



RECEIVED

2011 DEC -9 P 2:41

CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

Eastern Connecticut Health Network
71 Haynes Street
Manchester, CT 06040
860.533.3414
www.echn.org

December 8, 2011

Lisa Davis, Deputy Commissioner
Department of Public Health - Office of Health Care Access
410 Capitol Avenue, MS# 13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: Certificate of Need Application, Docket Number TBD
Eastern Connecticut Health Network, Inc. and Mandell & Blau M.D.'s, P.C.
Acquisition by Eastern Connecticut Health Network, Inc. of the Open MRI
scanners currently operated by Mandell & Blau, M.D.'s, P.C. in Enfield,
Glastonbury, Middletown, and South Windsor

Dear Deputy Commissioner Davis:

Enclosed are an original and four copies of the Certificate of Need Application for the acquisition of the Open MRI scanners by ECHN, including an electronic copy of the application and all attachments.

If you have any questions regarding this Certificate of Need Application, please do not hesitate to call me at (860) 533-3429.

Sincerely,

Dennis P. McConville
Senior Vice President, Planning, Marketing and Communications

December 1, 2011

Dr. Jewel Mullen, Commissioner
Department of Public Health - Office of Health Care Access
410 Capitol Ave. MS #13HCA
Hartford, CT 06134

Dear Commissioner Mullen:

We would like to express our support for the Certificate of Need Application filed by Eastern Connecticut Health Network, Inc. (ECHN) and Mandell and Blau, M.D.s, P.C. (Mandell & Blau) for ECHN to acquire the open MRI scanners currently operated by Mandell & Blau in Enfield, Glastonbury, Middletown and South Windsor.

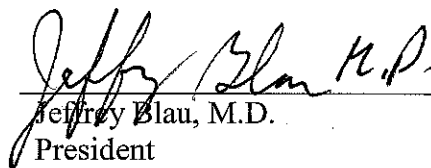
The integration of the Open MRI services with existing ECHN radiology services will provide a more seamless continuum of care for patients in the surrounding communities and ensure consistency, high-quality and access to MRI services for all patients in the community, regardless of their ability to pay for services. This acquisition will also enable our two practices to work more collaboratively and benefit from the differing expertise levels of our peers to further enhance the quality of MRI services provided to our patients. We believe this acquisition by ECHN and the opportunity for collaboration afforded to us through this proposal will significantly improve the overall delivery of healthcare services in the community.

We encourage you to approve this proposal.

Sincerely,



Edward Denstman, M.D.
Vice President
Eastern Connecticut Imaging, P.C.
341 East Center St
P.M.B. #141
Manchester, CT06040



Jeffrey Blau, M.D.
President
Mandell & Blau, M.D.s, P.C.
40 Hart Street
New Britain, CT 06052

Application Checklist

Instructions:

1. Please check each box below, as appropriate; and
2. The completed checklist **must** be submitted as the first page of the CON application.

- Attached is the CON application filing fee in the form of a certified, cashier or business check made out to the "Treasurer State of Connecticut" in the amount of \$500.

For OHCA Use Only:

Docket No.: _____ Check No.: _____
OHCA Verified by: _____ Date: _____

- Attached is evidence demonstrating that public notice has been published in a suitable newspaper that relates to the location of the proposal, 3 days in a row, at least 20 days prior to the submission of the CON application to OHCA. *(OHCA requests that the Applicant fax a courtesy copy to OHCA (860) 428-7053, at the time of the publication)*
- Attached is a paginated hard copy of the CON application including a completed affidavit, signed and notarized by the appropriate individuals.
- Attached are completed Financial Attachments I.
- Submission includes one (1) original and four (4) hard copies with each set placed in 3-ring binders.

Note: A CON application may be filed with OHCA electronically through email, if the total number of pages submitted is 50 pages or less. In this case, the CON Application must be emailed to ohca@ct.gov.

Important: For CON applications (less than 50 pages) filed electronically through email, the signed affidavit and the check in the amount of \$500 must be delivered to OHCA in hardcopy.

- The following have been submitted on a CD
1. A scanned copy of each submission in its entirety, including all attachments in Adobe (.pdf) format.
 2. An electronic copy of the documents in MS Word and MS Excel as appropriate.

TABLE OF CONTENTS

Application Checklist	i
Affidavits	2
CON Filing Fee	4
Public Notice	5

Application:

1	Project Description: Change of Ownership	7
2	Quality Measures	11
3	Organizational and Financial Information	12
4	Patient Population Mix: Current and Projected	14
5	Financial Attachments I	15

Appendix:

<u>Attachment</u>	<u>Description</u>	<u>Page</u>
1g	Entity Structure	19
1h	Membership Interest Purchase Agreement	22
2a	Curriculum Vitae	33
3b	Non-Profit Documentation	47
3c	DPH Licenses	51
3dii	Evergreen Imaging Center FY2010 Audit	54
5a	Financial Attachment I	61

AFFIDAVIT

Applicant: Eastern Connecticut Health Network, Inc.

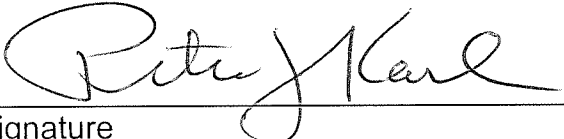
Project Title: Transfer of ownership of Evergreen Imaging Center to
an affiliate of Eastern Connecticut Health Network, Inc.

I, Peter J. Karl, Chief Executive Officer
(Individual's Name) (Position Title – CEO or CFO)

of Eastern Connecticut Health Network, Inc. being duly sworn, depose and state that
(Hospital or Facility Name)

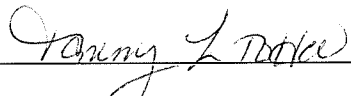
Eastern Connecticut Health Network, Inc.'s information submitted in this Certificate of
(Hospital or Facility Name)

Need Application is accurate and correct to the best of my knowledge.


Signature

11-22-2011
Date

Subscribed and sworn to before me on November 22, 2011


Notary Public/Commissioner of Superior Court

My commission expires: 9/30/2014

TAMMY L. TOTTON
NOTARY PUBLIC
MY COMMISSION EXPIRES SEP. 30, 2014

AFFIDAVIT

Applicant: Eastern Connecticut Imaging, P.C.

Project Title: Transfer of ownership of Evergreen Imaging Center to
an affiliate of Eastern Connecticut Health Network, Inc.

I, Edward G. Denstman, M.D., Vice President
(Individual's Name) (Position Title – CEO or CFO)

of Eastern Connecticut Imaging, P.C. being duly sworn, depose and state that
(Hospital or Facility Name)

Eastern Connecticut Imaging, P.C.'s information submitted in this Certificate of
(Hospital or Facility Name)

Need Application is accurate and correct to the best of my knowledge.

Edward G. Denstman
Signature

Nov. 22, 2011
Date

Subscribed and sworn to before me on November 22, 2011

T. Totten
Notary Public/Commissioner of Superior Court

My commission expires: 9/30/2014

TAMMY L. TOTTON
NOTARY PUBLIC
MY COMMISSION EXPIRES SEP. 30, 2014



CONNECTICUT

EVERGREEN IMAGING CENTER, LLC

2800 TAMARACK AVE., STE. 002
SOUTH WINDSOR, CT 06074

51-7031/2111

10/28/2011

PAY TO THE ORDER OF Treasurer, State of Connecticut

\$ **500.00

Five Hundred and 00/100***** DOLLARS

Treasurer, State of Connecticut
210 Capital Ave
Hartford, CT 06106

[Handwritten Signature]
MP AUTHORIZED SIGNATURE

MEMO

THIS DOCUMENT CONTAINS HEAT SENSITIVE INK. TOUCH OR PRESS HERE. RED IMAGE DISAPPEARS WITH HEAT.

⑈005450⑈ ⑆211170318⑆14 08 0005060⑈

PUBLIC NOTICE

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes

Applicants: Eastern Connecticut Health Network, Inc. and Eastern Connecticut Imaging, P.C.

Addresses: Eastern Connecticut Health Network, Inc.
71 Haynes Street
Manchester, CT 06040

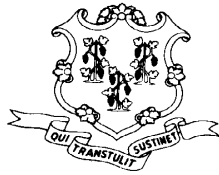
Eastern Connecticut Imaging, P.C.
353 Main Street
Manchester, CT 06040

Town: South Windsor, CT

Proposal: Transfer of ownership of imaging facility located at 2800 Tamarack Avenue, Suite 2, South Windsor, Connecticut to Manchester Memorial Hospital, an affiliate of Eastern Connecticut Health Network, Inc., and subsequent operation of such facility as an out-patient department of the hospital. The Applicants plan to file an Application for a Certificate of Need with the Office of Health Care Access for permission to transfer the ownership of the imaging facility, including the CT scanner and MRI scanner located at such facility.

Capital Expenditure: \$1,400,000

Journal Inquirer
August 19, 2011
August 20, 2011
August 22, 2011



State of Connecticut Office of Health Care Access Certificate of Need Application

Instructions: Please complete all sections of the Certificate of Need (“CON”) application. If any section or question is not relevant to your project, a response of “Not Applicable” may be deemed an acceptable answer. If there is more than one applicant, identify the name and all contact information for each applicant. OHCA will assign a Docket Number to the CON application once the application is received by OHCA.

Docket Number:	TBD	
Applicant:	Eastern Connecticut Health Network, Inc.	Eastern Connecticut Imaging, P.C.
Contact Person:	Dennis McConville	Edward G. Denstman, M.D.
Contact Person’s Title:	Senior Vice President for Planning, Marketing, and Communications	Vice President
Contact Person’s Address:	71 Haynes Street Manchester, CT 06040	341 East Center Street P.M.B. #141 Manchester, CT 06040
Contact Person’s Phone Number:	(860) 647-6860	(860) 646-1222 x3561
Contact Person’s Fax Number:	(860) 647-6860	(860) 533-3498
Contact Person’s Email Address:	dmcconville@echn.org	edward.denstman@snet.net
Project Town:	South Windsor	
Project Name:	Transfer of Ownership of Evergreen Imaging Center to an affiliate of ECHN	
Statute Reference:	Section 19a-638, C.G.S.	
Estimated Total Capital Expenditure:	\$1,4000,000	

1. Project Description and Need: Change of Ownership or Control

- a. Please provide a narrative detailing the proposal.

Reference is made to Docket Number 03-30172-CON in which the Office of Health Care Access (“OHCA”) authorized Eastern Connecticut Health Network and Manchester Memorial Hospital (“ECHN”) and Eastern Connecticut Imaging, Inc. (“ECI” and, together with ECHN, the “Applicants”) to jointly establish radiology services at the ECHN Medical Office Building at Evergreen Walk in South Windsor (the “Evergreen Imaging Center” or the “Center”).

Evergreen Imaging Center currently operates as an independent diagnostic treatment facility providing a range of radiology services, including ultrasound and diagnostic radiology services. Diagnostic radiology services at the site include magnetic resonance imaging (MRI) and computed tomography (CT) scanning. The Center is currently owned by Manchester Memorial Hospital (50%) and an affiliate of ECI, ECI Evergreen, LLC (50%). ECHN now proposes to purchase, either directly or through an affiliate, the ownership interest held by ECI.

Evergreen Imaging Center is located on ECHN’s South Windsor campus, at which ECHN provides a variety of ambulatory services to the community, including primary care, laboratory, rehabilitation and ambulatory endoscopy services. The purchase by ECHN of the 50% interest in the Center now held by ECI Evergreen, LLC would permit ECHN to maintain sole ownership of the Center, and to integrate radiology services at the Center with other hospital services provided at the South Windsor campus and with services provided at ECHN’s hospitals and other locations.

Integration of these services under the ownership and control of ECHN will provide a more seamless continuum of care for patients of ECHN and ensure a single, high standard quality of radiology care for patients in the community. In addition, through access to ECHN’s administrative resources, group purchasing agreements and established vendor relationships, cost efficiencies may be realized. Further, transfer of the services to the non-profit ECHN health system can ensure that profits are reinvested in other essential health services.

The scope of services provided at the Center will not be changed; all radiology services currently provided will continue to be provided under the auspices of ECHN. It is not expected that the current population served will change or that the volume of services provided will change substantially. ECI will still provide professional services at the Center.

It is anticipated that ECHN will operate the Evergreen Imaging Center under the ownership of one of its hospital affiliates, ensuring that services are provided in coordinated, cost effective manner.

- b. Explain how each Applicant determined need for the proposal and discuss the benefits of this proposal for each Applicant (discuss each Applicant separately in separate paragraphs).

ECHN and ECI have long collaborated to provide quality radiology services to patients of ECHN. ECI is the exclusive provider of professional radiology services at ECHN's two hospitals, Manchester Memorial Hospital and Rockville General Hospital, and ECHN and ECI jointly established and operate the Evergreen Imaging Center. This proposal to transfer the ownership of the Center solely to ECHN furthers the purposes of the parties' continued collaboration by integrating services at the Evergreen Imaging Center with other services provided by ECHN.

The benefits of this proposal for each Applicant include:

ECHN: ECHN, through its various affiliates including Manchester Memorial Hospital and Rockville General Hospital, provides a broad range of health services to patients in Eastern Connecticut. At ECHN's South Windsor campus alone, services include primary care, specialty care, laboratory, rehabilitation, radiology services and ambulatory endoscopy services. ECHN continually assesses its clinical services to ensure they are operating at an optimal level and meeting the needs of its patients, families and physicians. On the basis of that assessment, ECHN determined that integration of the services of the Evergreen Imaging Center with the services of ECHN and its hospitals would ensure a single, high quality standard of radiology services. Integration of services also ensures improved care coordination as well as cost efficiencies through economies of scale and shared resources.

ECI: ECI is currently the exclusive provider of professional radiology services at ECHN's two hospital campuses. Integration of the Evergreen Imaging Center into the operations of ECHN permits ECI to provide services under a single standard of care.

- c. Provide a history and timeline of the proposal (e.g., When did discussions begin between the Applicants? What have the Applicants accomplished so far?).

ECHN continually assesses the structure of clinical services provided by its affiliates. Formal discussions between ECHN and ECI regarding the transfer of ownership of the Evergreen Imaging Center to the sole control of ECHN began in the Spring of 2011. After considerable thought and discussion, a decision was reached to transfer the ownership to better integrate services within ECHN.

During the past several months, the Applicants have obtained approval from their respective Boards of Directors and have engaged counsel to document ECHN's purchase of ECI's interest in the Center. ECHN has also put transition teams in place to ensure seamless integration of the services of the Center with those of ECHN.

- d. List any changes to the clinical services offered by the Applicants that result from this proposal, and provide an explanation.

All of the radiology services that are currently offered at Evergreen Imaging Center will continue to be offered to patients under the new ownership structure. No reduction in the scope of radiology services will occur as a result of this proposal.

- e. Describe the existing population served by the facility changing ownership or control, and how the proposal will impact these populations. Include demographic information as appropriate.

The existing population served by the Evergreen Imaging Center primarily includes patients who live in East Hartford, East Windsor, Ellington, Manchester, South Windsor and Vernon. The population of these towns is as follows:

<u>Town</u>	2010 Population	2015 Projected Population	Projected Growth
East Hartford	48,835	48,121	-1.5%
East Windsor	10,482	10,951	4.5%
Ellington	14,786	15,621	5.6%
Manchester	57,925	60,796	5.0%
South Windsor	25,911	25,901	0.0%
Vernon	30,102	30,654	1.8%
TOTAL	188,041	192,044	2.1%

Source for 2010 Population statistics and 2015 Population Projections:
Connecticut Economic Resource Center, Inc. (www.cerc.com)

The proposal will benefit patients in these communities through better coordination of care with other ECHN services and enhanced clinical quality and patient safety through greater integration and standardization of best practices. No changes to referral patterns are expected.

- f. Describe the transition plan and how the Applicants will ensure continuity of services. Provide a copy of a transition plan, if available.

The Applicants will ensure that the transition is a seamless as possible. All services currently offered at Evergreen Imaging Center will continue without interruption. Specific aspects of the transition include:

- **Clinical Protocols and Policies: Radiology Services at the Center will be provided consistent with the policies and procedures of ECHN. ECI will continue to provide services at the Center.**
- **Human Resources: Staff (including radiology technicians and support staff) at the Center will become employees of ECHN.**

- **Information Technology**: ECHN will utilize existing technology systems to ensure integration of medical records, scheduling, billing, reporting, clinical decision support systems, etc. at the Center with those of ECHN.
 - **Public Notice**: Public notice has been made in local papers as a pre-requisite to filing this CON application. In addition, handouts and brochures that explain the transition will also be made available in public spaces to inform patients about the change.
- g. For each Applicant (and any new entities to be created as a result of the proposal), provide the following prior to and after this proposal:
- i. Legal chart of corporate or entity structure including all affiliates.

Please see Attachment 1g for copies of entity structure prior to and after implementation of this proposal.

- ii. List of owners and the % ownership and shares of each.

The ownership structure of Evergreen Imaging Center is currently:

ECHN (through Manchester Memorial Hospital):	50%
ECI (through ECI Evergreen, LLC):	50%

After this proposal, Evergreen Imaging Center will be operated under the sole ownership and control of ECHN.

- h. Provide copies of all signed written agreements or memorandum of understanding, including all exhibits/attachments, between the Applicants related to the proposal. Note: If a final version is not available, provide a draft with an estimated date by which the final agreement will be available.

Please see Attachment 1h for a copy of the Membership Interest Purchase Agreement between the parties.

2. Quality Measures

- a. Submit a list of all key professional, administrative, clinical, and direct service personnel related to the proposal. Attach a copy of their Curriculum Vitae.

Key professional, administrative, clinical and direct service personnel related to the proposal include:

- **Peter J. Karl, President and Chief Executive Officer of ECHN;**
- **Kevin G. Murphy, Treasurer and Executive Vice President of Network/Business Development of ECHN;**
- **Kate Sims, Vice President of Operations of ECHN; and**
- **Edward G. Denstman, M.D., Vice President of ECI**

Please see Attachment 2a for copies of Curriculum Vitae.

- b. Explain how the proposal contributes to the quality of health care delivery in the region.

Greater integration of services under the auspices of ECHN will have a positive impact on the quality of health care delivery in the region. Integration of the radiology services at the Evergreen Imaging Center with those of ECHN will ensure a single standard of care and permit better coordination with other ECHN services.

3. Organizational and Financial Information

- a. Identify the Applicant's ownership type(s) (e.g. Corporation, PC, LLC, etc.).

Eastern Connecticut Health Network, Inc. and Manchester Memorial Hospital are nonstock Corporations. ECI is a Connecticut professional corporation (PC).

- b. Does the Applicant have non-profit status?
 Yes (Provide documentation) No (**See below**)

Eastern Connecticut Health Network, Inc. is a tax-exempt, non-profit organization. Please see Attachment 3b for documentation of non-profit status.

ECI does not have non-profit status.

- c. Provide a copy of the State of Connecticut, Department of Public Health license(s) currently held by the Applicant and indicate any additional licensure categories being sought in relation to the proposal.

Please see Attachment 3c for a copies of short-term acute care general hospital licenses held by Manchester Memorial Hospital and Rockville General Hospital.

- d. Financial Statements

- i. If the Applicant is a Connecticut hospital: Pursuant to Section 19a-644, C.G.S., each hospital licensed by the Department of Public Health is required to file with OHCA copies of the hospital's audited financial statements. If the hospital has filed its most recently completed fiscal year audited financial statements, the hospital may reference that filing for this proposal.

ECHN's audited financial statements for FY 2010 are currently on file with OHCA.

- ii. If the Applicant is not a Connecticut hospital (other health care facilities): Audited financial statements for the most recently completed fiscal year. If audited financial statements do not exist, in lieu of audited financial statements, provide other financial documentation (e.g. unaudited balance sheet, statement of operations, tax return, or other set of books.)

A copy Evergreen Imaging Center's audited financial statements for FY 2010 is attached as Attachment 3dii.

Please be advised that Evergreen Imaging Center's fiscal year as reflected in the FY2010 audited financial statements runs January through December. The FY2010 financials provided for Evergreen Imaging Center in Financial Attachment I (see Attachment 5a) have been adjusted to reflect an October through September fiscal year so that the financial projections will line up more appropriately with the ECHN fiscal year.

- e. Submit a final version of all capital expenditures/costs as follows:

Table 2: Proposed Capital Expenditures/Costs

Medical Equipment Purchase	\$
Imaging Equipment Purchase	
Non-Medical Equipment Purchase	
Land/Building Purchase *	
Construction/Renovation **	
Other Non-Construction (Specify) Purchase of Membership Interest	\$ 1,400,000
Total Capital Expenditure (TCE)	\$ 1,400,000
Medical Equipment Lease (Fair Market Value) ***	\$
Imaging Equipment Lease (Fair Market Value) ***	
Non-Medical Equipment Lease (Fair Market Value) ***	
Fair Market Value of Space ***	
Total Capital Cost (TCC)	\$
Total Project Cost (TCE + TCC)	\$ 1,400,000
Capitalized Financing Costs (Informational Purpose Only)	
Total Capital Expenditure with Cap. Fin. Costs	\$

* If the proposal involves a land/building purchase, attach a real estate property appraisal including the amount; the useful life of the building; and a schedule of depreciation.

** If the proposal involves construction/renovations, attach a description of the proposed building work, including the gross square feet; existing and proposed floor plans; commencement date for the construction/ renovation; completion date of the construction/renovation; and commencement of operations date.

*** If the proposal involves a capital or operating equipment lease and/or purchase, attach a vendor quote or invoice; schedule of depreciation; useful life of the equipment; and anticipated residual value at the end of the lease or loan term.

- f. List all funding or financing sources for the proposal and the dollar amount of each. Provide applicable details such as interest rate; term; monthly payment; pledges and funds received to date; letter of interest or approval from a lending institution.

ECHN intends to finance the acquisition through debt financing with MEI Healthcare Capital, LLC or an affiliate. Terms of the financing are under negotiation.

- g. Demonstrate how this proposal will affect the financial strength of the state's health care system.

Integration and alignment of care practices, staff, education, policies, procedures and programs, as well as economies of scale and access to hospital vendor relationships, will promote more efficient care and enhanced patient care coordination, which in turn will result in improved care and greater cost efficiencies. Control of the service by a non-profit health system will further allow profits to be invested back into other essential health services.

4. Patient Population Mix: Current and Projected

- a. Provide the current and projected patient population mix (based on the number of patients, not based on revenue) with the CON proposal for the proposed program.

Table 3: Patient Population Mix

	Current Year FY 2012	Year 1 FY 2013	Year 2 FY 2014	Year 3 FY 2015
Medicare*	27%	27%	27%	27%
Medicaid*	8%	8%	8%	8%
CHAMPUS & TriCare	4%	4%	4%	4%
Total Government	39%	39%	39%	39%
Commercial Insurers*	58%	58%	58%	58%
Uninsured	1%	1%	1%	1%
Workers Compensation	2%	2%	2%	2%
Total Non-Government	61%	61%	61%	61%
Total Payer Mix	100%	100%	100%	100%

* Includes managed care activity.

** New programs may leave the “current” column blank.

*** Fill in years. Ensure the period covered by this table corresponds to the period covered in the projections provided.

- b. Provide the basis for/assumptions used to project the patient population mix.

The payor mix at the Evergreen Imaging Center has generally stayed consistent over the years, and there are no significant changes expected looking forward.

5. Financial Attachments I

- a. Provide a summary of revenue, expense, and volume statistics, without the CON project, incremental to the CON project, and with the CON project. **Complete Financial Attachment I.** (Note that the actual results for the fiscal year reported in the first column must agree with the Applicant's audited financial statements.) The projections must include the first three full fiscal years of the project.

The completed Financial Attachment I for the Total Facility (Evergreen Imaging Center) and the Total Hospital Health System (ECHN) has been provided as Attachment 5a.

Please note:

The "Without CON" scenario on the Total Facility worksheet depicts the financials for Evergreen Imaging Center if Eastern Connecticut Imaging (ECI) continues to hold 50% ownership.

The "With CON" scenario on the Total Facility worksheet represents the financials for Evergreen Imaging Center if the ECI's ownership is transitioned to ECHN.

The incremental impact of the proposal can be found in the incremental columns of the Total Facility worksheet.

The incremental columns on the Total Hospital Health System worksheet contains the Evergreen Imaging Center financials from the "with CON" columns of the Total Facility worksheet, and shows the incremental impact of the acquisition on ECHN.

- b. Provide the assumptions utilized in developing **Financial Attachment I** (e.g., full-time equivalents, volume statistics, other expenses, revenue and expense % increases, project commencement of operation date, etc.).

The assumptions utilized in developing Financial Attachment I are as follows:

Volume Assumptions:

- **The total volume of all modalities (CT, MRI, Ultrasound and X-Ray) at Evergreen Imaging Center will increase 2.0% each year from FY2011 through FY2015 and will be the same with and without this proposal.**
- **All inpatient and outpatient volumes, including the CT, MRI, Ultrasound and X-Ray volume performed by the existing ECHN equipment, will remain constant at FY2011 levels with or without the CON.**

Revenue Assumptions:

- **The payer mix of Evergreen Imaging Center and ECHN will remain constant at the FY2011 distribution:**

Payer	Evergreen Imaging	ECHN
Non-Government	61%	55%
Medicare	27%	31%
Medicaid	8%	14%
Other Government	4%	0%

- The average reimbursement per procedure for Evergreen Imaging as a freestanding imaging facility (without the CON) in FY2011 is as follows:

Average Reimbursement	Without the CON
CT	\$404.99
MRI	\$659.08
Ultrasound	\$119.70
X-Ray	\$41.80

- The average reimbursement per scan for Evergreen Imaging Center without the CON (continued operation as a freestanding facility) will decrease 1.0% each year.
- The average reimbursement per procedure for a hospital-based facility (with the CON) in FY2011 is as follows:

Average Reimbursement	With the CON
CT	\$337.31
MRI	\$664.68
Ultrasound	\$189.63
X-Ray	\$103.13

- The average reimbursement per scan for Evergreen Imaging Center with the CON (ECI ownership acquired by ECHN and operated as a hospital department) will increase 0.3% each year.
- Net patient service revenue for ECHN will increase 3% each year with or without this proposal as a result of improved managed care contracting.
- Other operating revenue for ECHN will increase 5% each year with or without this proposal as a result of qualifying for the federal HITECH funding.
- Non-operating revenue for ECHN will also increase 5% each with or without the CON.

Expense Assumptions:

- **Operating expenses for ECHN will increase 2.5% each year with or without the CON.**
- **Operating expenses for Evergreen Imaging will increase 2.5% each year with or without the CON with three exceptions:**
 - (i) The radiologist reading fees are 20% of the net patient service revenue each year without the CON but are eliminated in the with the CON scenario as the radiologists will be responsible for billing their own fees,**
 - (ii) Billing fees incurred by Evergreen Imaging Center under the current operational structure are 4.5% of the net patient revenue each year without the CON but are eliminated in the with the CON scenario as billing for Evergreen Imaging Center will be managed by the existing billing department at ECHN, and**
 - (iii) The lease expense will increase 2.5% each year without the CON. With the CON, there is an additional lease expense of \$360,000 each year (except for FY2012, which is a partial year and only \$180,000).**

FTE Assumptions:

- **There will be no change in the number of FTEs utilized by Evergreen Imaging Center with or without this proposal.**
 - **The number of FTEs at ECHN will remain constant at FY2011 levels with or without this proposal.**
- c. Identify the entity that will be billing for the proposed service(s).

It is anticipated that Rockville General Hospital will bill for the proposed services.

- d. As a result of the proposal, will there be any change to existing reimbursement contracts between the Applicants and payers (e.g. Medicare, Medicaid, commercial)? Explain.

There will be no changes to the existing reimbursement contracts of Rockville General Hospital. Services will be billed by Rockville Hospital rather than by Evergreen Imaging Center.

- e. Provide the minimum number of units required to show an incremental gain from operations for each fiscal year.

The minimum number of scans required to achieve an incremental gain is significantly less than the current facility volume and the volume projections associated with this proposal:

CON Volume Projections	FY2012	FY2013	FY2014	FY2015
CT	2,110	2,153	2,196	2,240
MRI	1,988	2,028	2,068	2,110
Ultrasound	5,293	5,399	5,507	5,617
X-Ray	7,239	7,384	7,531	7,682

Minimum Volume Required to Breakeven	FY2012	FY2013	FY2014	FY2015
CT	1,383	1,491	1,520	1,550
MRI	1,303	1,405	1,432	1,460
Ultrasound	3,469	3,741	3,813	3,886
X-Ray	4,744	5,116	5,215	5,315

Minimum Volume Required to Achieve an Incremental Gain	FY2012	FY2013	FY2014	FY2015
CT	1,384	1,492	1,521	1,551
MRI	1,304	1,406	1,433	1,461
Ultrasound	3,470	3,742	3,814	3,887
X-Ray	4,745	5,117	5,216	5,316

- f. Explain any projected incremental losses from operations contained in the financial projections that result from the implementation and operation of the CON proposal.

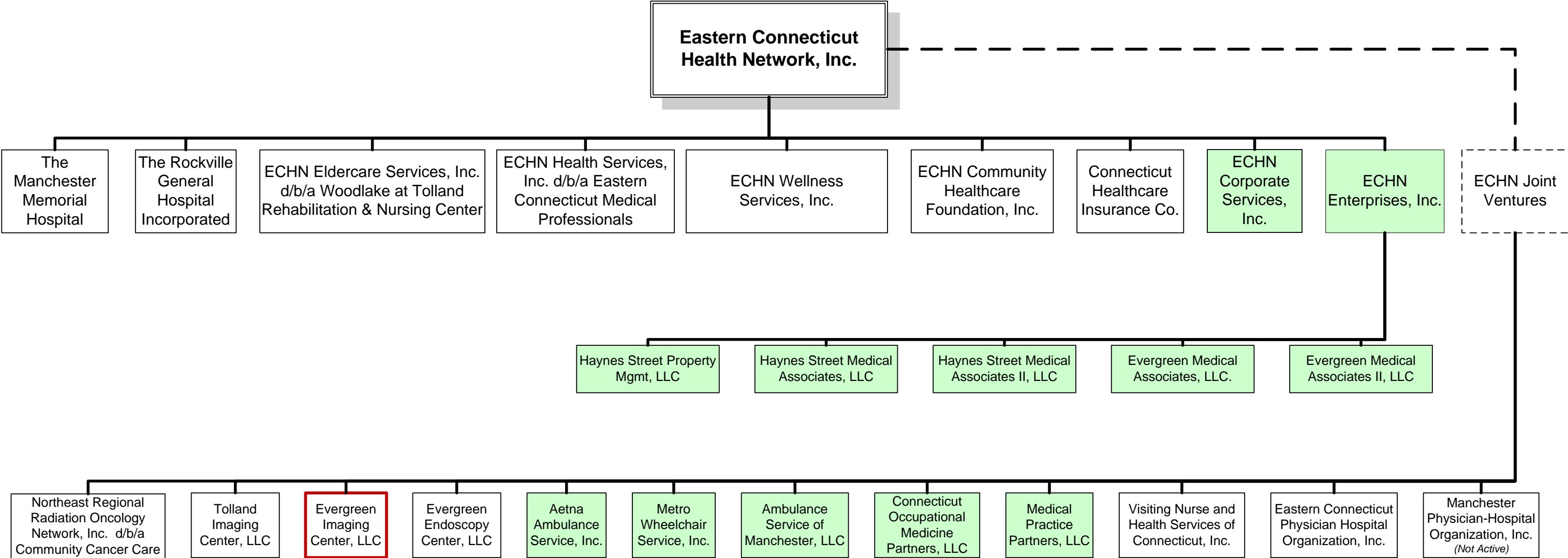
Not applicable - No incremental losses from operations are contained in the financial projections that result from the implementation and operation of this proposal.

- g. Describe how this proposal is cost effective.

As noted above, through greater integration and alignment of care practices, staff, education, policies, procedures and programs, the proposal will promote more efficient care and enhanced patient care coordination, which in turn will result in improved care and greater cost efficiencies.

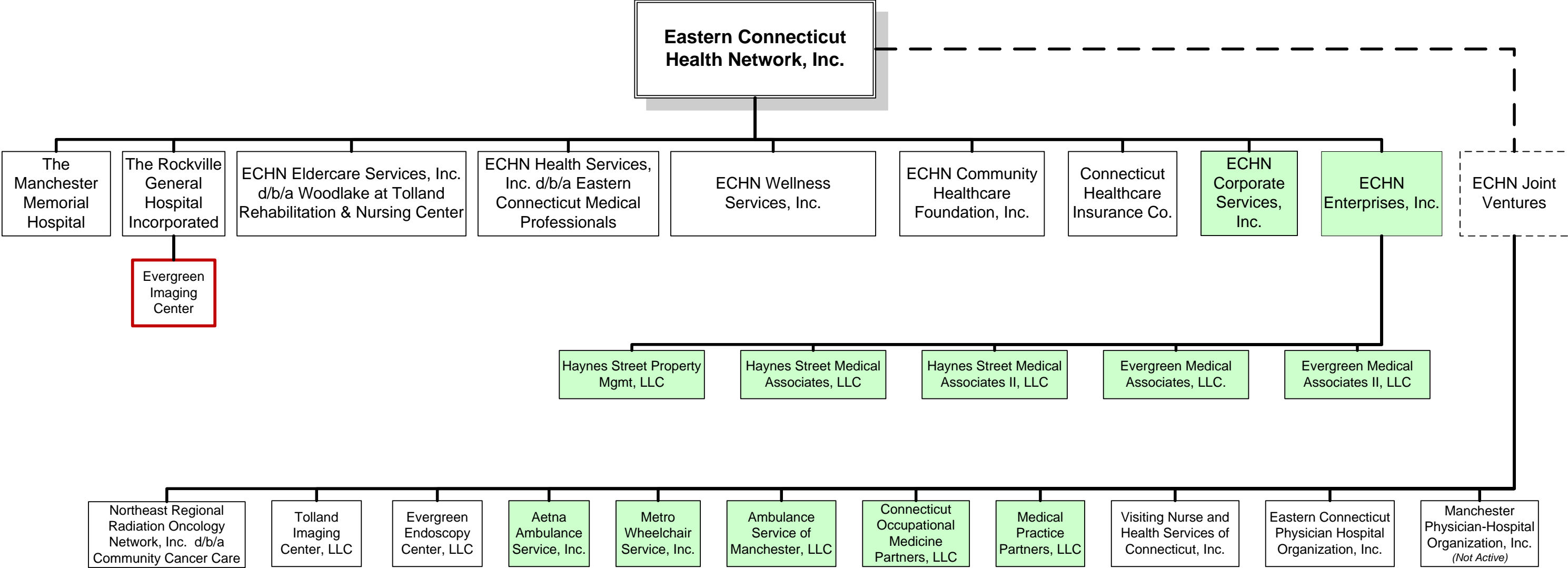
Attachment 1g

Entity Structure Before Proposal Implementation



For Profit Entity

Entity Structure After Proposal Implementation



For Profit Entity

Attachment 1h

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this “**Agreement**”) is dated as of November 11, 2011, by and between **ECI Evergreen, LLC**, a Connecticut limited liability company (“**ECI**”) and **Eastern Connecticut Health Network, Inc.**, a Connecticut nonstock corporation (“**ECHN**”).

BACKGROUND

WHEREAS, each of ECI and Manchester Memorial Hospital, an affiliate of ECHN (“**MMH**”), owns fifty percent (50%) of the membership interests of Evergreen Imaging Center, LLC (“**Evergreen Imaging**”), a Connecticut limited liability company governed by a certain Operating Agreement of Evergreen Imaging Center, LLC dated November 9, 2005 (the “**Operating Agreement**”), which operates an independent diagnostic testing facility in South Windsor, Connecticut (the “**Center**”); and

WHEREAS, Eastern Connecticut Imaging, P.C. (the “**PC**”), an affiliate of ECI, provides all professional services at the Center; and

WHEREAS, ECHN desires to purchase from ECI, and ECI desires to sell to ECHN, all of ECI’s membership interest in Evergreen Imaging (the “**Membership Interest**”) in return for the Purchase Price (as defined below), on the terms and subject to the conditions set forth herein; and

WHEREAS, following the purchase, ECHN intends to operate the Center as a provider-based department of an affiliate of ECHN under 42 C.F.R. § 413.65,

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties and covenants herein contained, the parties, intending to be legally bound, hereby agree as follows:

1. Purchase and Sale of Membership Interest.

1.1 Purchase. On and subject to the terms of this Agreement and the Operating Agreement, at the Closing (as defined in Section 1.2) ECHN (or, at its election, an affiliate of ECHN) shall purchase from ECI, and ECI shall sell, transfer, assign and convey to ECHN (or such affiliate), all of ECI’s right, title and interest in and to the Membership Interest for the consideration of One Million Four Hundred Thousand Dollars (\$1,400,000), plus or minus a post-closing adjustment (the “**Post-Closing Adjustment**”) calculated as set forth below (such adjusted amount, the “**Purchase Price**”).

(a) Post-Closing Adjustment. ECHN intends to terminate and dissolve Evergreen Imaging and to operate the Center as an out-patient department of a hospital affiliate.

The Post-Closing Adjustment shall equal fifty percent (50%) of “**Net Cash**” as defined below, which may be a positive or negative number. Hence if Net Cash is a positive number, the Purchase Price shall be increased by fifty percent (50%) thereof; if Net Cash is a negative number, then the Purchase Price shall be decreased by fifty percent (50%) thereof. To determine the Post-Closing Adjustment, Evergreen Imaging shall collect all accounts receivable outstanding as of the Closing Date (as defined below) (such aggregate collections being referred to as the “**AR Collections**”) and shall pay all accounts payable due with respect to the period ending on the Closing Date, including without limitation any sums due to the PC under the Professional Services Agreement (collectively, the “**Accounts Payable**”). Net Cash shall equal the following, calculated as of the last day of the sixth (6th) full month ending after the Closing Date (the “**Determination Date**”): (A) the sum of (i) cash and cash-equivalents of Evergreen Imaging as of the Closing Date, plus (ii) the AR Collections; minus (B) the sum of (i) the Accounts Payable, plus (ii) \$153,334 (for working capital of the Center).

ECHN shall present its calculation of Net Cash and supporting detail to ECI within thirty (30) days after the Determination Date. ECI shall have thirty (30) days thereafter within which to request information from ECHN regarding this calculation and to object thereto, failing which such calculation shall be deemed final and binding on the parties. In the event that the parties are unable to reach agreement on the calculation of Net Cash, then either of them may by notice to the other refer the matter to an independent accounting firm mutually acceptable to both parties, whose determination of Net Cash shall be conclusive.

(b) Payment of Purchase Price. ECHN shall pay to ECI at the Closing, by check or wire transfer, as an initial payment of the Purchase Price, the sum of One Million Four Hundred Thousand Dollars (\$1,400,000) minus ECHN’s reasonable estimate of the Post-Closing Adjustment, if that be a negative number (the “**Initial Payment**”). Within fourteen (14) days after the Post-Closing Adjustment and, therefore, the Purchase Price have been conclusively determined, the excess, if any, of the Purchase Price over the Initial Payment shall be paid by ECHN to ECI, or the excess, if any, of the Initial Payment over the Purchase Price shall be paid by ECI to ECHN.

1.2 Closing; Closing Date. The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall take place at such date, time and place as the parties to this Agreement mutually agree in writing following satisfaction or waiver of the closing conditions set forth in Section 4 hereof (the “**Closing Date**”).

1.3 Pre-Closing Cooperation. The parties shall cooperate to obtain the certificate of need required to be obtained from the State of Connecticut Department of Public Health (the “**Certificate of Need**”). ECI shall provide ECHN with any information necessary or desirable in connection with the Certificate of Need approval process.

1.4 Effect of Purchase. Immediately upon Closing, ECI shall have no further rights or obligations as a member of Evergreen Imaging, including without limitation any rights to participate in management or to receive distributions, except as otherwise provided in the Operating Agreement with respect to former members; provided, however, that the restrictive

covenants set forth in Article XI thereof shall be superseded and replaced by the restrictive covenants set forth in the Outpatient Imaging Services Agreement (as hereinafter defined).

2. Representations and Warranties.

2.1 Representations and Warranties of ECI. ECI hereby represents and warrants to ECHN that the statements contained in this Section 2.1 are and will be correct and complete as of the date of this Agreement and as of the Closing Date.

(a) Organization and Good Standing. ECI is a limited liability company validly existing and in good standing under the laws of the State of Connecticut with full power and authority to own, lease and operate its properties and to carry on the business as now being and as heretofore conducted.

(b) Authorization of Transactions. ECI has the requisite corporate power and capacity, and has taken all action necessary or appropriate, to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of ECI, enforceable in accordance with its terms and conditions. ECI has the requisite corporate power and capacity to execute and deliver any notice to, make any filing with, or obtain any authorization, consent, or approval of, any governmental authority in order to consummate the transactions contemplated by this Agreement.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the articles of organization, operating agreement or other governing document of ECI, (ii) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any governmental authority to which ECI is subject, or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice or consent under, any agreement, contract, lease, license, instrument or arrangement to which ECI is a party or by which it is bound.

(d) Brokers' Fees. ECI has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which ECHN could become liable or obligated.

(e) Litigation. There is not now any action, suit, investigation or proceeding pending, or to the best knowledge of ECI, threatened against, involving or affecting ECI, the Membership Interest or Evergreen Imaging before any court or arbitrator or any governmental body, agency or official and, to the best knowledge of ECI, there is no basis therefor at this time.

(f) Membership Interest. ECI holds of record and owns beneficially the Membership Interest, free and clear of any restrictions on transfer (except as described in the Operating Agreement), security interests, options, warrants, purchase rights, puts, calls, contracts, commitments, equities, claims or demands. ECI is not a party to any option, warrant, purchase

right or other contract or commitment that could require it to sell, transfer or otherwise dispose of any portion of the Membership Interest.

2.2 Representations and Warranties of ECHN. ECHN hereby represents and warrants to ECI that the statements contained in this Section 2.2 are and will be correct and complete as of the date of this Agreement and as of the Closing Date.

(a) Organization and Good Standing. ECHN is a nonstock corporation validly existing and in good standing under the laws of the State of Connecticut with full power and authority to own, lease and operate its properties and to carry on the business as now being and as heretofore conducted.

(b) Authorization of Transactions. ECHN has the requisite corporate power and capacity, and has taken all action necessary or appropriate, to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of ECHN, enforceable in accordance with its terms and conditions. ECHN has the requisite corporate power and capacity to execute and deliver any notice to, make any filing with, or obtain any authorization, consent, or approval of, any governmental authority in order to consummate the transactions contemplated by this Agreement.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the certificate of incorporation, bylaws or other governing document of ECHN, (ii) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any governmental authority to which ECHN is subject, or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice or consent under, any agreement, contract, lease, license, instrument or arrangement to which ECHN is a party or by which it is bound.

(d) Brokers' Fees. ECHN has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which ECI could become liable or obligated.

(e) Litigation. There is not now any action, suit, investigation or proceeding pending, or to the best knowledge of ECHN, threatened against, involving or affecting ECHN before any court or arbitrator or any governmental body, agency or official which in any manner challenges or seeks to prevent, enjoin, alter or delay the consummation of the transactions contemplated by this Agreement and, to the best knowledge of ECHN, there is no basis therefor at this time.

(f) Open MRI Transactions. ECHN agrees that after the Closing Date and the closing of the Open MRI Transactions (as defined in Section 4.1(h)) it shall exert good faith efforts to relocate the magnetic resonance imaging equipment currently operated by Open MRI of Buckland Hills LLC to the Center as promptly as may be reasonable under the circumstances.

3. **Further Assurances.** In the event that at any time after execution and delivery of this Agreement any further action is necessary or desirable to carry out the purposes of this Agreement in a manner consistent with this Agreement, each of the parties will take such further action (including the execution and delivery of such further instruments and documents) as the other party may reasonably request, all at the sole cost and expense of the requesting party.

4. **Conditions to Obligation to Close.**

4.1 **Conditions to Obligation of ECHN.** The obligation of ECHN to consummate the transaction to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) ECI shall have conveyed to ECHN the Membership Interest free and clear of all claims, liens and encumbrances, pursuant to an assignment agreement reasonably satisfactory to both parties;

(b) The parties shall have received a favorable Certificate of Need authorizing the purchase by ECHN of the Membership Interest and the operation of the Center on and after the Closing as a provider-based facility of ECHN;

(c) The parties shall have terminated that certain Professional Services Agreement dated November 9, 2005 by and between Evergreen Imaging and the PC (the "**Professional Services Agreement**"), pursuant to a termination agreement reasonably satisfactory to both parties;

(d) The parties shall have amended that certain Medical Imaging Services Agreement dated March 22, 2008 by and among the PC, MMH and certain affiliates of MMH (the "**Hospital Services Agreement**") to (i) provide for continued services under the Hospital Services Agreement despite the termination of the Professional Services Agreement for a period of time mutually agreed upon by the parties, and (ii) provide for such other terms as may be agreed to by the parties (such amended agreement, the "**Amended Hospital Services Agreement**").

(e) ECHN (or an affiliate), the PC and Mandell & Blau, M.D.s, P.C. ("**M&B**") shall have entered into an Outpatient Imaging Services Agreement pursuant to which the PC and M&B will cooperate to provide professional radiology services at the Center and the Women's Center for Wellness, which agreement shall be on terms mutually satisfactory to ECHN, the PC and M&B (the "**Outpatient Imaging Services Agreement**");

(f) The parties shall have entered into a consulting agreement pursuant to which ECI and/or the PC will provide certain transition services to ECHN, which agreement shall be on terms mutually satisfactory to ECHN and ECI and shall provide for ECI and/or the PC to be paid an amount of \$10,000 per month for (i) the period from the Closing Date through the date on which the operations of Open MRI of Buckland Hills LLC are merged into those of

the Center, or (ii) three (3) months following the Closing Date, whichever is longer (the “Transition Services Agreement”);

(g) Evergreen Imaging shall have made distributions to its members in a manner consistent with the Operating Agreement and prior practice;

(h) ECHN (or an affiliate) shall have acquired the assets of Open MRI at Buckland Hills LLC, Open MRI of Enfield LLC, Open MRI of Glastonbury LLC and Open MRI of Middletown LLC (the “Open MRI Transactions”) or shall have obtained reasonable assurance that the Open MRI Transactions will close within a time period reasonably satisfactory to ECHN; and

(i) All actions to be taken by ECI or the PC in connection with the consummation of the transactions contemplated hereby, and all certificates, instruments and other documents required to effect the transactions contemplated hereby, will be reasonably satisfactory in form and substance to ECHN.

4.2 Conditions to Obligation of ECI. The obligation of ECI to consummate the transaction to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) ECHN shall have delivered the Purchase Price payable at Closing in accordance with Section 1 hereof;

(b) The parties shall have terminated the Professional Services Agreement;

(c) The parties shall have entered into the Amended Hospital Services Agreement;

(d) ECHN (or an affiliate), the PC and M&B shall have entered into the Outpatient Imaging Services Agreement;

(e) The parties shall have entered into the Transition Services Agreement;

(f) Evergreen Imaging shall have made distributions to its members under Section 8.1 of the Operating Agreement with respect to its fiscal year ending December 31, 2011 in an amount at least equal to the taxable income of the members with respect to such year, as determined by its accountants;

(g) The Open MRI Transactions shall have closed or ECHN shall have provided to ECI reasonable assurance that the Open MRI Transactions will close within a time period reasonably satisfactory to ECI; and

(h) All other actions to be taken by ECHN (or its affiliates) in connection with the consummation of the transactions contemplated hereby, and all certificates, instruments and

other documents required to effect the transactions contemplated hereby, will be reasonably satisfactory in form and substance to ECI.

5. Indemnification.

5.1 Survival. All of the representations, warranties and covenants of the parties contained in this Agreement will survive indefinitely.

5.2 Indemnification by ECI. ECI shall indemnify and hold ECHN and its affiliates, employees, agents, predecessors, successors, representatives, heirs and assigns harmless from and against (a) any and all liability, damages, losses and expenses (including reasonable attorneys' fees and expenses) ("**Losses**") suffered or incurred by them and relating to or arising from any breach of any representation, warranty or covenant made by ECI under this Agreement or any other document delivered in connection herewith, and (b) fifty percent (50%) of any and all Losses suffered or incurred by Evergreen Imaging and relating to or arising from the operations of Evergreen Imaging prior to the Closing Date, other than trade payables and other expenses arising in the normal course of Evergreen Imaging's operations. Losses under clause (b) of the preceding sentence may include, for example, recoupments by payors of overpayments for services rendered by Evergreen Imaging, penalties and expenses arising from investigations by federal or state governmental entities, and professional liability claims in excess of available insurance coverage.

5.3 Indemnification by ECHN. ECHN shall indemnify and hold ECI and its affiliates, employees, agents, predecessors, successors, representatives, heirs and assigns harmless from and against any and all Losses suffered or incurred by them and relating to or arising from any breach of any representation, warranty or covenant made by ECHN under this Agreement or any other document delivered connection herewith.

5.4 Procedure. In the event any claim, action, investigation, proceeding or other matter is commenced or asserted in writing by a third party that may give rise to a Loss subject to indemnification hereunder (each a "**Third-Party Claim**"), the party with a potential right to indemnification hereunder shall give notice to the indemnifying party with reasonable promptness after it gains actual knowledge of the Third-Party Claim, including all relevant particulars thereof. The indemnifying party shall have to right to defend against the Third-Party Claim with counsel of its choosing but reasonably satisfactory to the indemnified party. The indemnified party shall be entitled to participate in such defense with its own counsel at its own expense. Both parties shall provide to the other and its counsel all reasonable cooperation necessary or appropriate in connection with defending against the Third-Party Claim. The indemnifying party may not agree to settle any Third-Party Claim without the written consent of the indemnified party, unless such settlement involves only the payment of money by the indemnifying party and no imposition of obligations on, or liability or admissions by, the indemnified party or its affiliates.

5.5 Limitations. Written notice of any claim for indemnification hereunder must be given no later than three (3) years after the Closing Date. The aggregate amount of all sums

payable by either party in discharge of its indemnification obligations hereunder shall be limited to the Purchase Price. Neither party will have any obligation to make indemnification payments hereunder except to the extent that Losses of the indemnified party exceed Fourteen Thousand Dollars (\$14,000.00). The foregoing limitations in this Section 5.5 shall not apply to any indemnification claim based on the fraudulent conduct or intentional misconduct of the indemnifying party.

5.6 Exclusive Remedy. Each of the parties agrees that its sole and exclusive remedy after the Closing with respect to any and all claims relating to this Agreement, the events giving rise to this Agreement and the transactions provided for herein or contemplated hereby, shall be pursuant to the indemnification provisions contained in this Section 5. Notwithstanding the foregoing, the limitations set forth in this Section 5.6 shall not apply to any claim of a Party against another Party (i) based on the actual fraud of such other Party, (ii) asserted under the Operating Agreement, or (iii) asserted under the Professional Services Agreement.

6. Miscellaneous.

6.1 No Third-Party Beneficiaries. This Agreement will not confer any rights or remedies upon any person other than the parties and their respective successors and permitted assigns.

6.2 Entire Agreement. This Agreement (including the documents referred to herein and the schedules attached hereto) constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements, or representations by or between the parties, written or oral, to the extent they related in any way to the subject matter hereof.

6.3 Succession and Assignment. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party.

6.4 Counterparts. This Agreement may be executed and delivered (including by electronic or facsimile transmission) in several counterparts, each of which shall be an original, so that all of which taken together shall constitute one and the same instrument.

6.5 Headings. The Section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

6.6 Notices. Any notice, request or other communication hereunder (each, a "Notice") shall be delivered to a party at its address set forth below. All Notices shall be in writing, sent by first class mail or by private or commercial courier, and deemed to have been duly given upon proper delivery to the proper address. Either party may change the address to which Notices hereunder are to be delivered by giving the other party notice in the manner herein set forth.

If to ECI:

ECI Evergreen, LLC
341 East Center Street
P.M.B. #141
Manchester, CT 06040
Attention: Edward Denstman, M.D.

With a copy to:

Day Pitney LLP
242 Trumbull Street
Hartford, CT 06103
Attn: Robert G. Siegel, Esq.

If to ECHN:

Eastern Connecticut Health Network, Inc.
71 Haynes Street
Manchester, CT 06040
Attention: CEO

With a copy to:

Wiggin and Dana LLP
One Century Tower
265 Church Street
New Haven, CT 06510
Attn: Bennett J. Bernblum, Esq.

6.7 Governing Law. This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of Connecticut, without giving effect to its conflict of laws principles.

6.8 Amendments and Waivers. No amendment of any provision of this Agreement will be valid unless the same is in writing and signed by ECHN and ECI. No waiver by either party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, will be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder, or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

6.9 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

6.10 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring either party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state or local statute or law will be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" will mean including without limitation. The parties intend that each representation, warranty and covenant contained herein will have independent significance. If any party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the party has not breached will not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant.

IN WITNESS WHEREOF, the parties hereto have executed this Membership Interest Purchase Agreement as of the date first above written.

ECI EVERGREEN, LLC

By: Edward G. Denstman
Name: Edward G. Denstman
Title: President

MANCHESTER MEMORIAL HOSPITAL

By: Peter J. Karl
Name: Peter J. Karl
Title: President & CEO

Attachment 2a

PETER J. KARL
243 Feldspar Ridge
Glastonbury, Connecticut 06033
(W) (860) 930-2698
(H) (860) 633-8773

(W) pkarl@echn.org
(H) DKRNOR@optonline.net

SUMMARY OF QUALIFICATIONS:

Senior health care executive with extensive experience in creating new programs and services in small and large not-for-profit Hospital Systems. Well experienced in reengineering initiatives inclusive of significant cost reduction initiatives and program realignment. Strengths include medical staff relations, team building, operations and financial management. A strategic thinker with the ability to grow existing programs, implement new initiatives and operationalize all types of projects, both small and large. In addition, well experienced in funding projects through various avenues; including, but not limited to, joint ventures, REITs, fundraising, short and long term financing, operational surplus' and non-performing asset sales.

PROFESSIONAL BACKGROUND:

**July 2004-
Present**

Eastern Connecticut Health Network (ECHN): Manchester, CT

Eastern Connecticut Health Network is a \$290 million health system formed in 1995 consisting of two acute care hospitals (305 beds and 102 beds), a 130 bed long term care facility, several free-standing satellite facilities, real estate arm, and various joint ventures (Ambulance Company, Radiation Oncology, Cardiac Catheterization laboratory, Visiting Nurse Association, Occupational Medicine, Imaging Centers, GI Center, MSO).

**December 2004-
Present**

Eastern Connecticut Health Network: Manchester, CT

President and Chief Executive Officer

- Led organization to first profit in several years in 2005
- Subsequent profits in 2006, 2008, 2009, 2010
- Developed new strategic plan comprised of physician partnering, demographic growth, patient quality and financial stability
- Hired 75 new physicians since 2005
- Established NICU services
- Matured hospitalist program, hired orthopedic, general surgeon and GI hospitalists
- Grew physician employment subsidiary from \$3 million to \$20 million
- Built and opened 2 new free-standing imaging joint ventures
- Acquired competing Imaging Center

- Built and opened new free-standing GI joint venture
- Relocated and expanded Women’s Health center
- Constructed new 30 bed Intensive Care Unit
- Constructed new 30 bed addition to LTC facility
- Partnered with physicians to create successful PHO
- Built new 30,000 square foot cancer center
- Formed Physician Strategic Council to gain “non-leadership” physician support
- Established combined Board of Trustee and Physician retreats resulting in cohesive relationships between Trustees, Physicians and Senior Management

**July 2004-
December 2004**

Eastern Connecticut Health Network: Manchester, CT
Executive Vice President and Chief Operating Officer

- Hired as successor to existing CEO

October 1999-

ST. JOSEPH’S HEALTHCARE SYSTEM (SJHS): Paterson, New Jersey

June 2004

St. Joseph’s Healthcare System is a newly formed system consisting of a 792-bed tertiary, inner city medical center; a 229-bed acute care community institution; a 120-bed Long Term Care Facility; and a Visiting Nurse and Hospice Care corporation.

**March 2001-
June 2004**

ST. JOSEPH’S WAYNE HOSPITAL: Wayne, New Jersey
President

- Chief Executive responsible for 229 bed acute care hospital with \$70 million operating budget
- In first 10 months reduced annual operating losses from \$10.6 million to \$1.15 million against a budgeted loss of \$3.5 million; through reduction in costs, contract renegotiation and improved revenue.
- Achieved \$885K profit in 2002
- Recruited new Senior Management Team
- Recruited 45 new physicians on staff
- Developed 5 year turn-around plan and operational “strategic plan”
- Contracted for Full-time MRI Services (6/01)
- Opened new Senior Acute Care Unit (8/01)
- Launched New Diabetes Program (6/02)
- Worked closely with Executive Director of Foundation and Foundation Board and launched a \$3.5 million Capital Campaign (9/02)
 - \$1.2 million secured to date
- Lead organization to achieving a score of 95 on JCAHO survey
- Opened new 20-bed Comprehensive Acute Rehabilitation Unit (11/02)
- Developed and opened new Cardiac Catheterization Laboratory (2/03)

**March 2001-
June 2004**

ST. JOSEPH’S HEALTHCARE SYSTEM
Senior Vice President, Operations

- Executive Management Team Member

March 2001 – January 2003

- Led System-wide \$7.0 million non-labor cost reduction initiative
 - Consolidated Pathology Services between both campuses
 - Contracted with single Pharmacy distributor
 - Consolidated Supply Chain and contracted with single GPO
 - Consolidated IT Departments
- “System” responsibilities for the following departments:
 - Radiology Services
 - Pathology
 - Supply Chain

**October 1999-
March 2001**

ST. JOSEPH’S HOSPITAL & MEDICAL CENTER: Paterson, New Jersey
Vice President, Clinical Services

Recruited by a new management team to develop “Centers of Excellence” for St. Joseph’s Hospital and Medical Center

- Administratively responsible for several clinical departments of the 792-bed tertiary care center, to include:
 - Anesthesia Services
 - Cardiology
 - Cardiac Surgery
 - Rehabilitation
 - Radiology
 - Pathology
 - Pharmacy
 - Mobile Intensive Care Unit
 - Orthopedics
 - Medicine
 - Oncology
- Designed and developed an off-site comprehensive 7,500 square foot Diagnostic Imaging Center (opened 2/03)
- Developed and led a Cardiac Services Task Force to define strategically how Cardiology should be positioned in the institution and community. Created a Department of Cardiovascular Services comprised of both Cardiology and Cardiac Surgery under single leadership
- Assisted the Cardiac Task Force with designing an extensive floor plan to “carve-out” Cardiovascular Services from other overlapping hospital departments

**August 1991-
October 1999**

STAMFORD HEALTH SYSTEM: Stamford, Connecticut

Stamford Health System: A small health system consisting of a 305 bed hospital, several off-site for profit and not-for-profit entities, a Long Term Care Facility, a CCRC and a 235,000 square foot Ambulatory Care Facility

**May 1997-
October 1999**

STAMFORD HEALTH SYSTEM:
Project Manager, CS2000 Reengineering Initiative

- Administratively responsible for system-wide reengineering initiative to include:
- Formation of an internal consulting department
- Selection of a nationally renowned reengineering firm
- Development of a five year financial forecast to project Health System's future viability
- Benchmarked SHS against other similar institutions to establish Service, Cost and Quality targets
- Established a cost reduction target of \$17-20 million (12-15% of operating costs)
 - Coordinated both Labor and Non-Labor reductions
- Coordinated and oversaw merger and closure of competing hospital; inclusive of merging staff, analyzing direct and indirect costs, and "ramp down" of all hospital services
- Part of Executive Team that designed and developed a \$70 million, 235,000 square foot ambulatory care facility
- Worked extensively with Vice President of Foundation to raise capital for new expansion project, including several "naming" opportunities

**August 1996-
October 1999**

STAMFORD HEALTH SYSTEM: Stamford, Connecticut
Vice President, Ambulatory Services

- Administratively responsible for successful operations of the following Business Units and Departments:
- Imaging Services; to include 2 Healthcare facilities and 2 Free-Standing Centers; combined performing in excess of 130,000 procedures annually.
- Comprehensive Cancer Center; to include an independent Medical Oncology, P.C. and integrated Radiation Oncology Department.
- Free-Standing, For-Profit Retail Pharmacy
- Free-Standing, For-Profit Surgical Center performing in excess of 5,600 procedures annually.
- LLC Partnership in an independent IV Home Therapy and Home Care Company in Central Connecticut.
- Adult, General Care, Ambulatory Services Clinic at 2 Health Care Facilities, combined totaling in excess of 45,000 visits annually.
- Free-Standing Pediatric Ambulatory Care Clinic.

**February 1991-
August 1996**

THE STAMFORD HOSPITAL: Stamford, Connecticut
Director, Radiological Services

**July 1986-
Feb 1991**

ST. JOSEPH MEDICAL CENTER: Stamford, Connecticut
Radiology Administrator

**July 1983-
July 1986**

ST. AGNES HOSPITAL: White Plains, New York
Chief Radiologic Technologist (1984-1986)
Assistant Chief Radiologic Technologist (1983-1984)

Staff Technologist (1983)

EDUCATIONAL BACKGROUND

1994-1996 UNIVERSITY OF NEW HAVEN: Connecticut
Master of Business Administration (M.B.A.) Degree

1983 DANBURY HOSPITAL SCHOOL OF RADIOLOGIC TECHNOLOGY
Certificate in Radiologic Technology

1979-1983 SALEM COLLEGE: West Virginia
Bachelor of Science (B.S.) Degree in Management

AFFILIATIONS & COMMUNITY PROJECTS

American Registry Radiologic Technology
Member of Connecticut Hospital Association
Member of American College of Healthcare Executives

1999: Board Member of independent Federally Qualified Health Clinic
2002: Chairman of American Heart Walk for Bergen-Passaic Counties
2005/6: CHA Finance Committee
2007: Board Member, CHA Diversified Network Services
2009: Honorary Chair, Manchester Community College Fundraising Event
2009: Elected to AHA Regional Policy Board
2010: Received Grassroots Champion Award in Washington, D.C.
2011-present: Secretary, CHA Board of Directors
2011-present: Guest Lecturer UConn School of Business
2011-present: UConn School of Business Advisory Board
2011-present: Chairman, CHA Committee on Government

COMPUTER SKILLS

- P.C. and Macintosh Systems.

PERSONAL PROFILE

- Married, 3 children: Joseph, Daniel and Victoria

REFERENCES

References furnished upon request

KEVIN G. MURPHY

TREASURER AND EXECUTIVE VICE PRESIDENT OF NETWORK/BUSINESS DEVELOPMENT

BIOGRAPHICAL INFORMATION

Mr. Murphy joined Eastern Connecticut Health Network (ECHN) as the Senior Vice President and Chief Financial Officer and all its affiliates in 2001. Eastern Connecticut Health Network (ECHN) is a not-for-profit health system that consists of two hospitals, a nursing home, two wellness centers, and other healthcare partners. In July 2010, Mr. Murphy was promoted to Treasurer and Executive Vice President of Network/Business Development. Mr. Murphy previously served as Vice President/CFO of HealthStar, Inc., before being promoted to President from 1996 to 2001 and held previous posts as CFO, Vice President Finance and Controller of White Plains Hospital from 1986 through 1995. Mr. Murphy completed his undergraduate degree at Iona College in 1980 and is a graduate of Long Island University with a Master of Science degree. Mr. Murphy is a Fellow of the Healthcare Financial Management Association. He has been a member of the Governor's Task Force on Hospitals for the State of Connecticut since 2007, the only hospital CFO to be appointed to that Task Force. He is a member of the Connecticut Hospital Association's Committee on Finance. He serves on the Glastonbury (CT) Advisory Board for Rockville Bank and is an Advisory Board member of the Hockanum Valley Community Council in Vernon, CT.

Kate Sims

Core Skills

- Highly focused on customer satisfaction and quality.
- Demonstrated ability to work on interdisciplinary projects, including communication of findings to staff and assurance of follow-up.
- Effective management of cost reduction initiatives saving 4.2Mill in FY09, 3Mill on 2.5 target for FY10. FY11 tracking 2.2% ahead of a2.6Mill Cost reduction target.
- Development of Management Financial Tools for Budget Accountability
- Effective staff mentoring and training coach.
- Effective management of capital and operational budget.
- Evaluation of service needs as it relates to in-patient/out-patient services, various modalities and information systems, including the future scope of services.
- Knowledge of all hospital systems software.
- Highly energetic; ability to work well under pressure; great sense of humor and finds challenge very stimulating.

Experience

8/2005 – present

Eastern Connecticut Healthcare Systems at Manchester and Rockville, Connecticut

Vice President of Operations

- Oversee the operational, financial and capital acquisitions for Cardiology Services, Neurology Services, Cancer Center, Breast Care Collaborative, Radiology Services, Sleep Lab, Diabetes Self Management, Cardiopulmonary Services, Physical Therapy, Pharmacy, Business Operations, Biomed, Safety, Security, Food & Nutrition, Engineering and Environmental Services.
- Currently directly supervises 8 direct reports with approximately 450 plus indirect reports
- Vice Chair of Northeast Purchasing Coalition LLC (NPC)
- Chair for Financial Health Team (Strategic Initiative)
- Chair of Capital Acquisition Committee
- Board of Trustee Committee Member
- Cancer Committee CO-Chair
- Breast Care Collaborative Co-Chair
- Northeast Regional Radiation Oncology Network - President and Chair of the Board of Directors
- Tolland Imaging LLC – Board Member - Vice President
- Evergreen Imaging LLC – Board Member – Vice President

Experience

10/2004 – 08/2005

Eastern Connecticut Healthcare Systems at Manchester and Rockville, Connecticut

Senior Director of Hospital Services

- Oversee the operational, financial and capital acquisitions for Cardiology Services, Radiology Services, Sleep Lab, Diabetes Self Management and Cardiopulmonary Services
- Chairman for Performance Appraisal Committee
- NRRON Board Member

- Experience**
03/03 – 10/2004
- Eastern Connecticut Healthcare Systems at Manchester and Rockville, Connecticut
- Administrative Director of Radiology Services, Cath Lab, Cardiac Stress and Cardiac Rehab**
- Administrator on Call
 - Management Development Committee
- Effectively manages MI, Cardiac Rehab/Stress and Cath Lab
- Experience**
06/02 – 3/2003
- Eastern Connecticut Healthcare Systems at Manchester and Rockville, Connecticut
- Administrative Director of Radiology Services**
- Effectively manages Radiology Services
- Experience**
11/99 – 3/2002
- Sarasota Memorial Hospital Sarasota, Florida
- Director of Radiology Services**
- Approval and current implementation of RIS.
 - Approval and current implementation of a \$15 million dollar Renovations Project to convert Analog to Digital.
 - All duties below as acting Director
- Experience**
3/99 – 11/99
- Sarasota Memorial Hospital Sarasota, Florida
- Director of Imaging Services (Acting)**
- Effectively manages 6 supervisors with a staff of 145 technical and non-technical employees within the main hospital and 5 ambulatory sites.
 - Systems Administrator of Picture Archive Communications System (PACS): responsible for all operational aspects including daily backup, imputing images, database reductions, troubleshoot, and conduct site visits.
 - Implemented department’s transcription system and acting as Systems Administrator.
 - Quality: Customer service speaker at “new employee” orientation obtaining high performance ratings.
 - Quality: Team Leader of three quality improvement teams and past member of 5 teams.
 - Quality system trainer: Formal presentations for every core class held in the last two years.
 - Committee: Advisory Council, Safety Council, Blood Bank, Nursing Administration, Breast Health, Lymphoscintigraphy, Administration Involvement, and Customer Service.
- Experience**
1994–1999
- Sarasota Memorial Hospital Sarasota, FL
- Manager and Quality Officer/Imaging Services**
- Expanded duties in 1998 to management of entire Imaging department which includes four supervisors (Records, Diagnostics, Patient Care, Cross-sectional imaging) with staff of 140 technical and non-technical employees.
 - Developed management competencies, customer service, created staff schedules, payroll, budgetary reports, report maintenance of legal aspects of subpoenas and transcription.
 - Implemented in-house transcription – saving the hospital \$150,000 annually.

- Implemented emergency/hurricane plan for department.
- Quality officer for the department implementing all policy, procedures, and training.
- From 1994-1998, managed 3 supervisor and 76 staff.
- Implemented quality improvement program (CXR) that decreased “turnaround time” much below industry standards.

Experience

1991–1994

Sarasota Memorial Hospital Sarasota, FL

Charge Nurse/Imaging Services

- Coordinated and managed clinical activities in the department.
- Responsible for nursing budget, payroll, training, hiring, disciplinary and termination of nursing staff.
- Created departmental orientation manual (procedure and policy) and effectively trained nurses for each specific examination.
- Developed annual QI/QA plan and reported data.

Experience

1989–1991

Sarasota Memorial Hospital Sarasota, FL

Staff Nurse/Imaging Services

- Performed staff nurse duties including invasive radiology.

Experience

1984–1991

Sarasota Memorial Hospital Sarasota, FL

Staff Nurse

- Worked various positions including Intermediate Intensive Care, Pediatrics, IV Team, and Neuro/Rehabilitation.
- Acted as Charge nurse on Orthopedics unit in absence of the CRN. Floated to ICU, Open Heart, and Wound care.

Education

University of Hartford

- Executive MBA, concentration in Finance

National Louis University Sarasota, FL

- B.S., Health Administration, 8/98

Manatee Community College Bradenton, FL

- Associates Degree in Nursing, 1981

Suffolk Community College Long Island, NY

- Pre-law course work 1979

Community Activity

- Interval House – Board Member – Foundation
- Rotary Club of Manchester – Publicity Board Member
- MACC - Community Services
- Relay for Life for Manchester - ACS
- Leukemia and Lymphoma Society – Sponsor and Speaker
- Taught basic nursing to Manatee Community College radiology course students (1991-1997)
- Taught basic nursing to Sarasota County Technical Institute technology/aide

students (1992-1995)

- Teach human growth and development in local grade schools
- Vision Quest at Riverview High School, Sarasota, FL
- American Cancer Society fund raising
- American Radiology Nursing Association
- SNUG member (Siemens, Sienet Users Group)
- MCC Radiography program advisory board committee member
- AHRA Membership
- Board of Directors for Cal Ripken Baseball
- 2011 State of Connecticut – Office of the Treasurer – Public Leadership Citation
- 2011 Certificate of Special Congressional Recognition – Community Service
- 2008 Hartford Business Journal Healthcare Hero Award for Nursing
- 2002 Sarasota Memorial Hospital Hero’s Award
- 2002 Sarasota Memorial Hospital Physician Satisfaction Leadership Award
- 2000 Sarasota Memorial Hospital Excellence Award for Customer Service in Out-Pt facility
- 1999 Sarasota Memorial Hospital Service Excellence Award for “Grace Under Fire”
- 1999 Kids Fair PACS exhibit
- 1998 Customer Demonstrator for PACS at RSNA in Chicago
- 1998 Sarasota Memorial Hospital Service Excellence Award for “Best Role Model”
- 1995 Speaker for RSNA regarding Quality Standards
- 1994 Nurse of the Year – Florida Nurses Association (Sarasota, Manatee, Desoto, & Charlotte counties)
- 1992 EXCEL winner at Sarasota Memorial Hospital.

Merits

Interests

Enjoy golfing, raising four beautiful children

Experience

1991–1994

Sarasota Memorial Hospital Sarasota, FL

Charge Nurse/Imaging Services

- Coordinated and managed clinical activities in the department.
- Responsible for nursing budget, payroll, training, hiring, disciplinary and termination of nursing staff.
- Created departmental orientation manual (procedure and policy) and effectively trained nurses for each specific examination.
- Developed annual QI/QA plan and reported data.

Experience

1989–1991

Sarasota Memorial Hospital Sarasota, FL

Staff Nurse/Imaging Services

- Performed staff nurse duties including invasive radiology.

Experience

1984–1991

Sarasota Memorial Hospital Sarasota, FL

Staff Nurse

- Worked various positions including Intermediate Intensive Care,

Pediatrics, IV Team, and Neuro/Rehabilitation.

- Acted as Charge nurse on Orthopedics unit in absence of the CRN. Floated to ICU, Open Heart, and Wound care.

Education

University of Hartford

- Executive MBA, concentration in Finance

National Louis University Sarasota, FL

- B.S., Health Administration, 8/98

Manatee Community College Bradenton, FL

- Associates Degree in Nursing, 1981

Suffolk Community College Long Island, NY

- Pre-law course work 1979

Community Activity

- Interval House – Board Member – Foundation
- Rotary Club of Manchester – Publicity Board Member
- MACC - Community Services
- Relay for Life for Manchester - ACS
- Leukemia and Lymphoma Society – Sponsor and Speaker
- Taught basic nursing to Manatee Community College radiology course students (1991-1997)
- Taught basic nursing to Sarasota County Technical Institute technology/aide students (1992-1995)
- Teach human growth and development in local grade schools
- Vision Quest at Riverview High School, Sarasota, FL
- American Cancer Society fund raising
- American Radiology Nursing Association
- SNUG member (Siemens, Sienet Users Group)
- MCC Radiography program advisory board committee member
- AHRA Membership
- Board of Directors for Cal Ripken Baseball

Merits

- 2011 State of Connecticut – Office of the Treasurer – Public Leadership Citation
- 2011 Certificate of Special Congressional Recognition – Community Service
- 2008 Hartford Business Journal Healthcare Hero Award for Nursing
- 2002 Sarasota Memorial Hospital Hero's Award
- 2002 Sarasota Memorial Hospital Physician Satisfaction Leadership Award
- 2000 Sarasota Memorial Hospital Excellence Award for Customer Service in Out-Pt facility
- 1999 Sarasota Memorial Hospital Service Excellence Award for "Grace Under Fire"
- 1999 Kids Fair PACS exhibit

- 1998 Customer Demonstrator for PACS at RSNA in Chicago
- 1998 Sarasota Memorial Hospital Service Excellence Award for “Best Role Model”
- 1995 Speaker for RSNA regarding Quality Standards
- 1994 Nurse of the Year – Florida Nurses Association (Sarasota, Manatee, Desoto, & Charlotte counties)
- 1992 EXCEL winner at Sarasota Memorial Hospital.

Interests

Enjoy golfing, raising four beautiful children

CURRICULUM VITAE

Name: Edward G. Denstman, M.D.

Address: 67 Austin Drive, Tolland, CT 06084 353 Main Street, Manchester, CT 06040
(Home) (Work)

Date of Birth: March 28, 1956 Place of Birth: New Jersey Citizenship: United States

Current Position: Active Staff Radiologist, August, 1987-present, Director of Magnetic Resonance Imaging, Director of Nuclear Medicine, and Radiation Safety Officer at Manchester Memorial Hospital, ECHN, 71 Haynes Street, Manchester, CT

Vice President, Eastern Connecticut Imaging, PC, 353 Main Street, Manchester, CT 06040

Board Certifications: American Board of Radiology, Diagnostic Radiology, June, 1986
American Board of Radiology, Certificate of Added Qualifications in
Neuroradiology, November, 1997

Medical License: Connecticut, since 1987

Training:

Fellowship in Neuroradiology, Downstate Medical Center, State University of New York, Brooklyn, NY, July, 1986 - June, 1987

Residency in Diagnostic Radiology, Albert Einstein College of Medicine, Bronx, NY, 1983-1986

Internship in Flexible Medicine, Lehigh Valley Medical Center, Allentown, PA, 1982-1983

Medical Doctorate at Albert Einstein College of Medicine, Bronx, NY, 1978-1982

Bachelor of Arts at Johns Hopkins University, Baltimore, MD, 1974-1978, biology major

Awards: Radiologist of the Year, Manchester Memorial Hospital, 1996
Philip Hunt Merit Scholarship, Albert Einstein College of Medicine, 1978
Phi Beta Kappa, Johns Hopkins University Chapter, 1977
Valedictorian, Cranford High School, 1974

Attachment 3b

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
G.P.O. BOX 1680
BROOKLYN, NY 11202

DEPARTMENT OF THE TREASURY

Date: MAY 09 1997

Employer Identification Number:
22-2546079
Case Number:
117080086
Contact Person:
STEVEN FONTERIAND
Contact Telephone Number:
(617) 565-7776
Date of Exemption:
July 1984
Internal Revenue Code
Section 501(c)(3)

EASTERN CONNECTICUT HEALTH NETWORK
INC
71 HAYNES ST
MANCHESTER, CT 06040-4112

Dear Applicant:

Thank you for submitting the information shown on the enclosure. We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

Please let us know about any future change in the character, purpose, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely yours,


Herbert J. Huff
District Director

Letter 976 60070

ECTIN

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Manchester Memorial Corporation
71 Haynes Street
Manchester, CT 06040

Person to Contact:

Telephone Number:

Refer Reply to:

OP:E:EO:R:5

Date: NOV 13 1984

Employer Identification Number: 22-2546079
Key District: Brooklyn
Accounting Period Ending: September 30
Foundation Status Classification: 509(a)(3)

Dear Applicant:

Based on information supplied and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

We have further determined that you are not a private foundation within the meaning of Code section 509(a), because you are an organization described in the sections of the Code shown above.

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status and foundation status. Also, you should inform your key District Director of all changes in your name or address.

Unless specifically excepted, beginning January 1, 1984, you must pay taxes under the Federal Insurance Contributions Act (social security taxes) for each employee who is paid \$100 or more in a calendar year. You are not required to pay tax under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other federal excise taxes. If you have questions about excise, employment, or other federal taxes, contact your key District Director.

Donors may deduct contributions to you as provided in Code section 170. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522.

-2-

The Manchester Memorial Corporation

You are required to file Form 990, Return of Organization Exempt From Income Tax, only if your gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. There is a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless there is reasonable cause for the delay.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under Code section 511. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513.

Please show your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key District Director of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

In a separate ruling, we have determined the tax consequences of your participation in the restructuring of Manchester Memorial Hospital.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key District Director.

Sincerely yours,

J. E. Griffith

J. E. Griffith
Chief, Exempt Organizations
Rulings Branch

Attachment 3c

STATE OF CONNECTICUT

Department of Public Health

LICENSE

LICENSE NO. 0048

General Hospital

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

The Manchester Memorial Hospital of Manchester, CT d/b/a Manchester Memorial Hospital is hereby licensed to maintain and operate a General Hospital.

Manchester Memorial Hospital is located at 71 Haynes Street, Manchester, CT, 06040.

The maximum number of beds shall not exceed at any time:

34 Bassinets
249 General Hospital Beds

This license expires **December 31, 2013** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2012. RENEWAL.

Satellites

Adult Ambulatory Behavioral Health Services, 150 North Main Street, Manchester, CT



Handwritten signature of Jewel Mullen in black ink.

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

Department of Public Health

LICENSE

LICENSE NO. 0036

General Hospital

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Rockville General Hospital of Vernon, CT d/b/a Rockville General Hospital is hereby licensed to maintain and operate a General Hospital.

Rockville General Hospital is located at 31 Union Street Vernon, CT 06066.

The maximum number of beds shall not exceed at any time:

16 Bassinets
102 General Hospital Beds

This license expires **December 31, 2013** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2012. RENEWAL.

Satellites

Women's Center for Wellness, 2800 Tamarack Avenue, South Windsor, CT



Jewel Mullen, MD

Jewel Mullen, MD, MPH, MPA
Commissioner

Attachment 3dii

EVERGREEN IMAGING CENTER, LLC

Index

	<u>Page</u>
Independent Accountants' Compilation Report	2
Balance Sheets December 31, 2010 and 2009	3
Statements of Income Years Ended December 31, 2010 and 2009	4
Statements of Changes in Members' Equity Years Ended December 31, 2010 and 2009	5
Statements of Cash Flows Years Ended December 31, 2010 and 2009	6

Independent Accountants' Compilation Report

To the Members
Evergreen Imaging Center, LLC

We have compiled the accompanying balance sheets of Evergreen Imaging Center, LLC (A Limited Liability Company) as of December 31, 2010 and 2009, and the related statements of income, changes in members' equity and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

 J.H. Cohn LLP

Glastonbury, Connecticut
March 30, 2011

EVERGREEN IMAGING CENTER, LLC

**BALANCE SHEETS
DECEMBER 31, 2010 AND 2009**

ASSETS	2010	2009
Current assets:		
Cash	\$ 143,140	\$ 77,521
Patient receivables, net of contractual allowances and bad debts of \$396,630 and \$302,141	287,215	218,791
Prepaid expenses	99,150	99,922
Total current assets	529,505	396,234
Property and equipment, at cost:		
Leasehold improvements	386,453	386,453
Medical equipment	254,963	259,253
Computer equipment	226,115	226,115
Furniture and equipment	46,413	46,413
	913,944	918,234
Less accumulated depreciation and amortization	(417,883)	(312,895)
	496,061	605,339
Other assets:		
Intangible asset, net of accumulated amortization of \$1,223 and \$956	2,777	3,044
Security deposits	2,151	2,151
	4,928	5,195
Totals	\$ 1,030,494	\$ 1,006,768
 <u>LIABILITIES AND MEMBERS' EQUITY</u> 		
Current liabilities:		
Accounts payable	\$ 20,349	\$ 27,326
Current portion of long-term debt	129,790	145,358
Current portion of long-term debt - ECHN	-	82,016
Current portion of capital lease obligations	43,970	40,244
Professional reading fees payable	76,851	71,652
Total current liabilities	270,960	366,596
Long-term liabilities:		
Long-term debt, less current portion	-	125,667
Capital lease obligations, less current portion	41,774	86,016
Total long-term liabilities	41,774	211,683
Total liabilities	312,734	578,279
Members' equity	717,760	428,489
Totals	\$ 1,030,494	\$ 1,006,768

See Independent Accountants' Compilation Report.

EVERGREEN IMAGING CENTER, LLC

**STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010		2009	
	Amount	Percent	Amount	Percent
Revenue:				
Net patient revenue	\$ 3,383,200	97.6 %	\$ 3,057,889	97.6 %
Lease income	84,510	2.4	73,761	2.4
Total revenue	3,467,710	100.0	3,131,650	100.0
Expenses:				
Salaries, wages and benefits	852,477	24.6	801,228	25.6
Professional reading fees	654,537	18.9	602,760	19.2
Medical equipment leases	503,196	14.5	503,710	16.1
Repairs and maintenance	279,743	8.1	269,327	8.6
Rent	193,245	5.6	190,822	6.1
Billing service fee	145,487	4.2	137,334	4.4
Depreciation and amortization	108,534	3.1	106,575	3.4
Medical supplies	87,717	2.5	78,235	2.5
Bad debts	72,261	2.1	-	-
Insurance	51,591	1.5	47,994	1.5
Utilities	43,482	1.3	52,779	1.7
Other taxes	43,346	1.3	51,644	1.7
Marketing	27,687	0.8	19,345	0.6
File storage	20,960	0.6	47,935	1.5
Office expense	20,909	0.6	23,732	0.9
Professional fees	8,175	0.2	18,050	0.6
ECHN services	8,144	0.2	8,793	0.3
License fee	4,702	0.1	3,501	-
Medical waste disposal	4,375	0.1	3,021	-
Total expenses	3,130,568	90.3	2,966,785	94.7
Income before other income (expense)	337,142	9.7	164,865	5.3
Other income (expense):				
Interest income	33	-	168	-
Loss on disposal of property and equipment	(1,821)	(0.1)	-	-
Interest expense	(28,284)	(0.8)	(47,455)	(1.5)
Total other income (expense)	(30,072)	(0.9)	(47,287)	(1.5)
Net income	\$ 307,070	8.8 %	\$ 117,578	3.8 %

See Independent Accountants' Compilation Report.

EVERGREEN IMAGING CENTER, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2010 AND 2009

	Manchester Memorial Hospital	ECI Evergreen, LLC	Total
Members' equity, January 1, 2009	\$ 196,056	\$ 195,855	\$ 391,911
Net income	58,789	58,789	117,578
Distributions	<u>(40,500)</u>	<u>(40,500)</u>	<u>(81,000)</u>
Members' equity, December 31, 2009	214,345	214,144	428,489
Net income	153,535	153,535	307,070
Contributions	-	201	201
Distributions	<u>(9,000)</u>	<u>(9,000)</u>	<u>(18,000)</u>
Members' equity, December 31, 2010	<u>\$ 358,880</u>	<u>\$ 358,880</u>	<u>\$ 717,760</u>

See Independent Accountants' Compilation Report.

EVERGREEN IMAGING CENTER, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating activities:		
Net income	\$ 307,070	\$ 117,578
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	108,267	106,308
Amortization of intangible asset	267	267
Bad debts	72,261	-
Loss on disposal of property and equipment	1,821	-
Changes in operating assets and liabilities:		
Patient receivables	(140,685)	39,261
Prepaid expenses	772	(21,423)
Professional reading fees payable	5,199	(24,539)
Accounts payable	(6,977)	17,013
Accrued interest	-	(4,356)
Net cash provided by operating activities	<u>347,995</u>	<u>230,109</u>
Investing activities:		
Purchase of property and equipment	(810)	-
Net cash used in investing activities	<u>(810)</u>	<u>-</u>
Financing activities:		
Proceeds from long-term debt	36,529	36,607
Payments on capital lease obligations	(40,516)	(30,129)
Payments on long-term debt	(259,780)	(268,475)
Contributions	201	-
Distributions	(18,000)	(81,000)
Net cash used in financing activities	<u>(281,566)</u>	<u>(342,997)</u>
Net increase (decrease) in cash	65,619	(112,888)
Cash, beginning of year	<u>77,521</u>	<u>190,409</u>
Cash, end of year	<u>\$ 143,140</u>	<u>\$ 77,521</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 28,284</u>	<u>\$ 51,811</u>
Supplemental disclosure of noncash investing and financing activities:		
Purchase of medical equipment	\$ -	\$ 28,550
Amount financed through capital lease obligations	-	(28,550)
Net cash paid on purchase of medical equipment	<u>\$ -</u>	<u>\$ -</u>

See Independent Accountants' Compilation Report.

Attachment 5a

Financial Attachment I

5a. Please provide one year of actual results and three years of projections of **Total Facility** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

NOTE: The "Without CON" scenario collectively depicts the financials for the Evergreen Imaging if it continues its current 50-50 ownership. The "With CON" scenario presented on this page represents the financials for Evergreen Imaging if the ECI ownership is transitioned to ECHN. The impact of the "With CON" scenario on ECHN is presented as the Projected Incremental in Attachment I for the **Total Hospital Health System**.

Total Facility:		FY2010		FY2011		FY2012	FY2012	FY2012		FY2013	FY2013	FY2013		FY2014	FY2014	FY2014		FY2015	FY2015	FY2015	
Description		Actual		Actual		Projected	Projected	Projected		Projected	Projected	Projected		Projected	Projected	Projected		Projected	Projected	Projected	
		Results		Results		W/out CON	Incremental	With CON		W/out CON	Incremental	With CON		W/out CON	Incremental	With CON		W/out CON	Incremental	With CON	
NET PATIENT REVENUE																					
Non-Government	65%	\$2,060,698	61%	\$1,854,620		\$1,872,795	\$442,029	\$2,314,825		\$1,891,149	\$477,056	\$2,368,205		\$1,909,682	\$513,133	\$2,422,816		\$1,928,397	\$550,289	\$2,478,686	
Medicare	30%	\$935,240	27%	\$820,897		\$828,942	\$195,652	\$1,024,595		\$837,066	\$211,156	\$1,048,222		\$845,269	\$227,125	\$1,072,394		\$853,553	\$243,570	\$1,097,123	
Medicaid and Other Medical Assi	4%	\$129,983	8%	\$243,229		\$245,613	\$57,971	\$303,584		\$248,020	\$62,565	\$310,584		\$250,450	\$67,296	\$317,746		\$252,905	\$72,169	\$325,074	
Other Government	1%	\$32,654	4%	\$121,614		\$122,806	\$28,986	\$151,792		\$124,010	\$31,282	\$155,292		\$125,225	\$33,648	\$158,873		\$126,452	\$36,085	\$162,537	
Total Net Patient Patient Revenue		\$3,170,305		\$3,040,361		\$3,070,157	\$724,638	\$3,794,795		\$3,100,244	\$782,059	\$3,882,303		\$3,130,626	\$841,202	\$3,971,829		\$3,161,307	\$902,113	\$4,063,419	
Other Operating Revenue		\$89,128		\$85,103		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Revenue from Operations		\$3,259,433		\$3,125,464		\$3,070,157	\$724,638	\$3,794,795		\$3,100,244	\$782,059	\$3,882,303		\$3,130,626	\$841,202	\$3,971,829		\$3,161,307	\$902,113	\$4,063,419	
OPERATING EXPENSES																					
Salaries and Fringe Benefits		\$846,605		\$821,135		\$841,663	\$0	\$841,663		\$862,705	\$0	\$862,705		\$884,273	\$0	\$884,273		\$906,379	\$0	\$906,379	
Professional / Contracted Services		\$1,135,972		\$1,108,897		\$1,136,619	(\$929,725)	\$206,895		\$1,165,035	(\$951,164)	\$213,871		\$1,194,161	(\$973,098)	\$221,063		\$1,224,015	(\$995,538)	\$228,477	
Supplies and Drugs		\$83,334		\$78,115		\$80,068	\$0	\$80,068		\$82,070	\$0	\$82,070		\$84,121	\$0	\$84,121		\$86,224	\$0	\$86,224	
Bad Debts		\$0		\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Other Operating Expense		\$97,454		\$117,162		\$120,091	\$0	\$120,091		\$123,093	\$0	\$123,093		\$126,171	\$0	\$126,171		\$129,325	\$0	\$129,325	
Subtotal		\$2,163,365		\$2,125,309		\$2,178,442	(\$929,725)	\$1,248,717		\$2,232,903	(\$951,164)	\$1,281,739		\$2,288,725	(\$973,098)	\$1,315,627		\$2,345,943	(\$995,538)	\$1,350,406	
Depreciation/Amortization		\$108,351		\$125,529		\$128,667	\$0	\$128,667		\$131,884	\$0	\$131,884		\$135,181	\$0	\$135,181		\$138,561	\$0	\$138,561	
Interest Expense		\$33,074		\$21,882		\$22,429	\$0	\$22,429		\$22,990	\$0	\$22,990		\$23,565	\$0	\$23,565		\$24,154	\$0	\$24,154	
Lease Expense		\$704,404		\$572,305		\$586,613	\$180,000	\$766,613		\$601,278	\$360,000	\$961,278		\$616,310	\$360,000	\$976,310		\$631,718	\$360,000	\$991,718	
Total Operating Expenses		\$3,009,194		\$2,845,025		\$2,916,151	(\$749,725)	\$2,166,426		\$2,989,054	(\$591,164)	\$2,397,890		\$3,063,781	(\$613,098)	\$2,450,683		\$3,140,375	(\$635,538)	\$2,504,838	
Income (Loss) from Operations		\$250,239		\$280,439		\$154,006	\$1,474,363	\$1,628,369		\$111,190	\$1,373,223	\$1,484,413		\$66,846	\$1,454,300	\$1,521,146		\$20,931	\$1,537,650	\$1,558,582	
Non-Operating Income		\$35		\$16		\$16	\$0	\$16		\$16	\$0	\$16		\$16	\$0	\$16		\$16	\$0	\$16	
Income before provision for income taxes		\$250,274		\$280,455		\$154,022	\$1,474,363	\$1,628,385		\$111,206	\$1,373,223	\$1,484,429		\$66,862	\$1,454,300	\$1,521,162		\$20,947	\$1,537,650	\$1,558,598	
Provision for income taxes		\$48,800		\$47,729		\$47,729	(\$47,729)	\$0		\$47,729	(\$47,729)	\$0		\$47,729	(\$47,729)	\$0		\$47,729	(\$47,729)	\$0	
Net Income		\$201,474		\$232,726		\$106,293	\$1,522,092	\$1,628,385		\$63,477	\$1,420,952	\$1,484,429		\$19,133	\$1,502,029	\$1,521,162		(\$26,782)	\$1,585,379	\$1,558,598	
FTEs		9.0		8.0		8.0	0.0	8.0		8.0	0.0	8.0		8.0	0.0	8.0		8.0	0.0	8.0	

***Volume Statistics:**

Provide projected inpatient and/or outpatient statistics for any new services and provide actual and projected inpatient and/or outpatient statistics for any existing services which will change due to the proposal.

CT	2,558	2,069	2,110	0	2,110	2,153	0	2,153	2,196	0	2,196	2,240	0	2,240
MRI	1,934	1,949	1,988	0	1,988	2,028	0	2,028	2,068	0	2,068	2,110	0	2,110
Ultrasound	5,006	5,189	5,293	0	5,293	5,399	0	5,399	5,507	0	5,507	5,617	0	5,617
X-Ray	6,700	7,097	7,239	0	7,239	7,384	0	7,384	7,531	0	7,531	7,682	0	7,682

