

April 4, 2022

VIA FEDEX

Mike Constantino
Senior Project Reviewer
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62702

Re: **#E-025-22 - West Suburban Medical Center, #E-026-22 – West Suburban Medical Center [Real Estate Only], #E-27-22 – Louis Weiss Memorial Hospital, #E-028-22 – Louis Weiss Memorial Hospital [Real Estate Only]**

Dear Mr. Constantino:

We represent AUM Global Healthcare Holdings, LLC d/b/a Resilience Healthcare, WestLaw Management, LLC, and Ramco Healthcare Holdings, LLC (collectively “Buyer”) in connection with the four Certification of Exemption applications for the change of ownership of West Suburban Medical Center and Louis A. Weiss Memorial Hospital. Please accept this letter as our response to your March 28, 2022, request for additional information. Counsel for Pipeline Health System, LLC and certain affiliated applicant entities (“Seller”) will be submitting a separate response to the questions directed to them.

Please note the following:

1. Buyer took primary responsibility for developing the responses to questions 2, 3, and 6.
2. Seller took responsibility for developing the responses to questions 1, 4, 5 and 7.

Buyer Responses to March 28, 2022 Request for Additional Information

1. Please provide the profit and loss information for Louis Weiss Memorial Hospital and West Suburban Medical Center for each month since Pipeline assumed control.

[To be answered by Seller]

2. Please provide the detailed plan for the turnaround of these two hospitals.

Buyers have been and continue to undertake due diligence and review of existing operations of the two facilities involved in the proposed transaction, and as such the final plan for turnaround of these two hospitals continues to evolve. However, there are several areas of opportunities, that Dr. Prasad has traditionally focused at the outset in the past when working with troubled facilities. The ultimate goal for this turnaround is the continued operation of the facilities and a move towards fiscal stability.

Dr. Prasad will initially focus on revenue cycle management processes at the two facilities. Currently, Buyer believes there are significant efficiencies to be gained by renewed focus on revenue cycle management to ensure that claims are being timely filed and appealed when applicable. Given Dr. Prasad's experience, he is well aware of the importance of submitting claims with the appropriate accompanying documentation to allow for less disruption and more stable flow of revenue. Based upon his experience and his review of the existing systems, Dr. Prasad believes there is significant room for improvement and has engaged an established Revenue Cycle Expert Team that specializes in small to medium sized hospitals. The proposed plan is to work towards stabilizing revenue flow within a few months of taking operational control.

Throughout his over 30-year career, Dr. Prasad has successfully utilized technology to increase efficiency and leverage better operations outcomes. The existing IT services and infrastructure is severely strained and there are several vendor contracts that will be re-evaluated. Due to ongoing cyber-attacks on all health systems, the integrity of the system's IT infrastructure is essential. Resilience Healthcare's goal will be to reduce costs on vendor contracts and ensure a highly secured system.

Dr. Prasad also intends to leverage the combined buying power of both facilities along with that of a large professional employee organization's to negotiate savings for employee benefits. To reduce employee costs and costs associated with Employment Practices Liability Insurance and other coverages Buyer sees a savings opportunity by shifting to an all-inclusive pricing model. Dr. Prasad also expects that as a result of these proposed alignments there will be a decrease in the operating costs.

Additionally, consistent with his goal of reducing costs where possible, Dr. Prasad is in discussions with different Group Purchasing Organizations related to shared savings models that will ensure preferred pricing and cost savings to the facilities.

Optimizing costs, and maximizing existing revenue sources, is expected to assist in containing the negative operating margins and providing the breathing room to focus on the growth of new services lines and recruitment of additional healthcare professionals. These are the discussions that he has been having with community leaders and advocates, seeking to evaluate how best to meet the needs of the community, both current and future.

3. Once the purchase is completed how are you going to maintain sufficient cash flow to operate and manage these two hospitals if the seller states the two hospitals have lost money every month since 2019.

As a result of transaction, Buyer's are taking over patient account receivables (less agreed upon adjustments between Buyer and Seller). This will allow for uninterrupted services and immediate cash flow for operations. Additionally, any shortfalls in operational expenses will be back filled through a line of credit that has been secured in the amount of \$40 million dollars. Resilience Healthcare expects that following several months of operating the facility, they will achieve additional operating efficiencies (as described above) that will allow for the long-term fiscal stability of the facility and enable paying back any lines of credit used, if necessary. However, the advance securing of the lines of credit is to ensure there is no operational disruption.

4. Please provide a signed quality improvement plan for West Suburban Medical Center.

[To be answered by Seller]

5. Please provide an approved Financial Assistance Policy for both Hospitals.

[To be answered by Seller]

6. Are the management teams of both hospitals going to remain in place once the change of ownership occurs?

It is Resilience Healthcare's intention is to maintain continuity of the management teams as the facilities transition owners. Currently, the only contemplated change to the existing management team would be the addition of Dr. Prasad. One of the Applicants, WestLaw Management, will serve as a shared services organization for the system and will replace Pipeline's national corporate services team and common back office (neither of which is located locally). This will allow for continuity of management and will provide the flexibility required to re-organize the facilities and curb their losses. Obviously, while Resilience Healthcare would retain the right to take any steps it concluded were necessary to ensure the stability and efficiency of the hospitals, the plan is to minimize any change in management and disruptions.

7. Who is the CEO of Louis Weiss Memorial Hospital?

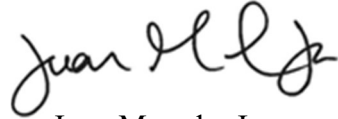
[To be answered by Seller]

If you should have any questions or need any additional information regarding our submission, please do not hesitate to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com. You can also contact my colleague Mark J. Silberman at 312-212-4952 or via email at MSilberman@benseschlaw.com. Additionally, we would ask that you include both Seller and Buyer counsel in any follow up you may have.

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Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP

A handwritten signature in black ink, appearing to read "Juan Morado, Jr.", with a stylized, cursive script.

Juan Morado, Jr.

JMJ

cc: April Simmons, General Counsel, HFSRB
Anne M. Murphy, ArentFox Schiff