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United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510-6100

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December 6, 2023

VIA ELECTRONIC TRANSMISSION

Mr. Marc Rowan
Chief Executive Officer
Apollo Global Management, Inc.

Dear Mr. Rowan:

On March 17, 2023, Senator Grassley wrote to your company, Apollo Global Management, Inc., (“Apollo”) with serious concerns about the horrific events that occurred at the Ottumwa Regional Health Center in Ottumwa, Iowa, in 2021 and 2022, where at least nine female patients were sexually assaulted while sedated by a now-deceased nurse practitioner who overdosed and died at the facility.¹ Senator Grassley’s letter described a series of opaque and questionable acquisitions, mergers, and other related party transactions at the direction of and involving your company² and sought additional information about Ottumwa Regional Health Center’s financial

¹ Letter from Senator Charles E. Grassley, Ranking Member, Senate Committee on the Budget, to Mr. Edward K. Aldag, Jr., Chairman, President and Chief Executive Officer, Medical Properties Trust; Mr. David M. Dill, Chairman and Chief Executive Officer, Lifepoint Health; Mr. Eric Carlson, Chair, Ottumwa Regional Health Center Board of Trustees; Mr. Charles R. Kaye, Chairman and Chief Executive Officer, Warburg Pincus; and Mr. Marc Rowan, Chief Executive Officer, Apollo Global Management, Inc., (March 17, 2023), available at

https://www.grassley.senate.gov/imo/media/doc/grassley_to_private_equity_reit_-_ottumwa_regional_health.pdf.

² *Id.* at 2 (Senator Grassley wrote, “In November of 2015, Apollo Global Management acquired RegionalCare, Ottumwa’s parent company, from Warburg in a deal valued at \$800 million. The new entity was renamed RCCH Healthcare Partners. In 2016, Apollo bought out Capella Healthcare from Medical Properties Trust (MPT) and merged it with RCCH Healthcare for a combined company worth \$1.7 billion. Then, in 2018, Apollo purchased LifePoint Health for \$5.6 billion and merged it with RCCH, branding the merged entity as LifePoint Health. Of particular concern is a 2019 transaction where MPT reentered the picture and acquired the real estate of 10 LifePoint Hospitals for \$700 million in what is known as a sale-leaseback transaction.”); Rosemary Batt et al., *The Role of Public REITs In Financialization and Industry Restructuring*, Working Paper No. 189, at 45, INSTITUTE FOR NEW ECONOMIC THINKING (July 9, 2022), available at <https://www.ineteconomics.org/uploads/papers/WP189-Batt-Appelbaum-Public-REITS-2.pdf>; Marc Newman, *Hospital sale finalized*, OTTUMWA COURIER (May 10, 2010), available at https://www.ottumwacourier.com/news/local_news/hospital-sale-finalized/article_00c03d50-9272-5bd4-b2dc-c2d2d6868b83html.

stability and the extent to which related-party transactions contributed to the shocking events detailed in news reporting.³

Apollo provided responses on April 5, 2023⁴ and May 11, 2023.⁵ Despite assurances that your company would cooperate with Senator Grassley and the investigation,⁶ and the provision of limited documents by Lifepoint Health—apparently on behalf of Apollo—your company has failed to provide full and complete answers, including all requested documents, in response to his March 17 letter.⁷ Instead of answering Senator Grassley’s questions, Apollo has continued to hide behind Lifepoint, writing that “Lifepoint’s March 31 response will be the best primary source of information regarding Ottumwa Regional Health Center.”⁸ Because the letter was addressed to Apollo, not Lifepoint, Apollo has an obligation to provide full and complete responses to the Committee.

Since Senator Grassley sent the initial letters in this matter, he and Chairman Whitehouse have agreed to pursue a joint, bipartisan investigation into the impact of private equity (PE) ownership and related party transactions on the administration of health care throughout the United States. Reports suggest that such ownership may result in negative outcomes for both frontline medical providers and patients ranging from staffing reductions to wholesale facility closures to substandard medical care. The American people deserve to understand the potential impact of PE firms in the delivery of their health care. That is why, among other reasons, we are seeking the information and documents set out in Senator Grassley’s prior letters and the additional information and documents we now seek below.

Indeed, the limited information and documents that have been provided to date have given rise to additional questions and concerns about financial transactions impacting Ottumwa Regional Health Center and the people of Iowa. We therefore reiterate the unanswered questions and expand upon the questions in Senator Grassley’s March 17 letter. To assist the Committee in its objective and independent review of the role that Apollo plays in the management and operations

³ *Id.* at 4 (Senator Grassley wrote, “to better understand the facts and circumstances of your relationship with Ottumwa Regional Health Center and to perform an objective and independent review of the financial impact of the aforementioned financial transactions, please answer the following questions no later than March 31, 2023.”); Kyle Ocker, *Police: Multiple patients sexually assaulted at ORHC while sedated*, OTTUMWA COURIER (Jan. 11, 2023), available at <https://www.ottumwacourier.com/news/police-multiple-patients-sexually-assaulted-at-orhc-while-sedated/article7b6b0726-912f-11ed-a7e7-f7148db05ebf.html>; Francesca Block, *Ottumwa hospital discovers late hospital worker sexually assaulted nine female patients*, DES MOINES REGISTER (Jan. 10, 2023), available at <https://www.desmoinesregister.com/story/news/crime-and-courts/2023/01/11/ottumwa-police-discover-abuse-evidence-after-hospital-worker-death/69797017007/>.

⁴ Letter from Apollo to Senator Charles E. Grassley, (April 5, 2023), on file with the Committee.

⁵ Letter from Apollo to Senator Charles E. Grassley, (May 11, 2023), on file with the Committee.

⁶ Call between Senator Grassley’s staff and Latham & Watkins (April 21, 2023).

⁷ Letter from Senator Charles E. Grassley, (March 17, 2023), available at <https://www.grassley.senate.gov/imo/media/doc/grassley-to-private-equity-reit-ottumwa-regional-health.pdf>.

⁸ Letter from Apollo to Senator Charles E. Grassley, (April 5, 2023), on file with the Committee; Letter from Apollo to Senator Charles E. Grassley, (May 11, 2023), on file with the Committee.

of Ottumwa Regional Medical Center, including the aforementioned financial transactions and their effect on the administration of health care, please answer the following questions and produce documents that support your answers, no later than December 20, 2023:

1. Describe the historical (both current and former) financial and operational relationship between Apollo and Lifepoint, including the exact dollar amount of its own capital that Apollo has invested in Lifepoint and in Ottumwa Regional, whether made directly in the hospital or indirectly through Lifepoint. Produce all documents demonstrating this relationship—including, but not limited to, contracts or written agreements, memoranda of understanding, proofs of investment, investment thesis documents describing or setting out evidence-based rationales for Apollo's investment in Lifepoint, any memoranda setting out the reason for Apollo's acquisition of or investment in Lifepoint, and operational or administrative procedure manuals.
2. While invested in Ottumwa Regional or any related entity that has or had an interest in Ottumwa Regional, please describe and produce all documents that support your answer with respect to Apollo's role, including that of Apollo employees, in determining or otherwise affecting the ability or authority of Ottumwa Regional or Lifepoint to:
 - a. Manage its care delivery;
 - b. Manage its billing practices
 - c. Determine its charge-per-patient goals;
 - d. Determine its staff-to-patient ratios;
 - e. Determine its charge-to-cost ratios;
 - f. Enter into contracts for staffing;
 - g. Enter into any contracts on behalf of Ottumwa Regional; and
 - h. Determine its net annual income goals.
3. Does Apollo have current or future plans to invest capital in Lifepoint Health or Ottumwa Regional? If so, please describe them. If not, why not? Produce all documents that support your answer, including any information concerning Apollo's investment decisions in those entities.
4. Does Apollo have any current plans to divest its financial or operational interest in Lifepoint or Ottumwa Regional? If so, please describe those plans. Produce all documents that support your answer, including any information concerning Apollo's investment decisions in those entities.
5. Describe in detail Apollo's role in facilitating, approving, or in any way affecting the 2019 sale-leaseback transaction. Produce all documents that support your answer.
6. Explain in detail Apollo's justification for the 2019 sale-leaseback of Ottumwa Regional. Produce all documents that support your answer, including, but not limited to, all

correspondence between and among Apollo, Medical Properties Trust, Lifepoint, and Lifepoint's Board.

7. Explain in detail how Apollo used the 2019 sale-leaseback transaction to facilitate changes to its balance sheet, including paying down debt and issuing dividends. Produce all documents that support your answer, including, but not limited to, all correspondence between and among Apollo, Medical Properties Trust, Lifepoint, and Lifepoint's Board.
8. Explain in detail any financial benefits that Apollo received as a result of the 2019 sale-leaseback transaction. Produce all documents that support your answer.
9. Provide, broken down by fiscal year, the exact dollar amount of profits that Apollo has collected as a result of its ownership interest in Lifepoint. Produce all documents that support your answer.
10. Provide, broken down by fiscal year, the exact dollar amount of any investments that Apollo has made in RCCH Healthcare Partners and any profits that Apollo has collected as a result of its ownership interest in RCCH Healthcare Partners. Produce all documents that support your answer.
11. Provide, broken down by fiscal year, the exact dollar amount of any investments that Apollo has made in Capella Healthcare and any profits that Apollo has collected as a result of its ownership interest in Capella Healthcare. Produce all documents that support your answer.
12. Provide, broken down by fiscal year, the exact dollar amount of any dividends that Apollo paid out to shareholders as a result of its ownership interest in Lifepoint. Produce all documents that support your answer.
13. Provide, broken down by fiscal year, the exact dollar amount of any dividends that Apollo paid out to shareholders as a result of its ownership interest in Capella. Produce all documents that support your answer.
14. Provide, broken down by fiscal year, the exact dollar amount of any dividends that Apollo paid out to shareholders as a result of its ownership interest in RCCH Healthcare Partners. Produce all documents that support your answer.
15. In 2021, Apollo sold Lifepoint back to itself, from Apollo Fund VIII to Fund IX, for a \$1.6 billion gain. Explain in detail the reasons for this transaction, including but not limited to, any financial gains related to distributions or management fees and any financial or operational impacts on Ottumwa. Produce all documents that support your answer.

- a. Explain in detail how Lifepoint and the hospitals owned or operated by Lifepoint benefited from this transaction. Produce all documents that support your answer.

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The Senate Committee on the Budget has jurisdiction over Budget Act and budget process legislation, including concurrent resolutions on the budget and legislation changing the content or consideration of budget resolutions. In fulfilling its responsibilities, the Committee has broad authority to investigate the budgetary effects of existing and proposed legislation, as well as matters that affect the content or determination of amounts included in or excluded from the congressional budget or the calculation of such amounts, among other things. An attachment to this letter provides additional instructions for responding to the Committee's request. If you have any questions regarding this request, please contact joint staff at (202) 224-0642.

Sincerely,



Sheldon Whitehouse
Chairman
Senate Committee on the Budget



Charles E. Grassley
Ranking Member
Senate Committee on the Budget

cc: Mr. David Krone, Senior Partner & Global Head of Public Policy, Apollo Global Management, Inc.
Mr. Makan Delrahim, Latham & Watkins
Mr. Kevin A. Chambers, Latham & Watkins
Mr. Daniel J. Dominguez, Latham & Watkins