



Department of Health  
and Human Services

Maine People Living  
Safe, Healthy and Productive Lives

John E. Baldacci, Governor

Brenda M. Harvey, Commissioner

Department of Health and Human Services  
Commissioner's Office  
221 State Street  
# 11 State House Station  
Augusta, Maine 04333-0011  
Tel: (207) 287-3707; Fax (207) 287-3005  
TTY: 1-800-606-0215

December 31, 2008

Mr. William L. Caron, Jr.  
President  
MaineHealth  
465 Congress Street, Suite #600  
Portland, ME 04101-3537

Mr. Mark Biscone, Ex. Dir.  
Waldo County Healthcare, Inc. (WCHI)  
118 Northport Avenue  
PO Box 287  
Belfast, ME 04915

RE: Waldo County Healthcare Inc. (WCHI) becoming a subsidiary of MaineHealth

Dear Mr. Caron and Mr. Biscone:

This letter will serve as notification that, on this date, I have decided to **grant with conditions** a Certificate of Need (CON) that authorizes Waldo County Healthcare Inc. to become a subsidiary of MaineHealth.

This CON will allow WCHI to amend its articles of incorporation and bylaws so that MaineHealth shall become its sole member, thereby making WCHI a subsidiary corporation of MaineHealth (membership).

My approval is conditioned on the following being implemented:

- 1) Provide a letter from the Maine Attorney General's Office that it has no present intention to file an enforcement action relative to the proposed restructuring on antitrust grounds;
- 2) Report cost savings as attributable to this merger for a period of three years from the merger date;
- 3) Report improvements in quality outcomes as outlined in its application and as a result of this merger for a period of three years from merger date; and
- 4) Submit an implementation plan within 90 days of my decision to meet the requirements for a Tier 1 hospital.

In order for this CON to remain valid, the project must be "commenced" within one year from the date of the original approval noted above. You must complete implementation reports on your activities as specified for this type of project (CON Procedures Manual, Chapter 11, Sec. 3). Limited extensions may be available, if requested in a timely manner and for good cause, as explained in the Manual, Chapter 9, Sec. 3. Failure to commence the project within this 12-month period will result in expiration of the CON, unless an extension is obtained, as cited above.

I am granting this CON with conditions because I have determined that the project meets the criteria set forth in the CON Act Sec. 335(1) and the Department's regulations. The specific details of the project for which I have granted this CON

are contained in an application found to be subject to review in accordance with the provisions of the Maine Certificate of Need Act, and was certified complete by the applicant on October 21, 2008.

Please be aware that in accordance with Section 346 of the Maine Certificate of Need Act this Certificate, as modified herein, is valid only for the stated scope, premises and facility named in the above referenced application and is not transferable or assignable.

Furthermore, it should be clearly understood that our analysis and findings regarding the need for the proposed project as well as its financial and economic feasibility have been predicated on the application record as described in the Manual, Chapter 8, Subsection 5. Consequently, the proposal must be implemented consistent with the approval and conditions stated in this letter, as informed and clarified by the Department's analysis and findings as summarized in the following Department staff reports:

1. PRELIMINARY STAFF REPORT: Report from Steven Keaten, Health Care Financial Analyst, CONU and Larry Carboneau, Health Care Financial Analyst, CONU to Phyllis Powell, Manager, CONU, Licensing and Regulatory Services, dated December 15, 2008.
2. FINAL REVIEW: Briefing memo to Brenda M. Harvey, Commissioner, DHHS, dated December 30, 2008.

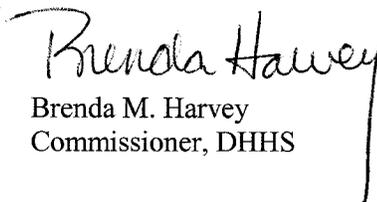
No significant changes to the project, no variations from the projected operating costs, no modifications of the terms of financing the project, and no increase in the capital expenditures to be made are permitted without the prior written approval of the Department. Any such variances may result in either the disallowance of related expenses, financial penalties or the immediate revocation of the CON.

Please work closely with my staff in the CONU to assure this project is implemented in accordance with the provisions of this Certificate and applicable rules and regulations. As part of this requirement, you are reminded that, prior to construction, the appropriate licensing and certification and State Fire Marshal officials must approve all working drawings and construction specifications.

The law requires that a holder of a CON make a written report at the end of each six-month period following its issuance. Details regarding this and related requirements will be made the subject of a separate letter from the CONU.

My staff will work with you as necessary.

Sincerely,

  
Brenda M. Harvey  
Commissioner, DHHS

PP/dap

cc: Catherine Cobb, Director  
Phyllis Powell, CONU Manager  
Anne Flanagan, Assistant Director  
Herb Downs, Audit  
Janine Raquet, AAG  
file