

GEORGE JEPSEN
ATTORNEY GENERAL



55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120

Office of the Attorney General
State of Connecticut

June 12, 2014

VIA U.S. and ELECTRONIC MAIL

Darlene Stromstad, FACHE
President/Chief Executive Officer
Greater Waterbury Health Network, Inc.
64 Robbins Street
Waterbury, Connecticut 06708

Trip Pilgrim
Senior Vice President, Development
Tenet Healthcare Corporation
1445 Ross Avenue, Suite 1400
Dallas, Texas 75202

Re: Proposal for Joint Venture between Greater Waterbury Health Network, Inc., and Vanguard Health Systems, Inc. – OHCA Docket No. 13-31838-CON and Attorney General Docket No. 13-486-01

Dear Ms. Stromstad and Mr. Pilgrim:

Thank you for your June 6, 2014, submission of the First Supplement to the Application for Joint Venture (the "Application") by the Greater Waterbury Health System, Inc. ("GWHN"), including The Waterbury Hospital (the "Hospital"), and Vanguard Health Systems, Inc. (together with its affiliates and subsidiaries, "Vanguard").

The Office of the Attorney General ("OAG") and the Office of Health Care Access ("OHCA") require further information to allow them to analyze adequately the proposed transaction consistent with their statutory charges. Supplemental information is required in light of the time that has passed since the Application materials were first produced to our offices and the recent passage of Public Act No. 14-168. Accordingly, please respond to the following questions and/or submit the following materials to OHCA and the OAG at your earliest convenience, but no later than June 27, 2014.

1. Please provide an updated, independent fairness evaluation opinion.
2. Please provide audited fiscal year financial statements for 2013 (income statement, cash flow statement, and year-end balance sheet), as well as details of any adjustments to

financial statements for previous years.

3. Please provide most recent year-to-date financial statements for 2014 and comparable period for 2013.
4. Please provide hospital operating metrics report for 2012, 2013, and year-to-date 2014, including payer mix details.
5. Please provide a timeline of all Waterbury Board or committees meetings since August 2013 in which the joint venture transaction was on agenda or discussed.
6. Please provide an updated list of Waterbury Board members and committee members.
7. Please provide an updated Conflict of Interest disclosure from Waterbury Board and management.
8. Please provide details of all modifications to letter of intent related to included assets, excluded assets, retained liabilities, financing, or other transaction terms either, independent of or as a result of, Tenet Healthcare Corporation's ("Tenet") acquisition of Vanguard.
9. Please provide details related to any material asset acquisitions, sales, or dispositions since July 1, 2013.
10. Public Act 14-168 provides, among other things, that "[a] hospital, health system or medical school may organize and be a member of no more than one medical foundation." (Public Act 14-168, Sec. 3(f).) Please describe in detail the resulting ownership structure of GWHN's medical foundation after the proposed transaction, including the identity, role, and authority of any other entity that will be a member of the GWHN foundation. Please also disclose whether Tenet currently anticipates becoming a member or owner of any other medical foundations operating in Connecticut and, if so, explain how doing so comports with Connecticut law.
11. Please describe the relationship, if any, between VHS Waterbury Health System, LLC, the joint venture entity being formed between GWHN and VHS Waterbury Management Company, LLC to own and operate the Hospital, and the publicly announced partnership between Yale New Haven Health System and Tenet to create a comprehensive health care delivery network in Connecticut (the "YNHHS/Tenet Partnership"). If there is no present relationship, please also comment on whether there is any planned relationship between the Hospital and the YNHHS/Tenet Partnership or any entity formed as a result of the YNHHS/Tenet Partnership, and the nature of such planned relationship.

12. Reference is made to GWHN's and Vanguard's Completeness Letter of June 11, 2013 ("Completeness Letter"). Please update the response to Question No. 1 in the Completeness Letter to provide information on the specific payment adjustments that were made to hospitals owned directly or indirectly by Tenet under the Medicare Value-Based Purchasing Program ("VBP") for federal fiscal year ("FY") 2014, including, but not limited to, those Vanguard hospitals acquired as part of Tenet's acquisition of Vanguard. In the response, please identify those hospitals that are receiving an upward payment adjustment as a result of the VBP program and those receiving a downward adjustment. Please also identify the percentage payment adjustment for each hospital under the VBP program and comment generally on the performance scoring of Tenet hospitals under the VBP program in each of the states where they operate.
13. Please update the response to Question No. 3 of the Completeness Letter to discuss the specific achievements of the Vanguard hospitals in improving the quality, accessibility and the cost-effectiveness of health care in connection with the initiatives listed at subsections a through d of that question.
14. Please update the response to Question No. 22 of the Completeness Letter to provide information on the implementation strategies the proposed joint venture will use to address each of the prioritized health issues identified at page 3 of the Greater Waterbury Health Improvement Partnership's Community Health Needs Assessment Final Summary Report dated September 2013. In this response, please elaborate on how the implementation strategies of the Hospital to address each of the prioritized health issues will be aided by approval of the proposed joint venture and specifically address how the proposed joint venture will aid the Hospital in attempting to remove cost of care as a barrier to health care access for Waterbury-area residents.
15. Please update the response to Question 25 of the Completeness Letter to discuss what, if any, due diligence was undertaken by GWHN of Tenet in light of Tenet's acquisition of Vanguard. To the extent such additional due diligence took place, please supply summaries of GWHN's findings with respect to the matters listed at subsections a through k of that question.
16. Please update the response to subsections a through h of Question 28 of the Completeness Letter in light of Tenet's acquisition of Vanguard and describe what affect, if any, the acquisition will have on the proposed charity care policies that will be established by the Hospital if the joint venture is approved.
17. Please update the response to subsections a through c of Question 33 of the Completeness Letter to the extent that Tenet's acquisition of Vanguard would change these responses

and provide an update of the chart on page 997 to include FY 2013 data.

18. With respect to Exhibit 15 of the Completeness Letter, please provide the following:
 - a) Revised Financial Attachments 1A, 1B & 1C updated with actual results for FY 2013.¹
 - b) The assumptions utilized in developing the Financial Attachments.
 - c) The sources upon which the revenue, expense, volume projections and other assumptions are based.
19. With respect to Exhibits 1, 2 and 3 to the Application, please provide any revised copies of the Contribution Agreement, Operating Agreement and/or Management Agreement denoting such revisions.
20. Reference is made to the Joint Venture Organizational Chart submitted with the First Supplement as revised Exhibit 16 to the Completeness Letter. Working downward from Tenet Healthcare Corporation to the joint venture entity, VHS Waterbury Health System, LLC, please: (i) describe the nature of the ownership and control that each entity has in the entity directly below it; (ii) describe the major business activities/functions of each entity; (iii) provide the principal place of business address for each entity; and (iv) provide the name and business address of each individual currently serving as a member of the governing body of each entity.
21. Please confirm that except for the information provided in Applicants' First Supplement and any information Applicants may provide in response to the questions above, all prior information provided in the Application and the Completeness Letter remains true and correct.

Please mail one (1) complete hard copy and one (1) complete electronic copy of the requested materials for approval to the following address:

Office of the Attorney General
55 Elm Street, P.O. Box 120
Hartford, Connecticut 06141-0120
Attn: Gary W. Hawes, AAG

Please mail seven (7) complete copies of the requested materials to the following address:

¹ In complying with this request, please submit the Financial Attachments in the same form as submitted at pages 1217 through 1221 of the Completeness Letter.

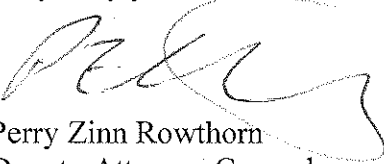
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Office of Health Care Access, Dept. of Public Health
410 Capitol Avenue
Hartford, Connecticut 06134
Attn: Steven W. Lazarus

After receipt of these requested materials, the Commissioner and the Attorney General shall review the submission to determine whether the information submitted is adequate.

Should you have any questions regarding these requests or any other issues relating to the Commissioner's and Attorney General's review, please do not hesitate to contact either Steven W. Lazarus at the Department of Public Health (860-418-7012; Steven.Lazarus@ct.gov) or Assistant Attorney General Gary W. Hawes at the Office of the Attorney General (860-808-5020; gary.hawes@ct.gov).

Very truly yours,



Perry Zinn Rowthorn
Deputy Attorney General
Office of the Attorney General

Very truly yours



Lisa A. Davis
Deputy Commissioner, MBA, BSN, RN
Office of Health Care Access

cc: Gary W. Hawes (via electronic mail)
Steven Lazarus (via electronic mail)

Ann Zucker, (via electronic mail)
Jeffrey M. Peterson (via electronic mail)