



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
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March 12, 2009

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

Mr. Edward McGeachey, President
Webber Hospital Corporation d/b/a Southern Maine Medical Center
One Medical Center Drive
Biddeford, ME 04005

RE: Southern Maine Medical Center (SMMC) becoming a subsidiary of MaineHealth

Dear Mr. Caron and Mr. McGeachey:

This letter will serve as notification that, on this date, I have decided to **grant with conditions** a Certificate of Need (CON) that authorizes Southern Maine Medical Center to become a subsidiary of MaineHealth.

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

My approval is conditioned on the following being implemented:

- 1) The Applicants shall provide to the Department any letter from the Department of Justice/Federal Trade Commission acknowledging the filing of the Notice and Report under the Hart-Scott-Rodino Antitrust Improvement Act for the MaineHealth/SMMC transaction, and also provide subsequent correspondence, if any, indicating that the Department of Justice/Federal Trade Commission have granted a request for early termination of 30-day waiting period requirement of the Hart-Scott-Rodino Antitrust Improvement Act.
- 2) Carry out the conditions set forth in the Certificate of Public Advantage (COPA).
- 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 the merger date.

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 24, 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 Carbonneau, Health Care Financial Analyst, CONU to Phyllis Powell, Manager, CONU, Licensing and Regulatory Services, dated February 9, 2009.
2. FINAL REVIEW: Briefing memo to Brenda M. Harvey, Commissioner, DHHS, dated March 10, 2009.

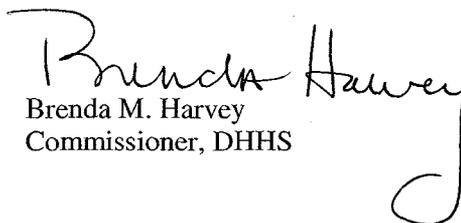
No significant changes to the project, no variations from the projected operating costs, no modifications of the terms of financing the project, and no increase in the capital expenditures to be made are permitted without the prior written approval of the Department. Any such variances may result in 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

BMH/klv

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