Dr. Lindsay Weaver
State Health Commissioner
Indiana Department of Health
2 N Meridian St
Indianapolis, IN 46204

Re: Response to Attorney General's Letter Dated April 17, 2025, regarding the Resubmission of the Application for a Certificate of Public Advantage by Union Hospital, Inc. and Terre Haute Regional Hospital, L.P.

Dear Commissioner Weaver,

Union Hospital submits this response to the letter dated April 17, 2025, from the Attorney General regarding the resubmission of the Application for a Certificate of Public Advantage (the "Letter"). As discussed below, the arguments articulated in the Letter lack merit and do not overcome the many compelling reasons the Indiana Department of Health ("IDOH") should approve a Certificate of Public Advantage ("COPA"), thereby allowing the merger of Union Hospital and Terre Haute Regional Hospital ("THRH").

Union Hospital and THRH are deeply connected to the people of Terre Haute and the broader Wabash Valley community. Since the late nineteenth century, Union Hospital and THRH have treated patients from the region each and every day. Union Hospital and THRH have demonstrated through over 133 years of health care service that they are committed to doing what is best for the health and wellbeing of the people that call the Wabash Valley home.

Unfortunately, projections for the Wabash Valley over the next decade reflect a decline in both population and economic outlook. Significantly contributing to these declines is the worsening health status of citizens of the region. The six Indiana counties that make up the majority of the patient population of Union Hospital and THRH—Clay, Greene, Parke, Sullivan, Vermillion, and Vigo—consistently rank in the bottom half of the State for health outcomes. For certain health conditions, like heart disease, our region ranks at the very bottom of the State. Further illustrating that 133 years of competition has not led to a healthy community, please see the attached Addendum highlighting significant data published by IDOH. Our community cannot afford to continue down this path. To reverse course and enhance the health outcomes across our region, we need a different solution to improve the health status and outcomes of the community.

The COPA will allow Union Hospital and THRH to combine their existing resources and invest in better care for the population health needs of the community for years to come. To ensure the benefits of the merger outweigh any potential disadvantages as required by Indiana Code §16-21-15 (the "COPA Statute"), Union Hospital has proposed more than 45 specific

commitments in the resubmitted application (the "2025 Application") along with an accountability mechanism for each.[1]

Without the COPA, THRH's staffing challenges and physician recruitment challenges are likely to accelerate, and HCA Healthcare, Inc. ("HCA") will need to seriously consider ending more services or even closing THRH. This could have a devastating effect on the local economy, but, more importantly, it will significantly decrease access, adversely affect quality of care, and cause a huge setback for the population health of the region.

For the reasons explained below, Union Hospital disagrees with the positions set forth in the Attorney General's Letter, and we urge you to consider the information in this response as part of your decision on the 2025 Application.

I. The 2025 Application qualifies for review by IDOH.

As an initial matter, the Attorney General questions whether the 2025 Application qualifies for review by IDOH and concludes that THRH's decision to let its trauma center accreditation from the American College of Surgeons lapse in August of 2024 disqualified Union Hospital and THRH from submitting the 2025 Application. **The Attorney General's conclusion is barred by the plain language of the COPA Statute and IDOH's own description of Indiana's trauma care system**.

Indiana's COPA Statute limits the application to, among other things, "a merger agreement between hospitals located in a county that . . . has only two (2) hospitals that are both in the **statewide comprehensive trauma care system** under IC 16- 19-3-28."[2]

The Attorney General's interpretation assumes that only hospitals with accredited trauma *centers* are part of the statewide comprehensive trauma care system. However, as the Commissioner is aware, participation in the statewide comprehensive trauma care *system* is not the same as a hospital licensed as an accredited trauma *center.*

Indiana Code § 16-19-3-28 gives the State the authority to establish the "statewide comprehensive trauma care system" through various mechanisms, which includes trauma care level designations *and* establishing a state trauma registry.[3] Indiana has chosen to adopt a state trauma registry in which *both* Union Hospital *and* THRH participate. In a 2021 strategy plan, IDOH stated that "[a]n ideal trauma system includes all the components identified with optimal trauma care, such as prevention, access, pre-hospital care and transportation, acute hospital

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[1] Since submitting the 2025 Application on February 5, 2025, Union Hospital has offered additional commitments beyond the 45 specific commitments in the 2025 Application based on feedback from IDOH. If the COPA is approved, Union Hospital agrees to incorporate those additional commitments (and any other commitments agreed upon by IDOH and Union Hospital) into the COPA Terms and Conditions.

[2] Ind. Code § 16-21-15-1 (emphasis added).

[3] "The state department is the lead agency for the development, implementation, and oversight of a statewide comprehensive trauma care system to prevent injuries, save lives, and improve the care and outcome of individuals injured in Indiana. The state department may adopt rules under IC 4-22-2 concerning the development and implementation of the following: (1) A state trauma registry. (2) Standards and procedures for trauma care level designation of hospitals." Ind. Code Ann. § 16-19-3-28.

care, rehabilitation, and research activities."[4] IDOH further explained that "[t]he term 'inclusive' trauma system is used for this all-encompassing approach, as opposed to the term 'exclusive' system, which focuses only on major trauma centers."[5] It is clear that IDOH has visualized Indiana's comprehensive and inclusive trauma care *system* to include sites of care beyond just trauma *centers*.[6]

It is true that THRH allowed its trauma center accreditation from the American College of Surgeons to lapse in August 2024. THRH and its parent company, HCA, have submitted a separate response to IDOH addressing the reasoning behind this decision. However, Union Hospital wants to make it absolutely clear that both Union Hospital and THRH remain part of the statewide comprehensive trauma care *system* today. Participation in the statewide comprehensive trauma care *system* is the criteria for eligibility under the COPA Statute. As a result, Union Hospital and THRH satisfy all requirements of the COPA Statute.[7]

II. The 2025 Application submitted by Union Hospital and THRH is sufficient and applicable.

In the Letter, the Attorney General states that the 2025 Application did not include "overwhelming benefits" or "substantial merger-specific efficiencies" to justify the merger of the two hospitals and therefore should be denied. Unfortunately, the Letter fails to articulate the correct standard for review of the 2025 Application.

The COPA Statute does not require the demonstration of "overwhelming benefits" or "merger-specific efficiencies." Indiana Code § 16-21-15-4 states that IDOH shall grant the COPA if IDOH determines in the review of the application and documentation that, under the totality of the circumstances, the following apply:

> (1) There is clear evidence that the proposed merger would benefit the population's health outcomes, health care access, and quality of care in the county.
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> (2) The likely benefits resulting from the proposed merger agreement outweigh any disadvantages attributable to a potential reduction in competition that may result from the proposed merger.[8]

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[4] Ind. Dept. Health Div. Trauma and Injury Prevention, *Indiana Trauma and Injury Prevention Strategic Plan: January 1, 2021–December 31, 2022*, 4, https://www.in.gov/health/trauma-system/files/2021-2022-Indiana-Department-of-Health-Division-of-Trauma and-Injury-Prevention-Strategic-Plan.pdf (last accessed Mar. 9, 2025).

[5] *Id.*

[6] *Id.*

[7] The other requirements of the COPA Statute are also satisfied. Vigo County's population is 106,153 people, and it is not contiguous to a county with a population of more than 250,000. Union Hospital is a teaching hospital with a family medicine residency program. Finally, Vigo County is a predominantly rural county.

[8] Ind. Code Ann. § 16-21-15-4(c) ("The state department shall grant the certification if the state department determines in the review of the application and documentation that, under the totality of the circumstances, the following apply: (1) There is clear evidence that the proposed merger would benefit the population's health outcomes, health care access, and quality of care in the county. (2) The likely benefits resulting from the proposed

The 2025 Application contains more than 45 commitments to ensure there is clear evidence that the merger will benefit population health outcomes, health care access, and quality of care, and that the likely benefits resulting from the proposed merger outweigh any disadvantages attributable to a reduction in competition. These include commitments to:

- Invest at least $30 million in the THRH facilities over the first 5 years
- Invest at least $75 million in the Union Hospital facilities over the first 5 years
- Invest at least $5 million to add oncology treatment-related technology in the community
- Recruit new Primary Care Providers to the region, with a goal of adding at least 15 new Primary Care Providers in the first five years
- Recruit new Specialty Physicians to the region, with a goal of adding at least 21 new Specialty Physicians in the first five years
- Recruit additional Pharmacists to the region, with a goal of adding at least 3 new pharmacists in the first five years
- Add 20 new behavioral health inpatient beds in the first five years
- Expand the after-hours nurse access program to reach more members of the community
- Increase preventive care services for patients 0-18 years of age
- Increase preventive care services for Medicare patients
- Increase the transitional care services offered for patients across the combined enterprise
- Offer employment to all employees of THRH and Regional Healthcare Partners (collectively, the "Regional Employees")
- Offer employment to Regional Employees at salary and hourly wage levels that are the same as, or better than, THRH levels
- Honor full credit for paid time off balances of Regional Employees
- Conduct annual employee and physician satisfaction surveys to help reduce turnover and improve retention
- Expand Union Hospital's Health Equity Plan to cover all patients receiving care across the combined enterprise
- Expand Union Hospital's Population Health Improvement Plan to cover all patients receiving care across the combined enterprise
- Hold at least 12 "pop-up clinics" each year to provide health care services to the homeless community
- Establish a new food access point to help address food insecurity in the community

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merger agreement outweigh any disadvantages attributable to a potential reduction in competition that may result from the proposed merger. The holder of a certificate of public advantage issued by the state department under this chapter receives immunity from claims made pursuant to federal or state antitrust laws for the duration of the certificate.").

- Immediately expand the Union Hospital Financial Assistance Policy to all patients seeking care across the combined enterprise (Union Hospital's policy is more generous than THRH's financial assistance policy)
- Reinvest the cost savings from the merger to help improve the health status of the community
- Invest at least $6.9 million in graduate medical education each year during the first five years to develop the next generation of health care professionals

Each of the proposed commitments was carefully designed to ensure the likely benefits of the merger outweigh any potential disadvantages, and Union Hospital could **not** achieve these benefits absent an acquisition of THRH. We struggle to understand how the Attorney General's office can argue that the transaction will not benefit Hoosiers, or that the commitments do not create merger-specific efficiencies, given the significant commitments that have been proposed. If the Attorney General would like to engage in a dialogue with Union Hospital and THRH about strengthening the proposed commitments, we welcome that opportunity.

In contrast, IDOH has engaged in a dialogue to ensure that, if the COPA is approved, the commitments which are put in place will protect the community and enhance quality, services, and population health. This ongoing dialogue among IDOH, Union Hospital and THRH has resulted in enhanced commitments and even the proposal of new commitments above the 45 commitments included in the 2025 Application. Union Hospital has agreed to adopt these new and enhanced commitments into the COPA if it is approved.[9]

III. The COPA commitments will ensure that price increases are limited, quality of care is preserved, and access to healthcare services is maintained.

The Letter claims that the transaction "will, with reasonable certainty, lead to higher prices, potentially lower quality of care, and more limited access for patients." Unfortunately, the Attorney General fails to provide any explanation for how he reached this conclusion.

It is difficult to understand how the Attorney General's office could take this position given the extensive and robust commitments that were included in the 2025 Application to *protect the community* from the potential disadvantages that may result from the merger.

Specifically, to ensure the merger does not lead to a significant increase in pricing, Union Hospital has proposed eight pricing commitments which would remain in place for seven years, including commitments to:

- Limit charge increases to the Consumer Price Index for Medical Care for seven years
- Establish a "rate cap" for price increases that may be negotiated with payors for seven years

[9] Conversations are ongoing, but, to date, Union Hospital has made additional commitments to add at least 20 new behavioral health inpatient beds, pursue a general psychiatry residency program, implement the after-hours nurse program within 60 days of the Merger (instead of 120 days), and report on additional measures and metrics.

- Implement the Union Hospital chargemaster immediately upon closing (which will benefit the community since THRH's charges are significantly higher than Union Hospital's charges)

To ensure the quality of health care services provided in the community does not decline as a result of the merger, Union Hospital has proposed specific commitments around quality, including commitments to:

- Implement a common clinical IT platform so medical records are immediately accessible across the combined enterprise
- Publicly report on quality performance regularly through 58 different measures
- Publicly report on patient satisfaction regularly through 14 different measures

To ensure the merger does not have a negative impact on access to services, Union Hospital has proposed 10 preservation of access commitments, including commitments to:

- Maintain inpatient acute care services at two convenient locations
- Maintain emergency room services at two convenient locations
- Maintain at least a Level III trauma program for the community
- Maintain ICU services and expand the number of ICU beds available in the community from 24 to 36
- Implement an Acuity Adaptable Unit at THRH to better serve patient needs
- Maintain cardiac catheterization services at two convenient locations
- Seek approval from IDOH before making any material changes to a Service Line if the change would adversely impact the health outcomes, health care access, and quality of health care of the Service Area
- Maintain wound care services locally within the community
- Maintain chemotherapy infusion services locally within the community
- Maintain Level III maternal and neonatal care services within the community

All of these "protection" commitments were specifically designed to ensure that the COPA would protect against higher prices, lower quality of care, and limited access. Without the COPA, there are no protections from any of these potential disadvantages.

To the extent the Attorney General has specific concerns about the protection commitments, investment metrics, consolidation of services, recruitment efforts, or any other topics, Union Hospital and THRH stand ready to address those questions and concerns.

IV. The COPA commitments extend well beyond existing legal obligations.

The Letter inaccurately claims that "[m]any of the Parties' commitments stem from existing legal obligations." In fact, only 2 of the 45 commitments are required by the COPA Statute. The COPA Statute requires only that (1) pricing increases are limited to the Consumer

Price Index for Medical Care[10] and (2) for the first five years, a hospital operating under a COPA must reinvest the cost savings it achieves from efficiencies and improvements towards the benefit of the community.[11] None of the other 43 commitments represent a legal obligation of Union Hospital and THRH under the COPA Statute.

It should be noted that, while the COPA Statute does require a single pricing-related commitment, Union Hospital has proposed in the 2025 Application to make this commitment *seven years long*, two years longer than the statutorily required five years. In addition, Union Hospital has proposed *seven additional pricing commitments* that are in excess of the requirements of the COPA Statute, each of which would remain in place for seven years.

Contrary to the Letter's assertion, the proposed commitments far exceed the existing legal obligations contained in the COPA Statute.

V. The service consolidations which have been proposed under the 2025 Application are limited and are specifically designed to improve quality of care.

The Attorney General correctly acknowledges in the Letter that "integration of services can lead to cost savings for patients, and that the cost savings during the COPA term from this merger will be passed on to consumers in the form of a community benefit pursuant to the COPA statute." However, the Letter then mischaracterizes the service consolidations Union Hospital has proposed as "extensive" and not "benefit[ing] health care access" as required by the COPA Statute.

Most of the commitments in the 2025 Application do not involve *any* consolidation of services. In fact, many of the commitments include a commitment to maintain services at *two* locations for the convenience of the community. For example, if the COPA is granted, Union Hospital has committed to maintaining *two* locations that offer inpatient acute care services, maintaining *two* locations that offer Emergency Room services, maintaining *two* locations that offer ICU-level services, and maintaining *two* locations that offer cardiac catheterization services post-merger. Without the COPA, there is no guarantee that any of these services will remain available at a single location in the community, much less *two* convenient locations.

The limited consolidations that Union Hospital has proposed are wound care and maternal/fetal services. However, these consolidations are designed to improve volumes and

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[10] "A hospital operating under a certificate of public advantage may not increase the charge for each individual service the hospital offers by more than the increase in the preceding year's annual average of the Consumer Price Index for Medical Care as published by the federal Bureau of Labor Statistics." Ind. Code Ann. § 16-21-15-7(c).

[11] "For the first five (5) years that a hospital is operating under a certificate of public advantage the hospital must: (1) invest the realized cost savings from the identified efficiencies and improvements included in the certificate of public advantage application in the areas of Indiana the hospital serves for the benefit of the community; and (2) summarize the realized cost savings and investments in the hospital's annual report submitted under section 8 of this chapter." Ind. Code Ann. § 16-21-15-7(d).

quality of care. Numerous studies have shown that increased volumes generated by specific service line consolidations can help improve the quality of care.[12]

Contrary to the Letter's assertions, the proposed consolidations are limited in nature and are specifically designed to help preserve access and enhance quality of care.

VI. The COPA is not a reaction to difficult market conditions or pressure from payers on cost and patients on quality of care.

The Letter suggests that Union Hospital seeks to merge with THRH under a COPA due to the "difficult market conditions and pressure from payers on cost and patients on quality of care" that many rural hospitals face. The Letter describes consolidation as a response to relieve the pressure.

To be clear, rural healthcare is challenging, but the COPA is not a reaction to difficult market conditions or a response to pressure from payers or patients. To the contrary, the COPA is a mechanism for Union Hospital and THRH to better serve the community.

Today, THRH is frequently unable to accept patients due to insufficient staffing and limited physician availability. Many hospital beds go unused at THRH and entire units may be closed at times due to these staffing challenges. *THRH regularly operates at an average occupancy below 30%*. Union Hospital, on the other hand, is frequently at capacity, with insufficient bed space to meet the demands of the community. This forces patients to seek care outside of the community. As independent operators, Union Hospital and THRH cannot combine their resources to better care for the needs of the community. The COPA is the only mechanism that will allow Union Hospital and THRH to combine their existing resources and invest in better care for the population health needs of the community for years to come.

VII. The COPA presents a significant opportunity to expand primary care and specialty services.

The Letter states that the 2025 Application "d[id] not thoroughly explain recruitment programs that will remedy their rural recruiting problems," questioning how Union Hospital will

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[12]Higher volumes are strongly associated with better outcomes across a wide range of procedures and conditions (*see* Maria Hewitt, *Interpreting the Volume-Outcome Relationship in the Context of Health Care Quality: Workshop Summary,* Institute of Medicine at 4-5 (2000), https://nap.nationalacademies.org/read/10005/chapter/1). For example, patients with myocardial infarctions admitted to hospitals with low volumes were 17% more likely to die within 30 days after admission than in high-volume hospitals (*see* David R. Thiemann et al., *The Association between Hospital Volume and Survival after Acute Myocardia Infarction in Elderly Patients,* 340 New England Journal of Medicine 1640 (May 27, 1999), https://www.nejm.org/doi/full/10.1056/NEJM199905273402106). Similarly, stroke patients in high-volume units had better outcomes than those at low-volume units, as reflected by shorter lengths of stay at the initial hospital and reduced bed use in the first year after a stroke (*see* Marie Louise Svendsen et al., *Higher Stroke Unit Volume Associated With Improved Quality of Early Stroke Care and Reduced Length of Stay,* 43 Stroke 3041 (Nov. 2012), https://www.ahajournals.org/doi/10.1161/strokeaha.111.645184). Mortality and length of stay also significantly improve when trauma volume exceeds a certain threshold of cases per year (*see* Avery B. Nathens et al., *Relationship Between Trauma Center Volume and Outcomes,* 285 JAMA 9 (Mar. 7, 2001), https://pubmed.ncbi.nlm.nih.gov/11231745/). Thus, patient volume can serve as a proxy for quality of care and as a driver of recognition for clinical excellence, and, in light of that correlation, patient volume is one factor in ranking clinical programs (*see* e.g., 2022-2023 Best Hospitals Rankings, U.S. News).

meet its goal of adding at least 15 new primary care providers and 21 Specialty Physicians in the first five years.

Physician recruiting in rural communities can be challenging, but the COPA presents a significant opportunity to expand primary care and specialty services using the Union Hospital physician model. Historically, Union Hospital has not faced the same challenges with physician recruiting that THRH has faced for several reasons. Primarily, Union Hospital does not recruit physicians into solo practices where the provider carries the burden of year-round call coverage. Many physicians today are unwilling to shoulder the burden of year-round call coverage and will only agree to join a practice if they can share the call coverage with other physicians. Union Hospital has successfully developed a model which addresses this issue. In contrast, THRH has several key service lines which are dependent on a single physician. If that specialist is sick or takes vacation, there is no one at THRH to take call for that specialty. This represents a significant deterrent for THRH recruiting which Union Hospital has addressed.

Another differentiating factor between the Union Hospital and THRH physician models is network development. Union Hospital has developed a robust primary care referral base which helps attract physician candidates – both primary care physicians and specialty services. THRH, on the other hand, employs no primary care providers. Without a network of primary care providers and specialists, THRH is almost completely reliant on the patients that come in through the Emergency Department. The lack of a comprehensive network represents a significant deterrent for THRH recruiting. However, Union Hospital does not face this problem. Union Hospital's physician model has proven to attract physicians and, if the COPA is granted, Union Hospital will be able to expand its recruitment efforts in both primary and specialty care to include both hospital facilities providing a more robust network of physicians for the benefit of the entire community.

In short, Union Hospital does not face the same recruiting challenges that THRH has faced because of the physician-oriented practice model it has developed. If the COPA is granted, with the combined patient volumes of Union Hospital and THRH, Union Hospital is confident in its ability to attract new primary care providers and specialists to the community. Without the acquisition of THRH, Union Hospital does not have the necessary space available to support new physician recruitment and the accompanying growth in service line volumes.

VIII. There are lessons to be learned from other COPAs, especially when it comes to positively improving the health and well-being of a community.

The Attorney General correctly asserts there are lessons to be learned from other COPAs, but he claims the solution used for the Ballad Health COPA in Tennessee and Virginia is not a fair comparison or likely to work for a rural, two-hospital town like Terre Haute.

While there are key differences between the Ballad Health transaction and the proposed merger between Union Hospital and THRH (principally the size of the organizations involved), there are also some striking similarities that exist between the Wabash Valley community and the Ballad Health service area, which may provide some important lessons.

When Ballad Health was formed over seven years ago, the community was struggling with some of the worst health outcomes in the nation. Like Union Hospital and THRH, the Ballad Health hospitals were in rural areas with limited opportunities for economic growth. The population of the Ballad Health service area was aging and declining in health. With that backdrop, the only two health systems in the region had spent decades competing against each other as the population health of the region failed to improve. The community decided it was time for a different approach.

Tennessee and Virginia leaders recognized that the COPA could be used as a tool for the local community to positively impact the health and well-being of its citizens. The Tennessee Department of Health and the Virginia Department of Health both approved the merger of the 20 hospitals because the likely benefits outweighed the potential disadvantages. Since the Tennessee and Virginia COPAs were granted, Ballad Health has been able to keep rural hospitals open, improve access to healthcare services, preserve local jobs, improve quality of care, reduce the cost of healthcare services, and improve the population health of the region.

While each community is unique, and solutions must be tailored for the needs of a specific area, the Ballad Health COPA is proof that COPAs can be an effective tool to positively impact health and well-being of a region without a reduction in quality, a reduction in access, or an increase in pricing.

IX. Union Hospital and THRH will not be "free to set prices at any levels" after the seven-year moratorium ends.

The Attorney General acknowledges that "costs are contained initially" as a result of the proposed pricing limitations in the 2025 Application but then expresses concerns about the state of the merger after the COPA term concludes. The Letter quotes Yale University economist, Dr. Zach Cooper, as saying Union Hospital and THRH "will be free to set prices at any levels after the seven-year moratorium ends." This statement by Dr. Cooper is completely inaccurate and suggests a fundamental mischaracterization of how hospital prices are established.

Today, 45.3% of Union Hospital's inpatient discharges and 63.8% of THRH's inpatient discharges are traditional Medicare and other federal government programs (e.g., Medicaid, TRICARE, and VA). Rates for these programs are set by the federal government and are non-negotiable. As a result, Union Hospital and THRH will *not* be "free to set prices at any level" for Medicare, Medicaid, or other federal government programs during or *after* the seven-year moratorium. To the contrary, the parties will have *no* ability to set prices for these programs during or after the seven-year moratorium.

Similarly, 53.1% of Union Hospital's inpatient discharges and 33.7% of THRH's inpatient discharges are covered by commercial health insurance plans and Medicare Advantage plans. Rates for commercial health insurance plans and Medicare Advantage plans are *negotiated* between the payer and the hospital, not unilaterally set by either party. As a result, Union Hospital and THRH will not be "free to set prices at any level" for commercial health insurance or Medicare Advantage plan patients during or *after* the seven-year moratorium. Union

Hospital will continue to negotiate rates with commercial health insurance plans and Medicare Advantage plans as it does today.

It should be noted that Anthem/Elevance has a 68% share of the Terre Haute market[13] and United Health Group has a market share of 11%.[14] These are sophisticated payers with enormous resources. For 2024, Anthem/Elevance reported nearly *$6 billion* in profit[15] and United Health Group reported *$14 billion* in profit.[16] Anthem/Elevance and United Health Group have, and will continue to have, the power to robustly negotiate provider contracts with Union Hospital regardless of whether any pricing limitations under the COPA are in effect. However, to show its commitment to ensuring that commercial health insurance plans and Medicare Advantage plans will not be adversely impacted by the merger, Union Hospital is proposing to implement several different post-merger pricing commitments.

Finally, 1.6% of Union Hospital patients and 2.5% of THRH's patients are uninsured and have no insurance. Charges for these patients are based off each hospital's chargemaster. While the *charges* for these patients are set by the hospital, the amount owed by the individual is frequently discounted based on the hospital's Financial Assistance/Charity Care policy and then often further negotiated down with the patient. To ensure the merger does not negatively impact this small percentage of patients, Union Hospital has committed to immediately implementing its chargemaster if the COPA is approved. As Blue & Company, an independent accounting firm recently shared with IDOH, implementation of the Union Hospital chargemaster will represent a significant cost savings for this population since THRH's charges are significantly higher than Union Hospital's charges today. Additionally, Union Hospital has committed to implementing its Financial Assistance Policy across the combined enterprise if the COPA is approved. As Blue & Company shared with IDOH at a recent meeting, Union Hospital's Financial Assistance Policy is more generous than THRH's Financial Assistance Policy, so this step will ensure that uninsured patients are not disadvantaged as a result of the merger.

After the seven-year moratorium ends, little will change with respect to hospital prices in the community. Federal government programs will continue to set rates for Union Hospital and commercial and Medicare Advantage plans will continue to robustly negotiate rates with Union Hospital as they do today. It is a fundamental mischaracterization to say Union Hospital and THRH "will be free to set prices at any levels after the seven-year moratorium ends."

X. Without the COPA, market conditions are such that HCA will need to seriously consider ending services or closing the hospital.

Finally, the Letter states, "Should the Department of Health deny the COPA re-application, it is likely that THRH will be able to find another buyer or, alternatively, to continue running a profitable hospital. Most alternative buyers would be better situated to offer the

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[13] *See 23rd Edition of Competition in Health Insurance: A comprehensive study of U.S. markets, American Medical Association (2024 Update), available at:* https://www.ama-assn.org/system/files/competition-health-insurance-us-markets.pdf

[14] *See 23rd Edition of Competition in Health Insurance: A comprehensive study of U.S. markets, American Medical Association (2024 Update), available at:* https://www.ama-assn.org/system/files/competition-health-insurance-us-markets.pdf

[15] *See* "Elevance Health 2024 Profits Hit $6 Billion Despite Rising Costs," Forbes, January 23, 2025, available at: https://www.forbes.com/sites/brucejapsen/2025/01/23/elevance-health-2024-profits-hit--6-billion-despite-rising-costs/.

[16] *See* "UnitedHealth Group 2024 Profits Hit $14 Billion Despite Cyberattack, Rising Costs," Forbes, January 16, 2025, available at: https://www.forbes.com/sites/brucejapsen/2025/01/16/unitedhealth-group-2024-profits-hit-14-billion-despite-cyberattack-rising-costs/.

citizens of the Wabash Valley competitive prices and quality services – avoiding a monopoly on hospital services in Terre Haute." The Attorney General then cites to Dr. Cooper's analysis that THRH has greater profit margins than many other hospitals in the U.S. and is likely an appealing target for another buyer that is not a rival competitor in the same community.

THRH and its parent company, HCA, have submitted a separate response to refute these assertions and confirm that: (1) THRH is not profitable and will not become profitable; (2) HCA has engaged in multiple sales process attempts and Union Hospital emerged as the only option; and (3) the sale to Union Hospital is the only option to ensure jobs and services are preserved in the Wabash Valley. IDOH should strongly consider the very real challenges and concerns facing THRH. If the COPA is not approved, hundreds of jobs may be lost, and healthcare services may be shuttered. IDOH's approval of the COPA will help guarantee the preservation of jobs in the community and ensure the continuation of benefits and services that THRH provides to residents of the Wabash Valley.

Conclusion

As illustrated throughout the 2025 Application, the benefits of the Union Hospital and THRH merger will outweigh any potential disadvantages of the consolidation under the totality of the circumstances. Union Hospital and THRH seek to merge so that they may work together to improve the health outcomes of the region. The health and economic status of the Wabash Valley community can be improved through strategic realignment and intentional investment efforts. This merger is a major step toward putting the health and economic projections of the region on a new course.

With the COPA, Union Hospital is making specific commitments to preserve access to healthcare while also enhancing the availability of healthcare services in the community. Without the COPA, there are no specific commitments by THRH or Union Hospital to preserve access. This would allow THRH to continue to downgrade services or cease operations completely without the oversight the COPA will provide.

With the COPA, robust pricing commitments will be in place to prevent prices from increasing as a result of the merger. In fact, the merger will immediately reduce charges for services in the community due to the implementation of the Union Hospital chargemaster and Financial Assistance Policy. Without the COPA, there are no pricing commitments, and as we have already seen, THRH will continue to lose inpatient market share, further reducing its competitive position.

With the COPA, Union Hospital will preserve the approximately 600 local jobs at THRH while making efforts to improve employee recruitment and retention. Without the COPA, there are no commitments to preserve local jobs, and if THRH continues to reduce services, members of the community will likely lose their jobs, resulting in an overall negative economic impact on the Wabash Valley.

With the COPA, and the implementation of a common clinical IT platform, providers across the combined system will be able to immediately access patient records of any patient presenting at a Union Hospital facility. The burdensome administrative process involved in

sharing patient records across different systems will be eliminated, allowing for better care coordination across the combined system and population health improvement. Without the COPA, the administrative burden of receiving care at another facility will continue to exist and could negatively impact coordination of care.

With the COPA, Union Hospital is making specific commitments to invest in the health outcomes of all patients and the broader community. Union Hospital is committing to expanding its Health Equity Plan and Population Health Improvement Plan to cover all patients of the combined hospital system. Without the COPA, these plans will only cover patients of Union Hospital.

The COPA, if granted by IDOH, will preserve and enhance healthcare access in the Wabash Valley. Without the COPA, THRH's staffing challenges and physician recruitment challenges are likely to accelerate. As service lines continue to decline or close, staffing and capacity challenges will only grow worse, which will lead more patients to seek care at Union Hospital. Union Hospital does not have the space to care for more inpatients and it will take three to four years and approximately $350 million to build a 100-bed patient tower, which is less than the space needed, and less than the space Union Hospital could acquire if the COPA is granted.

While the Attorney General's Letter asserts that the merger will eliminate competition in the Terre Haute market, the Letter fails to recognize that THRH's reduction in services and staffing struggles have already significantly impacted its ability to compete with Union Hospital. Without the merger, this trend will continue, and residents of the community will only be met with fewer options, fewer providers, and worse health outcomes. All of the potential disadvantages could be realized without any of the benefits offered by the COPA - and without any State oversight.

The COPA presents a unique opportunity for the State to actively supervise this combination of resources and help improve the health status of the region for generations to come.

We urge you to approve the 2025 Application for the benefit of the Wabash Valley.

Sincerely,

Steven M. Holman
President & CEO

Cc: Theodore E. Rokita, *Indiana Attorney General*
Scott L. Barnhart, *Chief Counsel and Director of Consumer Protection, Office of Indiana Attorney General*
Jesse Moore, *Deputy Attorney General, Office of Indiana Attorney General*
Amy Kent, *Deputy Commissioner and Chief of Staff, IDOH*
Kelly MacKinnon, *Chief Legal Counsel, IDOH*

Addendum

130+ YEARS OF COMPETITION HAS NOT LED TO A HEALTHY COMMUNITY

POPULATION HEALTH METRICS[17]

Adult Obesity *(2018-2023)*		
Area	**Rate**	**County Ranking** ***(Out of 92 Counties)***
State	***44%***	***n/a***
Clay County	50.3%	#90
Greene County	48.2%	#76
Parke County	48.0%	#73
Sullivan County	47.9%	#68
Vermillion County	51.0%	**#92**
Vigo County	46.9%	#54

Infant Mortality Rate *Per 1,000 live births* *(2019-2023)*		
Area	**Rate**	**County Ranking** ***(Out of 92 Counties)***
State	***6.7***	***n/a***
Clay County	10.2	#78
Greene County	8.93	#69
Parke County	6.75	#44
Sullivan County	8.45	#63
Vermillion County	7.74	#56
Vigo County	7.45	#49

Life Expectancy *(2019-2021)*		
Area	**Rate**	**County Ranking** ***(Out of 92 Counties)***
State	***75.6***	***n/a***
Clay County	75.5	#44
Greene County	74.7	#60
Parke County	78.2	#8
Sullivan County	75.5	#46
Vermillion County	74.2	#73
Vigo County	74.2	#68

[17] For each category, a rate that is worse than the State average is indicated by red shading, a rate that is better than the State average is indicated by green shading, and a rate that is equal to the State average is indicated by gray shading. For each population health metric that lists a "County Ranking," if the county ranking number is higher, the applicable county ranks worse among others in Indiana. If the number is lower and closer to 1, the county ranking is better than the other counties in the State.

Smoking Rate (2018-2022)		
Area	**Rate**	**County Ranking (Out of 92 Counties)**
State	***17.9%***	***n/a***
Clay County	21.2%	#53
Greene County	22.6%	#61
Parke County	21.2%	#53
Sullivan County	22.6%	#61
Vermillion County	21.2%	#53
Vigo County	21.2%	#53
Suicide Rate *5-year crude rate per 100,000 persons (2018-2022)*		
Area	**Rate**	**County Ranking (Out of 92 Counties)**
State	***15.77***	***n/a***
Clay County	17.5	#44
Greene County	17.1	#41
Parke County	11.9	#8
Sullivan County	19.3	#61
Vermillion County	27.2	#90
Vigo County	19.3	#60
Tobacco and Vaping Use During Pregnancy *(2022)*		
Area	**Rate**	**County Ranking (Out of 92 Counties)**
State	***6.6%***	***n/a***
Clay County	14.6%	#66
Greene County	11.5%	#52
Parke County	*No data available.*	*No data available.*
Sullivan County	9.2%	#36
Vermillion County	13.8%	#64
Vigo County	10.3%	#42

Source: The Indiana Department of Health's Indiana County Health Scorecard, available at: https://www.in.gov/healthfirstindiana/county-health-scorecard/.