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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. Edward K. Aldag, Jr.
Chairman, President, and Chief Executive Officer
Medical Properties Trust

Dear Mr. Aldag:

On March 17, 2023, Senator Grassley wrote to Medical Properties Trust (MPT), 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 stability and the extent

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-c2d2d6868b83.html.

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

MPT provided responses on March 31, 2023⁴ and May 10, 2023.⁵ Despite MPT's ongoing assurances that it would cooperate with Senator Grassley and the investigation,⁶ MPT has hidden behind Lifepoint to provide relevant documents and information on its behalf and has repeatedly failed to provide its own full and complete answers, including documents, in response to his March 17 letter.⁷

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. In many cases, such ownership has resulted 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 MPT and related companies have 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 and Lifepoint play in the management and operations of Ottumwa Regional Health Center, including the role of MPT in 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:

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 MPT to Senator Grassley, (April 5, 2023), on file with the Committee.

⁵ Letter from MPT to Senator Grassley's staff, (May 11, 2023), on file with the Committee.

⁶ Call between Senator Grassley's staff and MPT (April 25, 2023).

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

1. Produce all documents between and among MPT and Apollo regarding the 2019 sale-leaseback transaction.⁸
2. Produce all documents between and among MPT and Lifepoint regarding the 2019 sale-leaseback transaction.
3. Produce all documents between and among MPT and Lifepoint’s Board or individual members of Lifepoint’s Board regarding the 2019 sale-leaseback transaction.
4. Produce all documents between and among MPT and individual Lifepoint executives regarding the 2019 sale-leaseback transaction.
5. Produce all documents between and among MPT and any board of trustees and foundation boards—or any of their individual members—of hospitals subject to the 2019 sale-leaseback transaction that Lifepoint owned or operated.
6. Are there—or have there ever been—any current or past MPT employees on Lifepoint’s Board? If yes, please provide their name, title, committee assignment, and board tenure. Produce all documents that support your answer.
7. For the 2019 sale-leaseback transaction, describe in detail how MPT arrived at the \$57,028,731 valuation for Ottumwa Regional’s real estate. Produce all documents that support your answer, including but not limited to, the names and titles of all individuals involved in the valuation.
8. For the 2019 sale-leaseback transaction, describe in detail how MPT arrived at the \$700 million valuation for all 10 hospitals that were subject to the transaction. Produce all documents that support your answer, including but not limited to, the names and titles of all individuals involved in the valuation.

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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

⁸ https://www.ineteconomics.org/uploads/papers/WP_189-Batt-Appelbaum-Public-REITS-2.pdf - pg. 45 (MPT’s then CEO made the following comment about the 2019 sale-leaseback of Apollo/Lifepoint hospitals, “They [Apollo] had a number that they knew that they wanted to get so that they could make some different changes to their balance sheet. And so they pretty much gave us their entire portfolio and said, ‘Here, pick what you’d like to have for this particular price.’”).

Mr. Edward Aldag (Medical Properties Trust)

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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. Richard M. Strassberg, Goodwin Procter LLP
Ms. Valerie A. Haggans, Goodwin Procter LLP