

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

DATE: 17 January 2008

TIME: 2:30 PM

**LOCATION: Conference Room C
Department of Administration**

ATTENDANCE:

Committee-II: Present: Victoria Almeida, Esq., (Vice Chair), Raymond C. Coia, Esq., Wallace Gernt, Gary Gaube, Sen. Catherine E. Graziano, R.N., Ph.D., Robert Hamel, R.N., Denise Panichas, Robert J. Quigley, DC, (Chair), Reverend David Shire (Secretary)

Not Present: Rosemary Booth Gallogly

Excused Absences: Maria R. Gil

Staff: Valentina Adamova, Michael K. Dexter, Robert Marshall, PhD., Joseph G. Miller, Esq.

Public: (Attached)

1. Call to Order, Approval of Minutes, Conflict of Interest Forms and Time Extension for the Minutes Availability

The meeting was called to order at 2:35 PM. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. The Chairman requested a motion for the extension of time for the availability of minutes pursuant to the Open Meetings Act. A motion was made, seconded and passed by a vote of nine in favor and none opposed (9-0). Those members voting in favor were: Almeida, Coia, Gernt, Gaube, Graziano, Hamel, Panichas, Quigley, Shire.

2. General Order of Business

The first item on the agenda was the application of Radiation Therapy Investments LLC (majority owner Vestar Capital Partners V, LP) for change in effective control of Radiation Therapy Services, Inc. and its affiliates South Country Radiation Therapy, LLC, Southern New England Regional Cancer Center, LLC and Roger Williams Radiation Therapy, LLC.

Mr. Gaube and Mr. Gernt noted for the record that they are recusing themselves with regards to the application of Radiation Therapy Investments, LLC (majority owner Vestar Capital Partners V, LP) for change in effective control of Radiation Therapy Services, Inc. and its

subsidiaries South Country Radiation Therapy, LLC, Southern New England Regional Cancer Center, LLC and Roger Williams Radiation Therapy, LLC.

Mr. Zubiago, legal counsel to the applicant, introduced the representatives of the applicant. The applicants stated that there would be no planned changes in the management and/or medical staff of these facilities related to this proposal.

Staff inquired why the applicant decided to undertake such efforts to move the ownership of these facilities to a private entity. The applicant responded that the maintenance of public shareholders took extensive effort and detracted from the main objectives of the company, including good management and the quality of care. In response to a follow-up question from Rev. Shire, the applicant responded that the public market was too time-consuming and uses a short timeframe (typically 3 months) for evaluation of performance—something not realistic in health care settings. In response to another follow-up question, the applicant stated that Vestar, the investment partner, had a similar philosophy toward public ownership and timeframes.

Staff asked about the reduction in investment portion of managements' ownership from 40% to 20%. The applicant responded that this was related to and offset by a 50% market value premium paid for management shares. The applicant noted that these

applications were part of a \$1.1 billion national transaction.

In response to questions regarding charity care by members of the committee, the applicant described the outreach plan for low access and charity care, including counts of events and patients and other quantitative data, and agreed to provide a copy for each of the relevant facilities. The applicant assured the Committee that it never turned down a patient due to their inability to pay. The applicant agreed to provide more information related to charity care and whether there are any gaps in services. Staff noted to the applicant that these facilities were still part of community hospitals that had their own legal requirements and community-held expectations regarding charity care. In addition to facility-specific outreach plans, the applicant agreed to coordinate their response with the obligations and plans of the respective hospitals. There was discussion regarding access to screening and continuum of care.

The Chair asked why there was a low percentage of Medicaid-funded patients in the applicant's data. The applicant replied that it was probably due to cancer occurring most frequently among the over 65 population who are eligible for Medicare. The applicant agreed to provide more data.

The applicant noted that the shareholders were expected to vote on this transaction on or about February 6, 2008 and the transaction was expected to be completed by the middle of February. The applicant

was advised that it would receive follow up questions.

The next item on the agenda was the application for change in effective control of Faine SC, Inc. d/b/a Kent County Surgical Center a freestanding ambulatory surgical center in Warwick.

Dr. Gallucci described the circumstances for change in effective control. His partner, Dr. Werber, moved out of state and sold his share of the business to Dr. Gallucci on April 9, 2007 for \$18,000.

Mr. Gernt inquired about the provision of charity care at the facility. The applicant responded that he included a charity care policy in the application and provides about 2% to 3% of charity care. There was a general discussion regarding charity care provision.

A motion was made, seconded, and passed by a vote of nine in favor and none opposed (9–0) to recommend that the application be approved with the conditions of approval. Those members voting in favor were: Almeida, Coia, Gernt, Gaube, Graziano, Hamel, Panichas, Quigley, Shire.

There being no further business, the meeting adjourned at 3:47 pm.

Respectfully submitted,

Robert Marshall, PhD.