page 15 of the Application).

**RESPONSE:**

The asterisk is typographical error. It has no meaning.

**REQUEST:** Explain why Terre Haute Regional Hospital's definition of average daily census does not apply to outpatients.

**RESPONSE:**

This is a metric that measures inpatient average daily census and thus by definition does not include outpatients.

6. Any other provider or medical professional quality information

**REQUEST:** With respect to Attachment II.h.2.(i), if data can be provided for an entire year, provide the data for the most recently completed year.

**RESPONSE:**

See RFI1 Attachment II.h.2.(i).

**REQUEST:** With respect to Attachment II.h.2.(ii), what timeframe does the data reflect?

**RESPONSE:**

See RFI1 Attachment II.h.2.(ii), which outlines the timeframes for the data set forth in Attachment II.h.2.(ii).

**REQUEST:** With respect to Attachment II.h.2.(ii), it appears that the table is not complete, and if so, provide the complete table.

**RESPONSE:**

See RFI1 Attachment II.h.2.(ii) that reflects the complete table.

**REQUEST:** Provide Patient Safety Indicators data for Terre Haute Regional Hospital for 2022.
**RESPONSE:**

See RFI1 Attachment F.

7. Pricing data reported separately for all inpatient and outpatient services provided by each Applicant Group for the previous five years and monthly aggregated data, computed separately for Medicaid, Medicare, commercial, and all other payors, including:

    a. number of patients, classified by type of inpatient or outpatient service;

    b. total billed charges of UHI and THRH, stated separately to include and exclude any physician services;

    c. total amounts of UHI and THRH billed charges allowed under health plan contracts, stated separately to include and exclude any physician services; and

    d. total amounts of UHI and THRH's billed charges actually paid by health plans and patients (combined), stated separately to include and exclude any physician services.

**REQUEST:** In addition to the annual data provided in the Application, provide requested data on a monthly basis.

**RESPONSE:**

**A.** For UHI: See RFI1 Attachment G. RFI1 Attachment G is a restatement of UHI's payor mix, case type, total billed charges, contractual adjustments (defined as contractual adjustments, bad debt write-off's, and charitable deductions), and total paid charges for FYs 2018-2022, set forth on pages 16-18 of the Application.

**B.** For UHI: See RFI1 Attachment H. RFI1 Attachment H is the requested monthly data for UHI.

**C.** For THRH: See RFI1 Attachment I. RFI1 Attachment I is the requested monthly data for THRH.

8. A list of all insurance contracts and payer agreements.

**REQUEST:** With respect to Attachment II.l.1, does this list all of UHI's payor contracts?

**RESPONSE:**

Yes.

**REQUEST:** With respect to Attachment II.l.2, what is the meaning of the "In" vs. "Out" columns?

**RESPONSE:**

"In" refers to in-network and "Out" refers to "out-of-network" with respect to THRH's participation with the payors and products set forth on that attachment.

Proposed Merger

9. Provide a description of the business plan and organization, including:

   a. three years of projections;

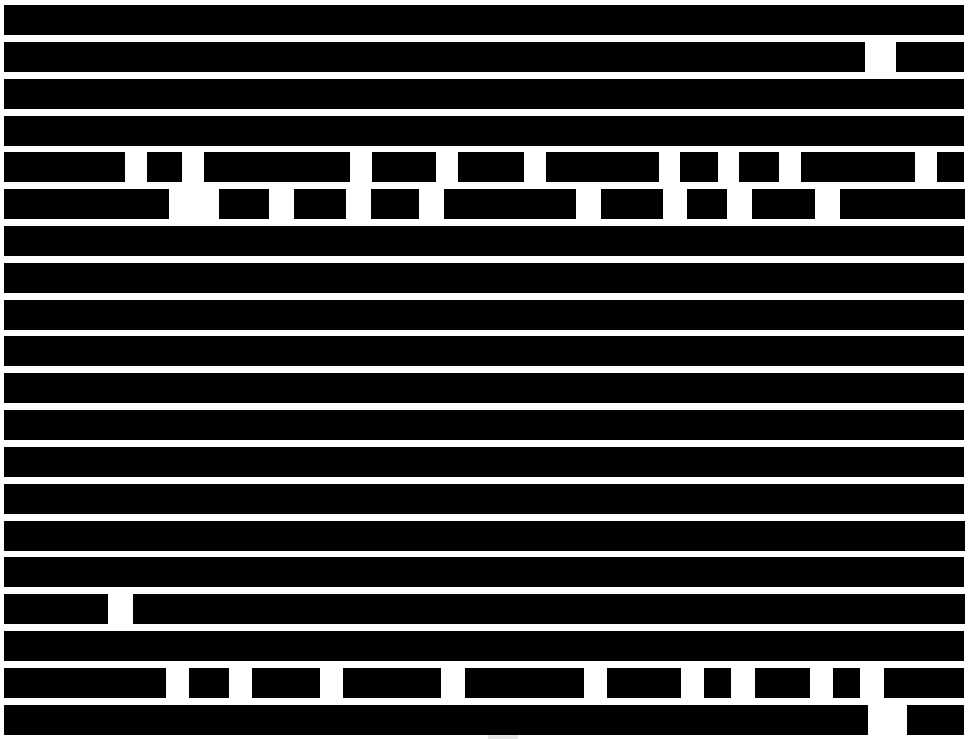
   b. integration plans; and

   c. timelines.

**REQUEST:** Provide financial projections concerning the proposed merger, whether provided to potential lenders, internally prepared or otherwise, including any efficiencies or synergies anticipated to be realized, costs to be incurred if the COPA is approved and sources of funds for proposed initiatives.

**RESPONSE:**

See RFI1 Attachment J.



[redacted]

**REQUEST:** Provide any integration plans. If no integration plan has been prepared, provide a detailed explanation of how and when the integration plan will be prepared.

**RESPONSE:**

Integration Management Offices, or IMOs, of HCA and UHI have established a governance framework to manage integration planning in a coordinated, efficient, and compliant manner. Currently, there are three primary integration domains within Union's framework: Business Operations, Clinical Operations, and Physician Alignment, concomitantly supported by the domains of Information Technology, Finance, Legal, Human Resources, and Communication. Within these three primary domains are nearly 100 established functional areas. Members representing leadership of the functional areas from both organizations have recently moved to the "discovery" phase of integration planning, which includes learning the other's processes and planning for combined operations upon consummation of the transaction.

**REQUEST:** Provide a copy of the post-merger entity and senior leadership organizational charts.

**RESPONSE:**

See RFI1 Attachment K.

**REQUEST:** Provide information in sufficient detail to describe the post-merger organization and how it will be organized and financed.

**RESPONSE:**

[redacted]

10. A description of the proposed cost savings and efficiencies anticipated to be achieved as a result of the proposed merger agreement, including the plans for achieving such savings and efficiencies, how such savings and efficiencies will be measured, and how such savings and efficiencies will be invested for the benefit of the community served by the parties to the merger agreement.

**REQUEST:** Provide any analyses of proposed savings or efficiencies, including any plans for achieving such savings or efficiencies. If no plans or analyses have been created, please indicate.

**RESPONSE:**

Plans for cost savings and efficiencies have not been predetermined by UHI, due to the fact that UHI is not yet thoroughly familiar with THRH's operations. UHI has determined that the path to success for the Wabash Valley Community is to bring the two separate teams together into one and then, in a detailed fact-specific manner, promptly initiate this work.

**REQUEST:** Explain how any cost savings and efficiencies will be measured.

**RESPONSE:**

Union Health System, including UHI, constantly monitors cost savings and efficiencies throughout all levels of the organization. Metrics have been established, and will continue to be used, to monitor relationships between value provided (i.e., revenue) and the resulting resource utilization (i.e., expense). These metrics are consistent with the healthcare industry and include the following: Realization Rate; Net Revenue per Adjusted Discharge, Compensation Ratio, Supply Cost per Adjusted Discharge; FTE's per Adjusted Occupied Bed, and many more.

Metrics also play a critical role in Service Line management and become part of UHI's monthly "dashboard" that drives decision making. These metrics

focus more on the patient, and more importantly access for the patient. Metrics include: Scheduling Vacancies, No Show Rate, Capacity, and many more.

Upon the merger, these same metrics will be used to monitor the Combined Enterprise.

**REQUEST:** Explain how UHI will invest anticipated cost savings or efficiencies to benefit the communities served by the Applicants.

**RESPONSE:**

UHI invests cost savings and financial margins back into the community through supporting programs, reinvesting in the facility and equipment, and reinvesting in our employees. These expenditures drive economic growth throughout the Wabash Valley Community, as evidenced by UHI having the largest economic impact of any organization in the Community.[3] Cost savings attributed to the merger are earmarked to grow the services necessary to meet the needs of the Community, so as to satisfy I.C. § 16-21-15-7(d)(1). Most of this growth is focused on providing the appropriate level of access to current services to the Community, but upon the merger efforts will be to address services not currently offered in the Community – particularly services that will help fill the healthcare service gaps noted in the COPA Application.

11. A description of proposed quality metrics that will be used to measure the quality of hospital and health care services provided to Indiana residents resulting from the proposed merger agreement.

**REQUEST:** Provide baseline quality measures data for the proposed quality metrics listed on page 44 in the Application for hospital acquired infections, other quality measures, and patient safety indicators for each Applicant.

**RESPONSE:**

**A.** The Checklist requested a description of proposed quality metrics that will be used to measure the quality of hospital and health care services provided to Indiana residents resulting from the proposed merger agreement. Those quality measures are listed on pages 44 and 45 of the Application.

**B.** With regard to the measures listed on pages 44 and 45 of the Application, the above request now seeks "baseline quality measures data" for each Applicant, see RFI1 Attachment L.

12. If the Certificate of Public Advantage is not granted, describe how that will impact:

[3] Pursuant to economic impact data produced by the Indiana Hospital Association.

a. the availability of services;

b. quality;

c. pricing; and

d. community health outcomes.

**RESPONSE:**

**A.** The above request is essentially the same as a request included in the Checklist (in the Checklist, see the seventh request under the heading "Proposed Merger"). The response to that seventh request is found on pages 45 and 46 of the Application.

**B.** If the IDOH seeks additional information regarding the consequences if the Certificate of Public Advantage is not granted, please advise accordingly.

13. Copies of any plans, reports, studies or other documents reflecting each Applicant Group's current or future business plans and analyses of competition in the relevant service areas.

**REQUEST:** Provide any plans, reports, studies or other documents reflecting UHI's business/strategic plan prior to contemplation of the proposed merger.

**RESPONSE:**

See RFI1 Attachment M and RFI1 Attachment N, and RFI1 Attachment O. RFI1 Attachment M (UHI's October 25, 2023 "Strategic Market and Clinical Services Growth Projections") and RFI1 Attachment N (a UHI "2024-2029 Strategic Plan" document) are responsive to the initial request in the Application Checklist. RFI1 Attachment O (UHI's 2018-2023 Strategic Plan) is responsive to the REQUEST above.

**REQUEST:** Provide any plans, reports, studies or other documents reflecting analyses of competition in the relevant service areas that have been prepared by either Applicant.

**RESPONSE:**

**A.** As submitted with the Application, Attachment III.i.1 (UHI) and Attachment III.i.3 (THRH) contain market share information.

**B.** Except as otherwise noted in RFI1 Attachments M, N, and O (for UHI), or RFI Attachments P and Q (for THRH), neither Applicant has prepared any formal analyses of competition in the relevant service areas.

Community Needs

14. Description of the population of the primary service areas, including economic conditions, poverty uninsured/underinsured, age, gender and race.

**REQUEST:** Provide a description of the uninsured/underinsured population.
**RESPONSE:**

*Demographic Markers*

| County | Population | Total Uninsured | Uninsured Children | Social Vulnerability Index |
|---|---|---|---|---|
| Clay | 26,379 | 1807 | 334 | 0.4286 |
| Greene | 31,006 | 2182 | 441 | 0.5385 |
| Parke | 16,369 | 1375 | 336 | 0.9451 |
| Sullivan | 20,670 | 1226 | 222 | 0.8791 |
| Vermillion | 15,451 | 1036 | 212 | 0.5055 |
| Vigo | 106,006 | 7740 | 1184 | 0.8681 |

Social vulnerability refers to the potential negative effects on communities caused by external stresses on human health. A number of factors, including poverty, lack of access to transportation, and crowded housing contribute to weakening a community's ability to prevent human suffering and financial loss in the event of disaster a disaster. These factors make up a community's social vulnerability index (SVI). The index illustrates that 88% of counties in Indiana are less socially vulnerable than Vigo (the higher the percentage the worse off populations in it).

15. A description of any healthcare service gaps.

**REQUEST:** Please confirm that Attachment 1.b and Attachment IV.d.1.(v) are intended to be the same document.

**RESPONSE:**

Yes. They are the same.

Effect of Proposed Merger

16. A description of the current state of competition in the relevant service areas, including healthcare providers and payors, and projections of the impact, both positive and negative, of approval of the Certificate of Public Advantage on competition in the relevant service areas, including identifying all healthcare providers in the relevant services areas that compete with the Applicant Groups and estimated market shares of market participants, barriers to entry, and likelihood of entry of other healthcare providers.

**REQUEST:** By current healthcare service provided by the Applicant Groups, identify the Applicant Groups' competitors within the applicable relevant service area and estimated market shares for such competitors.

**RESPONSE:**

**A.** For UHI: See RFI1 Attachment R.

**B.** For THRH: See RFI1 Attachment S.

* * * * * * * * * * * *

02/05/24

**UNION HEALTH**

Mission: *We exist to serve our patients with compassionate care of the highest quality*.

Vision: *To lead Wabash Valley communities to their best health and wellness*.

**I. How will the interests of the Wabash Valley Community be protected after the COPA is terminated?**

UHI is committed to improving the health and wellbeing of the Wabash Valley Community. UHI believes the acquisition of Terre Haute Regional Hospital ("***Merger***") is key to that vision. UHI's commitment to the Community and our patients does not end with the termination of the COPA. UHI believes the Combined Enterprise resulting from the Merger will be best positioned to make lasting improvements to the coordination of care in the community, healthcare resource utilization, and the implementation of key population health initiatives. UHI has a long-term dedication to these initiatives, with time horizons extending well beyond five years.

UHI submitted the COPA Application on September 14, 2023 ("***Application***"). The services and programs outlined on pages 20 through 37 of the Application (including, but not limited to, the Health Equity Plan, the Population Health Improvement Plan, the Service Line Model of Care, and the expansion of inpatient psychiatric services) are intended to remain in effect, and grow and evolve, on an ongoing basis. Although these services and programs cannot be fully deployed and maximized for the benefit of the Wabash Valley Community without the COPA, there is no plan to discontinue them upon the termination of the COPA. Continuing these services and programs is consistent with UHI's Mission and Vision. As explained in the Application, these services and programs will improve access to care in the Wabash Valley Community, improve the health status of the Wabash Valley Community, increase the quality and efficiency of care provided to the Wabash Valley Community, and increase the medically appropriate utilization of primary care services while reducing hospital utilization and emergency department visits. Separately, and combined, each and all of these attributes will result in the reduction of health care costs for the Wabash Valley Community on an ongoing basis.

Part of UHI's vision for the future is to expand access to key services that are not readily available in the Wabash valley Community today. This current situation causes the Community's residents to travel – sometimes hundreds of miles from home – to seek care, resulting in inconvenience and unnecessary financial burden on patients and their families. UHI also believes patients sometimes delay or do not obtain care because the care is not readily available. UHI believes that the Merger will improve the coordination of care and allow the integration of clinical resources so that more care can be delivered close to home, alleviating the current financial burden associated with travel outside of the community.

Post-Merger, the Combined Enterprise will not be free from competition. It will face competition from other hospitals, health systems, and other facilities that provide physician services, general acute inpatient care, specialty care, and outpatient services in the region (see pages 52 through 58 of the Application). Moreover, the improved access to care, the higher quality of care, the improved efficiency, and the reduced cost of care resulting from the Merger will spur competitors to implement like measures so as to maintain and increase their respective patient bases.

The Merger will not materially limit the ability of health care payors to negotiate payments. The Merger will not limit the ability of payors to enter into service agreements with UHI. It is important to note that, effective January 1, 2021, hospitals have been required to publicly report their negotiated prices with health insurers. This publicly available information will help inform health care payors and healthcare consumers of the range of pricing terms to which UHI has agreed post-Merger..

From a reimbursement perspective, managed care contracts include checks-and-balances that limit the amount that Union Hospital's chargemaster can be increased each year. Also, Medicare and Medicaid do not negotiate rates. Each provides a base rate for inpatient services and a defined fee schedule for outpatient services; therefore, any increase to the hospital charge is not passed through to patients or payers. The rates paid by the Medicare and Medicaid patient population rarely cover hospital costs. Currently, traditional and managed Medicare and Medicaid programs represent 60% and 65% of the cash that UHI and Terre Haute Regional Hospital receive, respectively, from all patients and payers.

Affiliates, UHI, and Union Associated Physicians Clinic, LLC, have a robust charity care program for uninsured and underinsured patients (see pages 41 through 43 of the Application). In 2022, UHI's spent nearly $57 million to benefit residents of the Wabash Valley (see 2022 Community Benefit Report).. As noted on page 43, UHI's charity care policy will remain in effect post-Merger. This policy is not tied to the COPA, and it will remain in effect whenever the COPA is terminated.

Improving the health status of the Wabash Valley Community by, among other things, increasing access, improving the coordination of care, and promoting continued quality of care are fundamental aspects of why UHI is pursuing the Merger. These reasons are aligned with UHI's long-standing Mission and Vision and cannot be accomplished without the COPA. However, importantly, while the COPA is critical to shifting the local health care paradigm, these fundamental goals and principles will continue to guide UHI well after the COPA is terminated. The goals and initiatives described in the Application will be maintained and, to the extent necessary, they will progress and develop so as to safeguard and improve the health status of the Wabash Valley Community.

Pursuant to I.C. 16-21-15-5, the COPA may be terminated no sooner than five (5) years after its issuance by the Department of Health. In this regard, please know that UHI cannot forecast, and is not forecasting, how soon it might seek to terminate the COPA after the expiration of the five (5) year period.

**II. Integration overview and preliminary timeline.**

Improving the health status of the Wabash Valley Community is the guiding principle for the Merger. Careful and thoughtful integration planning commenced in earnest in September 2023, after execution of the Asset Purchase Agreement. Integration planning will lead to identified post-closing initiatives with an implementation timeline. Initiatives will be prioritized based on whether the initiative will improve the health status of the Community, including, but not limited to, opportunities to increase access to health care, improve quality, increase efficiency, improve the coordination of care, and grow the combined clinical platform that is supported by one medical record. This is pivotal to ensure physicians and providers have the necessary access to the history of a patient's care needs and to provide more coordinated healthcare in the community.

As a transition planning counterpart to Terre Haute Regional's transition planning team, UHI established an Integration Management Office ("***IMO***") to support the integration planning process. The role of the

IMO is to serve as the leading and coordinating body for integration of the Combined Enterprise. A key component of integration planning governance includes an Integration Steering Committee ("***ISC***"), which is comprised of UHI's senior leadership. The IMO is responsible for developing an integration plan that will build upon the best of both organizations, ensure business continuity, reduce redundancies, and drive sustainability of services in the region.

To ensure continuity of quality patient care upon and beyond the transition, there is currently significant focus on Day 1 readiness within all business and clinical departments. Business considerations include how to integrate and support people, systems, processes, and vendor relationships.

In addition, UHI leadership has engaged in a concerted effort to identify and prioritize clinical programmatic initiatives that are expected to positively impact the access to care, quality of care, efficiency of care, and streamlining of processes to create value for the community. These key programmatic initiatives were disclosed in the Application and are being carefully considered. Each initiative's assessment includes both qualitative and quantitative considerations in many areas including: community need, community access, medical staff impact, staffing and team member impact, financial impact, information technology requirements, equipment needs, space planning, regulatory and accreditation requirements, communication/change management, contractual dynamics, and complexity to operationalize. UHI is carefully assessing these initiatives against industry best practices, current medical research, standards published by medical academies and associations, and guidance published by accreditation bodies.

UHI leadership is undertaking both operational and clinical assessments to prioritize key initiatives. The initiatives vary in operational complexity, and the evaluation process will result in more information about timing (near-, mid-, and long-term), sequencing, and approach to operationalize such plans. The ISC will continue evaluating these initiatives during this pre-close phase. No final decisions have been made. When the Merger closes, the integration process will transition from the planning phase to the implementation phase, which will begin the journey to create a healthier Wabash Valley Community.

Attached is a Post-Closing Timeline: Analysis of Services that provides a preliminary timeline for UHI's post-close evaluation, decision making, implementation of additional integration, and potential consolidation, plans. The attached is subject to change as the planning process continues to evolve.

**Additional Information**. Union and HCA will receive additional information as a result of the work of the Economists, and the work being done to quantify transaction efficiencies. This work will take time to complete. We will supplement the above answers when we have more information.

# IX. EXHIBIT 3: Responses to RFI2

APPLICATION FOR CERTIFICATE OF PUBLIC ADVANTAGE BY
UNION HOSPITAL, INC. AND TERRE HAUTE REGIONAL HOSPITAL, L.P.

**Applicants' Responses to the Second Request for Information**

In response to the second request for information ("**RFI2**") of the Department of Health ("**DOH**"), the Applicants, Union Hospital, Inc. ("**UHI**") and Terre Haute Regional Hospital, LP ("**THRH**"), submit the information set forth below.

**RESPONSES**

Financial and Business Information

1. A description of the current healthcare services provided by each of the Applicants and their respective affiliates and subsidiaries (each, an "**Applicant Group**"), including the locations at which such services are provided and the primary service areas for such Applicant Group (based on ZIP codes). If the primary service area of the Applicant Group varies based on the type of healthcare service, please describe such areas separately.

**NOTE:** In response to footnote no. 1, the entities comprising the Applicant Group for THRH, and for the entities comprising the Applicant Group for UHI, are identified in RFI2 Attachment A[1] submitted with these responses.

**(i) REQUEST:** Does the addition of affiliates and subsidiaries to the service area analysis impact the primary service areas?

**RESPONSE:**

For UHI: No.

For THRH: As noted in RFI2 Attachment B submitted with these responses, there is significant overlap in the service area of the patients who have clinic visits or surgical procedures to those providers of Regional Hospital Healthcare Partners, LLC who are set forth in that Attachment. Because of the nature of the services provided by the providers of Regional Hospital Healthcare Partners, LLC, the primary service area is slightly broader.

**(ii) REQUEST:** Are there services provided by affiliates or subsidiaries of the Applicants that are not identified in the table that begins on page 10 of the Application? If so, please identify those services and the affiliate or subsidiary providing them.

**RESPONSE:**

For UHI: Yes, inpatient and outpatient occupational therapy. These services are provided by Union Hospital Therapy, LLC.

[1] RFI2 Attachment A includes the information regarding UHI's Applicant Group requested during the April 26, 2024 meeting at the Department of Health.

For THRH: The only additional service provided by Regional Hospital Healthcare Partners, LLC that is not identified in the table is hematology, which had limited visits to the satellite clinic in Shelburn, IN and for which the data was unavailable. Otherwise, all other services are identified in the table that begins on page 10 of the Application.

**(iii) REQUEST:** With respect to the table that begins on page 10 of the Application, if a category is marked "yes," does it include sub-specialty healthcare services other than what is listed?

**RESPONSE:**

For UHI: Yes

For THRH: Yes

**(iv) REQUEST:** For any healthcare services (e.g., convenient/urgent care or academic health centers) that are provided by a member of an Applicant Group at an address that is different from 1607 N. 7th St. Terre Haute, Indiana or 3903 S. 7th St., Terre Haute, Indiana (i.e., a location other than the Applicant's hospitals), please provide:

a. the type of healthcare service(s) offered; and

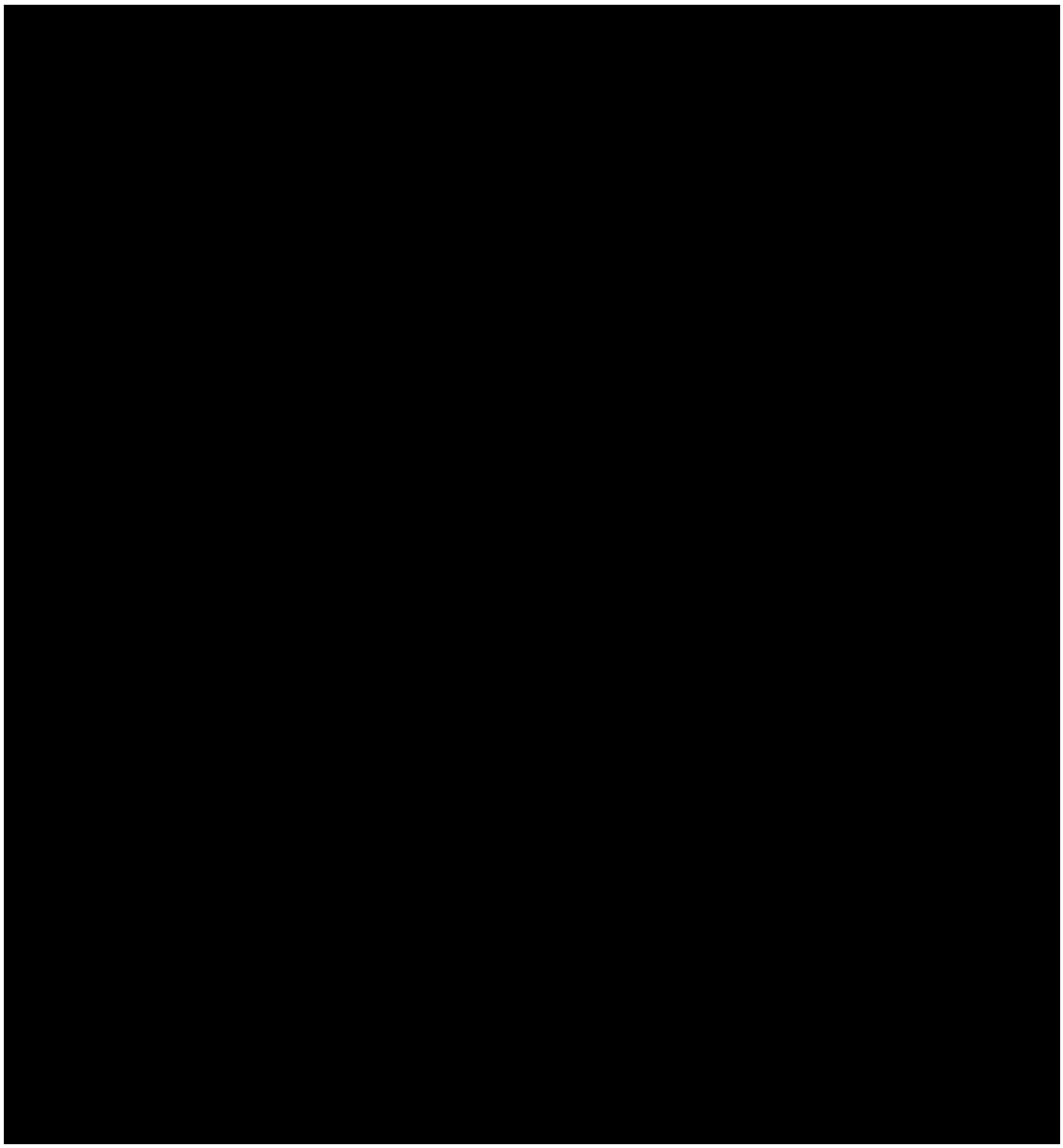
b. the address of such location.

**RESPONSE:**

For UHI:

[redacted]

[redacted]



For THRH: *See* RFI2 Attachment B submitted with these responses for those healthcare services provided by Regional Hospital Healthcare Partners, LLC.

2. A description of the type and number of healthcare providers who are employed or contracted by each Applicant Group.

**(i) REQUEST:** Please explain UHI's relationship with the locations identified in the table below. For example, are services being provided on a contractual basis? For each of the listed locations, please indicate the type of providers by each location.

[redacted]

**RESPONSE:**

Please see this revised table:

[redacted]

[redacted]

**(ii) REQUEST**: With respect to the physicians identified in the table on page 13 of the Application, if any of the physicians provide services at other UHI locations, please indicate the location, the type of physician, and number of physicians at each location.

**RESPONSE:** [redacted]

**(iii) REQUEST:** Please confirm that all of the providers identified in RFI1 Attachment B are employed by Regional Hospital Healthcare Partners, LLC.

**RESPONSE:** Confirmed that all of the providers identified in RFI1 Attachment B are employed by Regional Hospital Healthcare Partners, LLC. Since the date of submission of that document, there has been one change in a provider, which is reflected in an updated chart submitted with these responses as RFI2 Attachment C.

**(iv) REQUEST:** Please clarify whether the number of providers identified in RFI1 Attachment D is the number of physicians in a group that works solely at Union - Clinton Hospital, if the number of physicians who have privileges to work at Union - Clinton Hospital, and/or the total number of physicians in a specialized group that provides services at Union - Clinton Hospital?

**RESPONSE:**

(i) The providers identified in RFI1 Attachment D do not work solely at Clinton Hospital.

(ii) All physicians referenced in RFI1 Attachment D (physicians in groups that have contracts with UHI and physicians employed by UHI), have privileges at Union - Clinton Hospital.

(iii) The number of physicians referenced in RFI Attachment D in a group that has a contract with UHI and represents the total number of physicians in each such group that provide services at Union - Clinton Hospital.

3. A patient census for each hospital owned or operated, directly or indirectly, by a member of an Applicant Group.

**(i) REQUEST:** Please explain how UHI calculates its Outpatient Census. Does THRH have a similar census?

**RESPONSE:**

For UHI: Outpatient ("OP") census is calculated as follows: Total Patient Hours in Observation Status divided by 24 hours equals "Total OP Census Days." Then, the Total OP Census Days are divided by 365. This calculation does not include any services such as OP MRI, OP CT, OP Physical Therapy, OP Lab etc. OP Census simply refers to Observation patients who are patients in a bed but do not meet inpatient criteria. This is the industry standard.

For THRH: While THRH does not formally track its outpatient census, THRH does track observation days (the sum of total hours for all patients while classified as observation as an outpatient) with respect to outpatient visits and, using a formula of outpatient observation days divided by 365 days, the following sets forth the outpatient census for each of calendar years 2022 and 2023:

2022- Observation Days: 784 O/P Census: 2.1
2023- Observation Days: 723 O/P Census: 2.0

**(ii) REQUEST:**[2] Explain why UHI's inpatient census reported in the table on page 16 of the Application differs from the inpatient data reported by the Indiana Hospital Association?

**RESPONSE:** The inpatient census on page 16 of the Application differs from data reported by the Indiana Hospital Association ("**IHA**") because the inpatient numbers shown in the table is the combination of UHI's inpatient admissions plus physician inpatient visits, not just hospital inpatient visits. The IHA data, which UHI believes to be accurate, likely contained only hospital inpatient data and does not include physician inpatient visits. *See* RFI2 Attachment D, a revised version of the table on page 16 of the Application reflecting the IHA inpatient data, submitted with these Responses.

4. Any other provider or medical professional quality information.

**(i) REQUEST:** With respect to RFI1 Attachment II.h.2.(i) if the data can be provided for the entire previous calendar year please provide it, and if it is unavailable, please confirm.

**RESPONSE:** An updated chart of that quality information for the calendar year of 2023 is

[2] This request was made during the April 26, 2024 meeting at the Department of Health.

submitted with these responses as RFI 2 Attachment E.

**(ii) REQUEST:** With respect to RFI1 Attachment II.h.2.(ii), the release date is listed as July 27, 2023. Please indicate the beginning date and the end date for the data provided.

**RESPONSE:** Confirmed. July 27, 2023 is the date this data was released by CMS and the measuring points (Measure Start Date to Measure End Date) for that data is set forth in RFI1 Attachment F. The most recent release of information by CMS was in January 2024 and this data is submitted with these responses as RFI2 Attachment F.

**(iii) REQUEST:** With respect to RFI1 Attachment F, please:

a. add a column to describe each measure's full name;

**RESPONSE:** These measure identifiers are generated by CMS and are most accurately described at the following CMS website: https://data.cms.gov/provider-data/topics/hospitals/measures-and-current-data-collection-periods

b. provide data for 2022, or the last full year, as applicable; and

**RESPONSE:** Because this is data that is generated by CMS, THRH is dependent on CMS for such data and does not have all of the measures for just the calendar year 2022. Further, as noted on the CMS website, certain of the data points are updated on different timelines and on different dates.

c. provide a title for the last column.

**RESPONSE:** The title for that last column is "Days Elapsed Between the Measure Start Date and the Measure End Date."

Proposed Merger

5. Provide a description of the business plan and organization, including:

a. three years of projections;

b. integration plans; and

c. timelines

**(i) REQUEST:** Please provide all reports, analyses or financial models prepared or used for financial analysis, efficiency analysis, or synergies analysis, including reports used for board presentations or prepared by third parties.

**RESPONSE:**

*See* RFI2 Attachment G (October 31, 2023 Piper Sandler valuation) submitted with these responses. There are nine earlier versions of this file in 2023, and six earlier versions for

2020 to 2021. Please advise if you wish to receive these earlier files.

*See* RFI2 Attachment H (July 27, 2023 Board presentation) submitted with these responses. There are ten different earlier versions of this presentation that went to the Board subcommittee or to the Board. Please advise if you wish these earlier presentations to be produced.

*See* RFI2 Attachment I (Blue & Company financial projections for HUD) submitted with these responses. Blue & Company is currently finalizing updated financial projections reflecting final 2023 figures. The updated projections will be provided when finalized. There are at least 4 earlier versions of these projections from 2023, and one earlier version from 2021. Please advise if you wish these earlier projections to be produced.

**(ii) REQUEST:**[3] Provide updated financial projections reflecting final 2023 figures.

**RESPONSE:** *See* RFI2 Attachment J submitted with these responses.

**(iii) REQUEST:** Please provide all reports or analyses concerning the costs to be incurred if the certificate of public advantage is approved.

**RESPONSE:** UHI has no such records.

**(iv) REQUEST:** Please provide any additional information that is available in connection with the plan for developing the integration plan, including a description of each phase, tasks to be accomplished, decision criteria and the timeframe for completion of each phase. In addition, with respect to the Integration Management Office ("**IMO**"), please provide:

a. The composition of IMO's staff, noting the number of staff-members, the staff-members' qualifications, and whether the staff-members are solely engaged to IMO or if they have other responsibilities for UHI;

b. The amount of funding attributed to IMO;

c. The non-financial resources provided to IMO; and

d. The weight UHI provides to the decision and guidance received from IMO.

**RESPONSE:** *See* RFI2 Attachment K submitted with these responses.

6. A description of any services, facilities or organizations that will be established, eliminated, enhanced, reduced, share or relocated as part of the post-merger business plan.

**(i) REQUEST:** With respect to the enhanced services/initiatives identified in the Application (beginning on page 20), please describe or provide detailed implementation plans and the expected benefits to health outcomes, health care access, and quality of health care in the Wabash Valley Community arising out of the proposed transaction. If UHI has previously

[3] This request was made during the April 26, 2024 meeting at the Department of Health.

implemented or is implementing a proposed service or initiative, describe how the item has impacted health outcomes, health care access, and quality of health care in the Wabash Valley Community.

**RESPONSE:** *See* RFI2 Attachment L and the sub-attachments included therewith ***[RFI2 Attachment L and its sub-attachments are pending and will be submitted subsequent to these responses]***

**(ii) REQUEST:** How will THRH's lack of primary care physicians affect the proposed enhanced services/initiatives?

**RESPONSE:** UHI's proposed enhanced services/initiatives in the COPA Application were advanced with the understanding that THRH lacks primary care physicians. UHI's plans to optimize and better coordinate the delivery of healthcare services in the Wabash Valley are being developed with the intent to leverage the Combined Clinical Platform to enhance access to primary care, optimize patient navigation through the continuum, and improve the quality of care provided in the community.

Post-acquisition, the specialists currently employed by Regional Hospital Healthcare Partners (who opt to be employed by Union Associated Physicians Clinic, LLC) and the specialists currently contracted with Regional Hospital (who enter into contracts with UHI to serve at Union Hospital, or enter into contracts with Union Associated Physicians Clinic, LLC), will be incorporated into UHI's existing primary care infrastructure, allowing their patients to receive coordinated care and easier access to primary care. UHI is committed to establishing and growing primary care presence in the south where such access has historically been lacking. Allowing more residents of the Wabash Valley Community to access primary care will improve the health of the community, all while lowering healthcare costs over time.

**(iii) REQUEST:**[4] Provide an explanation for the lack of primary care providers in south side of Terre Haute, and describe how that lack of primary care providers impacts care.

**RESPONSE:** Because Union Hospital is on the north side of Terre Haute, as are most of UHI's health care professionals, UHI cannot speak to why the south side lacks primary care providers. However, the lack of primary care providers deprives south side residents with:

- Preventive care (saves money, time and other resources of patient and system);
- Healthier community;
- Education opportunities; and
- Opportunities to link patients with other needed services.

**(iv) REQUEST:** With respect to the "Potential Repurposing of Current Facility Spaces" identified beginning on page 38 of the Application, what criteria will be used to determine if the identified (or other) efficiencies will be implemented and what actions will be taken to

[4] This request was made during the April 26, 2024 meeting at the Department of Health.

ensure continued availability and quality of care?

**RESPONSE:** UHI leadership is working to identify and prioritize clinical programmatic initiatives that will positively impact the access to care, quality of care, efficiency of care, and streamlining of processes to create value for the community. These key programmatic initiatives were disclosed in the September 14, 2023 COPA application and are being carefully considered. Each initiative's assessment includes both qualitative and quantitative considerations in many areas including: community need, community access, medical staff impact, staffing and team member impact, financial impact, information technology requirements, equipment needs, space planning, regulatory and accreditation requirements, communication/change management, contractual dynamics, and complexity to operationalize.

UHI is also carefully assessing these initiatives against industry best practice, current medical research, standards published by medical academies and associations, and guidance published by accreditation bodies. UHI leaders are undertaking this assessment to prioritize key initiatives using an objective and informed approach. The initiatives vary in operational complexity, and the evaluation process will yield more information about timing (near-, mid-, and long-term), sequencing, and approach to operationalize. The Integration Steering Committee ("ISC") will continue evaluating these initiatives, including detailed workplans and recommendations for future state, during this pre-close phase. No final decisions have been made at this stage in the assessment process. Upon closing of the transaction, the integration process will advance from the planning phase to the implementation phase, which will initiate the journey of creating a healthier Wabash Valley community.

7. A description of the proposed cost savings and efficiencies anticipated to be achieved as a result of the proposed merger agreement, including the plans for achieving such savings and efficiencies, how such savings and efficiencies will be measured, and how such savings and efficiencies will be invested for the benefit of the community served by the parties to the merger agreement.

**(i) REQUEST:** Ind. Code § 16-21-15-7(d)(1) requires that a hospital operating under a certificate of public advantage to "invest the realized cost savings from the identified efficiencies and improvements included in the [Application]…." Please provide a detailed description of the identified efficiencies or improvements and how they will be measured.

**RESPONSE:** *See* RFI2 Attachment M ***[RFI2 Attachment M is pending and will be submitted subsequent to these responses]***

**(ii) REQUEST:** Please describe the specific initiatives in which the Applicants intend to invest the anticipated cost savings or efficiencies.

**RESPONSE:** *See* RFI2 Attachment M ***[RFI2 Attachment M is pending and will be submitted subsequent to these responses]***

8. Any evidence of support from municipalities and counties served by each Applicant Group.

**(i) REQUEST:** Please describe any outreach to the Wabash Valley community regarding the proposed merger and the response, whether positive or negative.

**RESPONSE:** *See* RFI2 Attachment N submitted with these responses.

9. If the certificate of public advantage is not granted, describe how that will impact:

    a. the availability of services;

    b. quality;

    c. pricing; and

    d. community health outcomes

    **(i) REQUEST:** Please describe in detail how granting the certificate of public advantage will enable the Applicants to improve the health outcomes, health care access, and quality of health care in the Wabash Valley Community and how denial of the certificate of public advantage will negatively impact the items identified above.

    **RESPONSE:** Regarding how granting the certificate of public advantage will enable the Applicants to improve the health outcomes, health care access, and quality of health care in the Wabash Valley Community, *see* RFI2 Attachment O ***[RFI2 Attachment O is pending and will be submitted subsequent to these responses]*** Regarding how the denial of the certificate of public advantage will negatively impact the items identified above, *see* RFI2 Attachment P submitted with these responses.

10. **NOTE:** The following additional requests were made during the April 26, 2024 meeting at the Department of Health:

    **(i) REQUEST:** Explain the advantages of consolidating the NICUs.

    **RESPONSE:** ***[response is pending and will be subsequently submitted]***

    **(ii) REQUEST:** Explain whether the Merger create capacity at Union Hospital Terre Haute.

    **RESPONSE:** ***[response is pending and will be subsequently submitted]***

    **(iii) REQUEST:** Describe the joint venture that UHI is exploring with regard to the post-Merger expansion of inpatient psychiatric beds.

    **RESPONSE:** Pursuant to REQUEST "(i)" under section 6 of RFI2, UHI will provide information regarding its possible expansion of inpatient psychiatric beds post-Merger.

    **(iv) REQUEST:** Explain whether the implementation of the "service line model" of care contingent on the Merger.

    **RESPONSE:** While the Service Line Model of Care has already been implemented at UHI, the Merger is the only way to extend its benefits to patients of Regional Hospital. As described on pages 31-35 of the Application, UHI implemented its Service Line Model of Care in 2019 in order to optimize service delivery and outcomes for (i) orthopedics; (ii) oncology; (iii)

neuroscience (neurosurgery, neurology, neurophysiology, and pain); (iv) women's and children's health; and (v) cardiovascular care. UHI's implementation of the Service Line Model of Care has improved the quality of care provided and, by coordinating care, has reduced health care costs by eliminating duplicative, unnecessary, and untimely care. Neither Regional Hospital, nor Regional Healthcare Partners, has implemented any initiative similar to the Service Line Model of Care – and they have no current plans to do so. Without the Merger, patients of Regional Hospital will not benefit from the Service Line Model of Care.

**(v) REQUEST:** Explain how will care be improved if Regional is losing money, particularly with regard to trauma; NICU; and labor and delivery.

**RESPONSE:** ***[response is pending and will be subsequently submitted]***

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# X. **EXHIBIT 4:** Subsequent Submission for RFI2

APPLICATION FOR CERTIFICATE OF PUBLIC ADVANTAGE BY
UNION HOSPITAL, INC. AND TERRE HAUTE REGIONAL HOSPITAL, L.P.

**Union Hospital Inc.'s Subsequent Submission for the Department of Health's Second Request for Information**

On June 5, 2024, the Applicants, Union Hospital, Inc. ("**UHI**") and Terre Haute Regional Hospital, LP ("**THRH**"), provided responses to the second request for information ("**RFI2**") from the Department of Health ("**DOH**"). In the June 5, 2024 responses, UHI indicated that it would provide responses to certain of the RFI2's REQUESTS at a later date. This submission ("**Subsequent Submission**") provides UHI's Reponses to those REQUESTS.[1]

**RESPONSES**

Proposed Merger

6. A description of any services, facilities or organizations that will be established, eliminated, enhanced, reduced, share or relocated as part of the post-merger business plan.

**(i) REQUEST:** With respect to the enhanced services/initiatives identified in the Application (beginning on page 20 [of the September 14, 2023, COPA Application ("**Application**")]), please describe or provide detailed implementation plans and the expected benefits to health outcomes, health care access, and quality of health care in the Wabash Valley Community arising out of the proposed transaction. If UHI has previously implemented or is implementing a proposed service or initiative, describe how the item has impacted health outcomes, health care access, and quality of health care in the Wabash Valley Community.

**RESPONSE:** *See* the following sub-attachments to **RFI2 Attachment L** submitted with this Subsequent Submission:[2]

L(1) – Health Equity Plan

L(3) – Virtual Nursing Program

L(4) – Service Line Model of Care

L(5) - Possible Expansion of Inpatient Psychiatric Services

L(6) – Deploying Union Hospital's Expertise and Commitment

7. A description of the proposed cost savings and efficiencies anticipated to be achieved as a result of the proposed merger agreement, including the plans for achieving such savings and

[1] This Subsequent Submission refers only to the REQUESTS that UHI did not provide responses for in the Applicants' June 5, 2024 submission.
[2] RFI2 Attachment L(2) pertains to the population health improvement initiatives. The Attachment is in process and will be subsequently submitted.

efficiencies, how such savings and efficiencies will be measured, and how such savings and efficiencies will be invested for the benefit of the community served by the parties to the merger agreement.

**(i) REQUEST:** Ind. Code § 16-21-15-7(d)(1) requires that a hospital operating under a certificate of public advantage to "invest the realized cost savings from the identified efficiencies and improvements included in the [Application]." Please provide a detailed description of the identified efficiencies or improvements and how they will be measured.

**RESPONSE:** *See* **RFI2 Attachment M** submitted with this Subsequent Submission.

**(ii) REQUEST:** Please describe the specific initiatives in which the Applicants intend to invest the anticipated cost savings or efficiencies.

**RESPONSE:** *See* **RFI2 Attachment M** submitted with this Subsequent Submission.

9. If the certificate of public advantage is not granted, describe how that will impact:

a. the availability of services;

b. quality;

c. pricing; and

d. community health outcomes

**(i) REQUEST:** Please describe in detail how granting the certificate of public advantage will enable the Applicants to improve the health outcomes, health care access, and quality of health care in the Wabash Valley Community and how denial of the certificate of public advantage will negatively impact the items identified above.

**RESPONSE:** Regarding how granting the certificate of public advantage will enable the Applicants to improve the health outcomes, health care access, and quality of health care in the Wabash Valley Community, *see* **RFI2 Attachment O** submitted with this Subsequent Submission. RFI2 Attachment P, submitted with the June 5, 2024, responses, addresses how the denial of the certificate of public advantage will negatively impact the items identified above.

10. **NOTE:** The following additional requests were made during the April 26, 2024, meeting at the Department of Health:

**(i) REQUEST:** Explain the advantages of consolidating the NICUs.

**RESPONSE:** There will not be a consolidation of NICUs, as THRH does not operate a NICU. Instead, it operates a Level II Special Care Nursery, which is a lower acuity special care nursery. Within 30 days of the Merger's Closing, labor and delivery services (referred to herein as "**Mother-Baby Services**"), including the operations of the special care nursery at Regional Hospital, will be consolidated at UHI.

Consolidation of Mother-Baby Services allows optimal efficiency in the utilization of staff, equipment, and resources (as well as optimal scheduling for the convenience of patients and their families). Consolidation also facilitates the use of best Mother-Baby Services for the Wabash Valley Community – thereby helping maximize the quality and safety of labor and delivery practices for the Wabash Valley Community.

**(ii) REQUEST:** Explain whether the Merger will create capacity at Union Hospital Terre Haute.

**RESPONSE:** Currently, THRH is operating at approximately 30% capacity. Therefore, following the Merger, there is opportunity to consolidate otherwise redundant services and maximize the use of clinical space to offer health care services in a streamlined, patient-friendly manner.

Pursuant to a preliminary capacity planning assessment to identify optimal locations for delivering patient services post-Merger, UHI's leadership has determined a variety of opportunities for creating capacity exist. Examples, which are further described below, include: (i) consolidating the inpatient rehabilitation programs at the THRH campus location, thereby allowing the former rehabilitation space at the UHI campus to be meaningfully repurposed; (ii) moving all Mother-Baby Services from THRH to the larger, more robust program currently functioning at the UHI campus; and (iii) optimizing surgery locations, based on factors such as availability of specific surgical equipment, room size requirements, and anticipated post-operation patient needs.

With respect to inpatient rehabilitation services, UHI will seek the necessary regulatory approvals to relocate medical rehabilitation beds from UHI and consolidate them with those located at the Regional Hospital campus. Thus, post-Merger the Wabash Valley Community will benefit from one rehabilitation unit that is appropriately sized and staffed by its rehabilitation experts.

The consolidation of Mother-Baby Services at UHI is anticipated to occur within 30 days of the Merger's Closing. Such consolidation of services at the UHI campus increases patient safety with an increasingly robust, specialized staff while opening space at the THRH campus for other services.

Finally, the Merger will allow UHI to expand surgical services by transferring certain procedures from UHI's main operating department to THRH. Thus, by way of example, if ophthalmology surgery is moved to THRH, there is opportunity to increase orthopedic surgery capacity at UHI.

Notably, while it is clear there are capacity optimization opportunities when it comes to the Merger, due to legal constraints, programmatic plans and a timeline for completion will not be finalized until UHI's leadership team is able to access additional information regarding THRH's operations.

**(iii) REQUEST:** Describe the joint venture that UHI is exploring with regard to the post-Merger expansion of inpatient psychiatric beds.

**RESPONSE:** *See* RFI2 Attachment L(5).

**(v) REQUEST:** Explain how care will be improved if Regional is losing money, particularly with regard to trauma; NICU; and labor and delivery.

**RESPONSE:** As a threshold matter, it should be noted that providing a health care service that is lucrative is not necessarily synonymous with providing high quality health care that will improve access to care or the health status of the Wabash Valley Community – and, as made clear in the Application, the improvement of the Wabash Valley Community's health status is *the* reason UHI is pursuing the Merger.

Quality of care will improve, and the health status of the Wabash Valley Community will improve, even if THRH is losing money prior to the Merger, because the Merger will bring opportunities for a more efficient delivery of health care. [In particular, one of the primary reasons that THRH struggles to maintain profitable service lines is because of staffing and recruitment challenges, which would be resolved by combining with Union.] Here are a few examples:

- As noted above, Mother-Baby Services at THRH (including the operations of the special care nursery at Regional Hospital) will be consolidated at UHI within 30 days of the Merger's Closing. As stated, consolidation of the Mother-Baby Services allows optimal efficiency in the provision of Mother-Baby Services, and maximizes the quality and safety of Mother-Baby Services for the Wabash Valley Community.

- The repurposing of current facility spaces (including "back office" operations), which will not be possible without the Merger, will result in a number of efficiencies related to facility operations, equipment use, and the work flow of health care providers (*see* pages 38-40 of the Application).

- By leveraging advanced, synchronized technology, UHI's Service Line Model of Care will improve continuity of care by allowing efficient access to medical records which facilitates coordinating patient medical care among various specialties (*see* pages 32-33 of the Application).

- UHI's population health initiatives, provided through a single organized health system resulting from the Merger, will improve the overall efficiency of gathering patient information for purposes of focusing on health disparities within the Wabash Valley Community (*see* pages 28-29 of the Application).

- The benefits of UHI's virtual nursing program include: a reduction in the need to engage temporary staffing agencies for the short-term retention of nurses and other clinicians, allowing finite funds to be allocated toward improving access and quality of care; improved recruitment and retention of providers and other staff, and such continuity of providers promotes the consistent delivery of quality care;;and improved efficiencies with medication reconciliation and discharge time (*see* pages 30-31 of the application).

Moreover, it is appropriate to note that the Combined Clinical Platform resulting from the Merger will not be burdened by certain costly aspects of THRH's operations. For example:

• THRH over-invested in its Level 2 trauma operations, which it subsequently reduced to Level 3 trauma operations. Now, in recent weeks, THRH has decided not to renew its Level 3 trauma accreditation (and its Level 3 trauma accreditation will terminate later this year). Simply stated, the cost of maintaining a high-level trauma center is not sustainable by THRH. On the other hand, Union Hospital operates a robust and viable Level 3 trauma center. Furthermore, the Wabash Valley Community's access to high level trauma care will be bolstered by Union Hospital's hiring of THRH employees who previously provided trauma services at THRH.

• The Merger will mean that THRH will not have to purchase expensive medical equipment that is beyond what is needed by the Wabash Valley Community. For example, the purchase and installation of linear accelerators costs between $5-8 million. Without the Merger, both UHI and THRH will necessarily purchase new linear accelerators, however, one new linear accelerators is deemed by clinical providers to be sufficient to meet the needs of the Wabash Valley Community. Notably, Union Hospital already two linear accelerators.

• THRH's lack of primary care providers necessarily resulted in a lack of investment in long-term health and wellness for THRH's patients. THRH patients do not have access to preventive and early primary care. As a result, THRH patients seek care in THRH's emergency department for medical problems that could have been prevented or successfully treated early by a primary care physician, rather than being escalated into a costly and/or dangerous emergency medical condition. Following the Merger, access to primary care will be expanded to more local residents, which increases prevention and early detection efforts while improving the health and wellness of members of the Wabash Valley Community. In addition, emergency department resources are preserved for urgent healthcare needs.

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**XI. EXHIBIT 5:** Response to RFI #3

APPLICATION FOR CERTIFICATE OF PUBLIC ADVANTAGE BY UNION HOSPITAL, INC. AND TERRE HAUTE REGIONAL HOSPITAL, L.P.

**Union Hospital Inc.'s Submission for the Department of Health's Third Request for Information**

On May 31, 2024, the Applicants, Union Hospital, Inc. ("UHI") and Terre Haute Regional Hospital, LP ("THRH") provided responses to the third request for information ("RFI3") from the Department of Health ("DOH").

**RESPONSES**

See Attachments 1-7 for UHI's data. THRH, through HCA, has submitted their information separately.

**APPENDIX - Attachments Withheld**

THE FOLLOWING ATTACHMENTS ARE WITHHELD FROM PUBLIC RELEASE PURSUANT TO I.C. 16-21-15-3(c)

A. **COPA Application**

1. I.e.
2. II.a.1.(i),(ii),(iii),(iv), and (v)
3. II.a.2.
4. II.h.1.
5. II.h.2.(i),(ii)
6. II.j.1.(i),(ii)
7. II.j.2.(i),(ii)
8. II.l.1.
9. II.l.2.
10. III.i.1
11. III.i.2.
12. III.i.3.
13. IV.d.1.(i),(ii),(iii), and (iv)

B. **RFI #1 (Exhibit 1)**

1. RFI1 Attachments A through K, and M through S
2. RFI1 Attachments II.h.2.(i) and II.h.2.(ii)
3. See Public Redacted Version of RFI1 Attachment L in Attachments to Exhibit 1

C. **Additional Submission February 6, 2024 (Exhibit 2)**

1. N/A - No attachments withheld

D. **RFI #2 (Exhibit 3)**

1. RFI Attachments A through K, and P

E. **RFI #2 Supplement (Exhibit 4)**

1. RFI2 Attachment O is included with redactions

F. **RFI #3 (Exhibit 5)**

1. Attachments 1 through 7