

**Minutes of Meeting  
Health Services Council  
Project Review Committee-II**

**DATE: 6 April 2006**

**TIME: 2:00 PM**

**LOCATION: Health Policy Forum**

**ATTENDANCE:**

**Committee II: Present: Raymond C. Coia, Sen. Catherine E. Graziano, RN, Ph.D., Robert J. Quigley, DC, (Chair), Larry Ross, Reverend David Shire (Secretary)**

**Not Present: Rosemary Booth Gallogly, Wallace Gernt, Esq., Maria R. Gil, Denise Panichas**

**Excused Absence: Victoria Almeida, Esq., (Vice Chair)**

**Staff: Valentina D. Adamova, Michael K. Dexter, Joseph G. Miller, Esq., Andrea Therrien (Intern)**

**Public: (see attached)**

## **1. Call to Order and Approval of Minutes**

**The meeting was called to order at 2:00 PM. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. The Chairman stated that due to the Open Meetings Act, the minutes of the meetings have to be available to the public by the next meeting date or within thirty-five days, which ever is sooner. The Chairman stated that because the next meeting might not occur within thirty-five days or the minutes might not be available by the next meeting time, he would ask the Committee members to vote to extend the availability of minutes beyond the time frame as provided for under the Open Meetings Act. A motion was made and seconded, and the motion passed by a vote of five in favor and none opposed (5-0) that the availability of the minutes for this meeting be extended beyond the time frame as provided for under the Open Meetings Act. Those members voting in favor were: Coia, Graziano, Quigley, Ross, Shire.**

## **2. General Order of Business**

**The first item on the agenda was the application of Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care AG for a change in effective control of Renal Care Group, Inc. whose subsidiary NNA of Rhode Island, Inc. d/b/a RCG Pawtucket and RCG Providence operates facilities at 79 Division Street in Pawtucket and 125 Corliss**

**Street in Providence. Staff noted that based on communication from the Office of Facilities Regulation Fresenius' facilities in Rhode Island are presently in compliance.**

**The applicant stated that the Federal Trade Commission ("FTC") granted clearance for the closure of the transaction with Renal Care Group, Inc. The applicant stated that the transaction has been closed and the applicant is operating under the escrow agreement with the Department and the escrow fund has been established with \$100,000. Staff stated that in circumstances involving national deals, in order to allow for the deal to go forward, applicant's enter into an escrow agreement with divestiture provision if the application is not approved. Staff noted that this is done in cases where the time frame for the national deal and the application review process are not in synch. Staff noted that the escrow fund could be used to benefit the facility during this process, and that the escrow is returned to the applicant if the application is approved.**

**To a question regarding divestiture, the applicant stated that one of the conditions to the FTC approval is divestiture. The applicant noted that 2 out of 110 clinics are located in North Providence and Providence. The applicant stated that those are proposed to be sold to the National Renal Institute ("NRI") which was approved by FTC. The applicant stated that this is being required to maintain and restore competition. The applicant stated that they would file an application for this proposal.**

**A motion was made, seconded and passed by a vote of five in favor and none opposed (5-0) to recommend that the application be approved. Those members voting in favor of the motion were: Coia, Graziano, Quigley, Ross, Shire.**

**Staff noted that the next Health Services Council meeting is scheduled for 25 April 2006.**

**The next item on the agenda was the application of Intrepid USA, Inc. [NCC Investments LLC, XL Capital Assurance, Inc., and The Liquidating Trust of DVI, Inc., DVI Financial Services, Inc. and DVI Business Credit Corp. ("DVI Trust")] for a Change in Effective Control of Intrepid of Rhode Island, Inc. d/b/a Intrepid USA Healthcare Services at 1020 Park Avenue in Cranston. Staff stated the change in ownership is a result of a Chapter 11 bankruptcy which affect many states besides Rhode Island.**

**Mr. Heller, CEO, stated that the company has \$140 million in revenue and 103 offices in 26 states. He stated that as part of the plan of emergence there was a new management team brought on-board, including himself. He noted that the company grew through acquisitions and had leveraged on its balance sheets and pledged receivables as collateral of the company. He noted that due to financial improprieties at the lender company and as a result Intrepid**

was one of the number of companies that as a result of the lender filing for Chapter 11 were forced to file for bankruptcy themselves. He stated that rather than liquidate the company, the creditors agreed to convert outstanding debt to equity and became owners of the company. He stated that Mr. Garamella, previous sole owner, maintains a 5% ownership.

To the question about the staff at the Rhode Island facility, the applicant stated that all of the current staff would be remain. Mr. Heller stated that the staffing changes are at the corporate level. Mr. Ross asked as the financial viability of the Rhode Island facility. The applicant stated that the facility is operating well.

The Chairman inquired as to the applicant's charity care requirements. The applicant provided information regarding charity care provided in 2003. Staff noted that the facility is required to provide 1% of charity care by regulation and that this is a condition of approval. Staff noted that if the facility is under the 1%, the applicant may have to undertake some outreach programs.

A motion was made, seconded and passed by a vote of five in favor and none opposed (5-0) to recommend that the application be approved conditioned upon CHAPS or JACHO accreditation and the receipt of additional information. Those members voting in favor of the motion were: Coia, Graziano, Quigley, Ross, Shire.

**There being no further business the meeting was adjourned at 2:30 PM.**

**Respectfully submitted,**

**Valentina D. Adamova**