

## **EXHIBIT B**



Eric Welsh, Chief  
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Mr. Welsh:

I am writing to express my concerns regarding the DOJ's recent proposed settlement for the partial acquisition of Evangelical Community Hospital by Geisinger Health.

As it stands, the settlement limits Geisinger's ownership interest in Evangelical to 7.5%, described as passive. Additionally, loans/lines of credit to Evangelical are forbidden, as is exerting any control over Evangelical's expenditures. Kendra Aucker, Evangelical's CEO, has stated that Evangelical will use Geisinger's financial support to fund facilities, technology and services while simultaneously describing Evangelical Hospital as "independent". From this, arise the following questions and issues:

How is Evangelical independent if it depends upon Geisinger's 7.5% involvement without which we must assume Evangelical could not fund upgrades to what Ms. Aucker describes as facilities, technology and services?

What benefit does Geisinger obtain in the arrangement proposed by the DOJ since it represents only a fraction of what Geisinger sought in both monetary interest and strategic control? It appears that had Geisinger walked away from the proposed settlement it would have made plain their strategy of assuming sufficient control of a competitor without an outright takeover. This strategy was long evident to some of us in the community as "why take over outright what you can control by other means". Hospital competition in the area is presently limited due to Geisinger's acquisition of Shamokin Area Hospital, Bloomsburg Hospital and the closure of Sunbury hospital. With only Evangelical Hospital remaining the strategy almost worked. So is it now about Geisinger saving face or is there another agenda afoot?

The proposed settlement is framed in terms of both hospital's competition for 'inpatient general acute-care hospital services' however there's much revenue to be made from outpatient services. What is to prevent Geisinger from expanding services into Evangelical's outpatient market thereby negating the cap imposed on the inpatient services, thus causing further financial strain on Evangelical?

Evangelical hospital recently completed construction of a \$70 million PRIME (Patient Room Improvement, Modernization, and Enhancement) project. With an annual revenue of about \$260 million, it is reasonable to enquire about the financing and terms that were obtained, what was used as collateral and if there was a co-signer. The facility was advertised as allowing



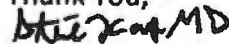
access to leading-edge technology not found at other community hospitals. Was this project planned prior to Geisinger's attempted acquisition? Was failure the plan? Without Geisinger's hoped for depth of financial involvement what will this mean for Evangelical's future finances?

If Evangelical does not anticipate an adverse financial impact from the DOJ's agreement, despite Geisinger's significantly reduced financial involvement, why did Evangelical originally accede to Geisinger's partnership with such onerous terms unless it was needed?

If Evangelical seeks a revisiting of the DOJ's settlement due to future financial shortcomings, does the DOJ currently have an opinion on what it may need to propose? In other words, did the DOJ review, and if not, will it review why Evangelical was seeking to expand services beyond what is found in a community hospital, services it apparently could not afford without giving up financial and strategic control of its hospital? Structuring an agreement that on the surface would not appear to be an antitrust violation gives an indication in my mind as to the mindset of the parties.

Regarding Evangelical's acquisition of IT systems and support from Geisinger, will this be at fair market value? Is there a mechanism to ensure that the price for support will not make up for the denied opportunity of partial hospital ownership and the service lines that Geisinger planned to develop?

In summary, what benefit does Geisinger derive from passive involvement in Evangelical, what is the endgame of each organization, and at what cost is there to the community, given the ever shrinking choices available to the public?

Thank You,  
  
Steve Karp MD

