

Maine Medical  
PARTNERS

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Division of Licensing and  
Regulatory Services

October 21, 2009

Phyllis Powell, Assistant Director  
Division of Licensing and Regulatory Services  
Certificate of Need Unit  
Department of Health and Human Services  
State House Station # 11  
Augusta, Maine 04333-0011

RE: Maine Medical Partners  
Acquisition of Maine Neurology P.A.  
Letter of Intent

Dear Ms. Powell:

Maine Medical Partners (MMP) is requesting a ruling from the Department regarding the applicability of the Certificate of Need (CON) Program to MMP's proposed acquisition of Maine Neurology P. A. MMP seeks confirmation that the acquisition of certain Maine Neurology assets is not subject to CON review.

MMP proposes to acquire Maine Neurology. The acquisition of Maine Neurology takes the form of a purchase by MMP of all the outstanding capital stock of the medical practice from the shareholder physicians. After the acquisition, MMP intends to dissolve Maine Neuroscience Associates, placing ownership of the assets directly in MMP.

Among Maine Neurology's assets is a 50% ownership interest in Maine Neuroscience Associates LLC. Since 2006, MMP has owned the other 50% interest in Maine Neurosciences Associates. Maine Neuroscience Associates holds a Certificate of Need to provide MRI services in the private offices of Maine Neurology and MMP's Neurosurgery practice. By virtue of acquiring the Maine Neurology medical practice, MMP succeeds to 100% ownership interest in Maine Neuroscience Associates.

The structure and consequences of this proposed transaction are almost identical to the earlier transaction in which MMP acquired Neurosurgery Associates, P.A. In May 2006, MMP and Neurosurgery Associates sought subsequent review approval of the proposed transfer of Neurosurgery Associates' 50% ownership in Maine Neuroscience Associates since that proposed transfer was occurring within 3 years of the original CON approval on October 5, 2004. (See 22 MRSA§331.) On July 20, 2006 the Department granted MMP and Neurosurgery Associates, P.A. a subsequent review approval of the transfer of 50% ownership to MMP.

MMP and Maine Neurology are both physician group practices, not "health care facilities" and so are generally not be subject to CON review and approval. "The addition in the private office of a health care practitioner of new technology that costs \$1,600,000 or more" is an exception to this general exemption. (See 22 MRSA§328, sub-§ 7-C.)

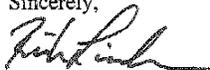
Maine Medical Partners  
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MMP believes that this proposed transaction is not subject to CON review for the following reasons:

1. The proposed transaction is an acquisition of a private health care practitioner (Maine Neurology) by another private health care practitioner (MMP). Such transactions are not subject to CON review. The transfer of the remaining 50% interest in Maine Neuroscience Associates to MMP occurs automatically as a legal consequence of the transfer of the stock of Maine Neurology to MMP.
2. MMP's proposed dissolution of Maine Neuroscience Associates is not a transfer of ownership and is not reviewable. Maine Neuroscience Associates will be a MMP wholly owned subsidiary at the time that it is dissolved.
3. The proposed transaction does not involve a new health service. There is no addition in the private office of a health care provider of new technology. The MRI involved in the proposed transaction is an existing unit already serving a community need as determined through the Department's CON review.
4. The cost of the technology is less than \$1,600,000 and, therefore, is not reviewable. In 2004, the total cost to implement the fixed based MRI unit was estimated to be \$2,983,838. The current appraised market value of the MRI equipment ranges between \$350,000 and \$500,000, well under the \$1,600,000 review threshold.
5. More than three years have elapsed since the 2004 approved activity was commenced. There is no requirement for subsequent CON review and approval regarding a change in the health service proposed to be rendered.

I would be pleased to speak with you about the proposed transaction and to provide any information that you would find helpful. Since the parties hope to close this transaction on or about December 31, 2009, I would very much appreciate your timely attention to this request.

Sincerely,



Rich Linchan

cc: Donald E. Quigley  
Eric D. Altholz  
Steven Keaten