Office of The Attorney General

State of Connecticut

October 31, 2011

VIA U.S. MAIL AND FACSIMILE (860-509-6501)
Robert J. Anthony, Esq.
Brown Rudnick
City Place I
185 Asylum Street
Hartford, Connecticut 06103

Re: In re Saint Mary's Health System, Inc. – Application Deficiency

Dear Attorney Anthony:

Thank you for your submission of October 11, 2011, regarding the Application for Joint Venture (the "Application") initially submitted on July 21, 2011, by Saint Mary's Health System, Inc. ("Saint Mary's") and LHP Hospital Group, Inc. (together with its affiliates and subsidiaries, "LHP").

After our review of Saint Mary's responses to our additional questions, the Attorney General's Office and the Department of Public Health, division of the Office of Health Care Access ("OHCA"), have determined that the Application is incomplete in its current form in light of the public announcement of the intent for the proposed St. Mary's/LHP joint venture to enter into a joint venture with Waterbury Hospital.

In particular, the Office of the Attorney General requests that you provide the following further information.

1) Please provide a copy of the updated Fairness Evaluation requested in our previous deficiency letter dated September 20, 2011 ("the deficiency letter"). If an updated Fairness Evaluation is not available or not yet available, please explain why and state when it is expected to become available.

In addition, the Office of Health Care Access requests that you provide the following information. If any of the requested information is not available or not yet available, please explain why and state when it is expected to become available.

1) Please provide us with LHP's overall plan and timeframe for the consolidation of the St. Mary's and Waterbury Hospital facilities and services into a new single facility.

2) In response to the deficiency letter, you stated that there are several issues that must be renegotiated between LHP and St. Mary's in order to accommodate the entry of Waterbury Hospital into a three-party joint venture. Please identify those issues and an expected timeframe for their resolution.

3) In response to the deficiency letter, Saint Mary's has explained that clinical growth opportunities will result from the anticipated three-party joint venture. Please provide examples of these clinical growth opportunities.

4) If the three-party joint venture moves forward, will the development of a new electronic medical records (EMR) system for Saint Mary's be coordinated with Waterbury Hospital?

5) According to LHP's Consolidated Statements of Equity ending December 31, 2010, there is a retained deficit of $25,649,110. How long does LHP anticipate it will take to eliminate this deficit?

6) Your response states that "[t]he Parties have not yet prepared financial projections for the three-party JV that correspond to the financial projections for the LLC that were submitted with the Application on pages 272-274; however, the parties expect that the addition of Waterbury Hospital to the LLC will have a materially positive impact upon such projections." Please explain how the addition of Waterbury Hospital will have positive impact on the financial projections previously submitted by the Applicant and provide supporting documentation and evidence to substantiate this claim.

We request that you provide your response as soon as possible, and preferably no later than November 14, 2011. Once we receive your response, we and OCHA will expeditiously review it to determine if your application is complete. We appreciate your cooperation and encourage you to contact us to discuss any questions or concerns.

Very truly yours,

Perry Zinn Rowthorn
Associate Attorney General

cc: Commissioner Dr. Jewel Mullen, DPH
     Kimberly Martone, Director of Operations, OHCA
     Steven Lazarus, Associate Healthcare Analyst, OHCA
     Gary W. Hawes, Assistant Attorney General, OAG