

February 13, 2023

Joseph Impicciche, JD, MHA
Chief Executive Officer, Ascension
4600 Edmundson Road
St. Louis, MO 63134

Dear Mr. Impicciche,

I write to you with concerns about recent reporting from the *Milwaukee Journal Sentinel* and *Milwaukee Magazine* highlighting “disruptions to patient care, long wait times in the emergency department, delayed surgeries and staff concerns about patient safety” at Ascension Columbia St. Mary’s, and the closure of a labor and delivery unit on Milwaukee’s south side at Ascension St. Francis.¹ As a nonprofit, tax-exempt, health system, Ascension is required to provide charitable benefits to the community and operate solely to serve a public, rather than a private interest. Despite these requirements, Ascension has significant for-profit investment activities that dwarf what the system provides in annual charity care. According to Ascension, these investments are “generating capital gains that can be re-invested to support Ascension’s Mission to care for those who are poor and vulnerable,” yet there is no indication that the proceeds of Ascension’s investment funds are being reinvested in Ascension’s Wisconsin hospitals.² In fact, I am concerned that the opposite is occurring—that by operating like a private equity fund, Ascension is squeezing staff, closing facilities, and extracting cash from its member hospitals for dubious “management fees” all to advance its investment activities and provide compensation to its executives. For these reasons I have provided a series of questions I hope will shed light on how Ascension’s significant and unusual investment activities are related to the deterioration of care at its Wisconsin hospital facilities.

Ascension operates more than 2,600 health care sites, including 33 facilities in Wisconsin.³ In 2018, the health system received significant criticism from the community when it announced plans to reduce services at St. Joseph Hospital in Milwaukee’s Sherman Park neighborhood.⁴ The health system ultimately reversed course in Milwaukee, and I wrote to Ascension Wisconsin

¹ <https://www.jsonline.com/story/news/investigations/public-investigator/2023/01/26/ascensions-columbia-st-marys-hospital-in-milwaukee-under-fire/69791985007/>; <https://www.milwaukeeemag.com/special-report-how-staff-shortages-are-undermining-care-at-columbia-st-marys-hospital/>; <https://www.jsonline.com/story/money/business/2022/12/21/st-francis-hospital-in-milwaukee-to-close-labor-and-delivery-unit/69744122007/>

² <https://about.ascension.org/about-us/community-investor-relations>

³ <https://about.ascension.org/about-us>

⁴ <https://www.healthcaredive.com/news/ascension-to-stop-medical-surgical-services-at-milwaukee-hospital/520745/#:~:text=The%20company%20blamed%20the%20slide,hospitals%20as%20its%20primary%20focus.>

at that time requesting that the hospital engage with the community in its plans to remain a critical health care access point for central and downtown Milwaukee. That same year however, Ascension announced that it would be closing Providence Hospital in Washington DC. This announcement drew similar criticisms, and the closure prompted an investigation by the DC Office of the Attorney General (OAG) which found that Ascension had charged its own hospital fees that were “likely excessive.”⁵ A review of documents detailing Ascension’s management fee structure indicates that the health system charged Providence Hospital for services provided by TriMedx, a company in Ascension’s private equity portfolio; Accretive Revenue Cycle, another company in Ascension’s private equity portfolio; and Ascension Investment Management, a subsidiary of Ascension. These charges were levied in addition to management fees, which amounted to \$27.5 million in Fiscal Year 2017 (FY17). In FY17, Providence Hospital posted a loss of \$32.8 million.⁶

In November of 2021, *STAT News* published an investigation into Ascension’s private equity operations after a review of “more than 3,500 pages of financial disclosures, lawsuits, and previously undisclosed internal financial documents.”⁶ The investigation revealed a complicated picture of Ascension’s financial structure, including a network of investments that do not appear to align with the non-profit’s stated mission. For example, in 2015, Ascension announced a ten-year partnership with Accretive Health, a debt collection company now known as R1 RCM.⁷ In 2012, Accretive agreed to cease all operations in the state of Minnesota after an investigation by the state’s attorney general found that the company embedded debt collectors among hospital staff, assigned patients scores based on their ability to pay and in one case, asked a patient for payment while she was being treated for a miscarriage.⁸ And yet, Ascension’s partnership with R1 RCM continues to this day. It is not clear how partnerships with companies like R1 RCM serve the public or should exist at all, particularly when—as a non-profit health system—Ascension is held to strict standards limiting aggressive billing and debt collection practices.

At this year’s J.P. Morgan Healthcare Conference, your CFO Elizabeth Foshage highlighted Ascension’s \$18 billion of cash and investments.⁹ This number raises questions about why Ascension, a mission-driven health system with non-profit status, is not prioritizing reinvestment into serving vulnerable communities and its own operations—which should include increasing pay and improving working conditions for its burned out and overextended health care workforce. Instead, Ascension’s hospitals in Wisconsin have struggled to maintain basic

⁵ <https://oag.dc.gov/blog/investigating-closure-providence-hospital>

⁶ <https://www.statnews.com/2021/11/16/ascension-investigation-moonlighting-private-equity-firm/>

⁷ <https://ir.r1rcm.com/press-releases/press-release-details/2015/Accretive-Health-and-Ascension-Announce-Long-Term-Strategic-Partnership/default.aspx>

⁸ <https://www.reuters.com/article/us-accretivehealth-lawsuit/accretive-health-to-exit-minnesota-under-settlement-idUSBRE86T1L120120730>; <https://www.cbsnews.com/minnesota/news/mns-ag-releases-scathing-report-on-accretive-health-inc/>; <https://www.startribune.com/accretive-banned-from-minnesota-for-at-least-2-years-to-pay-2-5m/164313776/>

⁹ https://www.statnews.com/2023/01/17/hospitals-gear-up-to-expand-market-power-raise-prices-in-2023/?utm_source=STAT+Newsletters&utm_campaign=5ba236622d-Daily+Recap&utm_medium=email&utm_term=0_8cab1d7961-5ba236622d-151585893

services, and are putting patients at risk by not having enough nurses or support staff to provide care.

According to your website, Ascension Capital is Ascension's "strategic investment initiative, generating capital gains that can be re-invested to support Ascension's Mission to care for those who are poor and vulnerable."¹⁰ Yet, a recent review of financial statements reveals that Ascension's investment funds have lost the system nearly \$750 million in the most recent financial quarter. These losses are roughly \$200 million more than the amount that Ascension provided toward charity care over that same span.¹¹ Such an investment return—even if it is uncharacteristic of the fund's longer-term performance—raises serious questions about how Ascension Capital tangibly subsidizes the health system's charity care. It also suggests that a less volatile, more conservative investment approach might be more appropriately suited to the system's mission.

Ascension appears to be evaluating each staffing decision, service line, and hospital location as solely a business decision while seeking to bolster cash to put towards its investment funds. But Ascension is not a for-profit business. Ascension does not pay federal income taxes, and can profit tax-free from partnerships with for-profit companies, because the system has a commitment to serve the public. Cutting essential service lines, charging excessive fees, shuttering hospitals in high-need areas, reducing staff to unsafe levels, and suing patients that cannot pay their bills does not serve the community. It serves only your bottom line.

Specifically, I am interested in learning how the activities of the investment funds owned and operated by Ascension are consistent with your non-profit structure and mission of service to the poorest in our communities. I request a response in writing to the following questions in order to better understand Ascension's operations.

1. Please provide a comprehensive list of investments undertaken by all investment funds operating in the Ascension Health System, as well as additional information on Ascension's investment returns as a percentage of its revenue from fiscal years 2015 through 2022.
2. Please detail all re-investments made by Ascension Capital into charity care services from fiscal years 2015 through 2022, broken out by location where such care was provided.
3. Please describe your relationship with R1 RCM, including a description of R1 RCM's current contracted activities and associated revenue from fiscal years 2017 through 2022. How does R1 RCM assist in Ascension's debt collection practices and are any Wisconsin facilities currently using R1 RCM's services?

¹⁰ <https://www.ascension.org/About/leadership/Executives/Anthony-Tersigni>

United States Senate

WASHINGTON, DC 20510

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4. Please provide a detailed description of all management fees, including direct costs retained by the health system, charged to Ascension Columbia St. Mary's and Ascension St. Francis, including the contract between the ministry and the hospitals.
5. Ascension St. Francis hospital received \$24.26 million from the Provider Relief Fund. Columbia St. Mary's received \$42.3 million. Please provide a detailed description of how this funding was used to address staffing concerns at each hospital.
6. Please provide the community health needs assessments required by the Affordable Care Act completed by Ascension for all facilities operating in Wisconsin.
7. According to your financial statements, over the last three months, Ascension provided \$549 million for "care of persons living in poverty and other community benefit programs." Over half this amount (\$295 million) is for the unpaid cost of public programs. Please provide a detailed description of activities supported by the remaining \$254 million. In addition, please provide Ascension's charity care as a percentage of its expenses for fiscal years 2017 through 2022.
8. Please provide a description of the compensation packages, including any and all equity, stock options, restricted stock units, or performance-related metrics on which pay for Ascension executives is based. Additionally, please provide detailed compensation descriptions for any board activity attributed to roles on Ascension affiliated organizations for Anthony Speranzo, CEO of Ascension Capital and Anthony Tersigni, Chairman of the Board, Ascension Capital.

Sincerely,



Tammy Baldwin
United States Senator