STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

Raul Pino, M.D., M.P.H.
Commissioner

Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Department of Public Health
Office of Health Care Access
Certificate of Need Application

Agreed Settlement

Applicants: **Saint Mary's Health System, Inc.**
56 Franklin Street
Waterbury, CT 06706

Trinity Health Corporation
20555 Victor Parkway
Livonia, MI 48152

Trinity Health–New England, Inc.
114 Woodland Street
Hartford, CT 06105

Docket Number: **15-32045-CON**

Project Title: **Transfer of ownership of Saint Mary's Health System, Inc. to Trinity Health Corporation and Trinity Health–New England**

Project Description: Saint Mary's Health System, Inc. ("SMHS"), Trinity Health-New England, Inc. ("TH-NE") and Trinity Health Corporation ("THC"), herein collectively referred to as the ("Applicants"), seek authorization to transfer ownership of SMHS and its subsidiaries to THC and TH-NE.

Procedural History: The Applicants published notice of their intent to file a Certificate of Need ("CON") application in the *Republican American* (Waterbury) on October 22, 23 and 24, 2015. On November 25, 2015, the Office of Health Care Access ("OHCA") received the CON application from the Applicants for the above-referenced project and deemed the application complete on April 5, 2016.

On April 18, 2016, the Applicants were notified of the date, time, and place of the public hearing. On April 20, 2016, a notice to the public announcing the hearing was published in the *Republican American*. Thereafter, pursuant to Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a, a public hearing regarding the CON application was held on May 9, 2016.

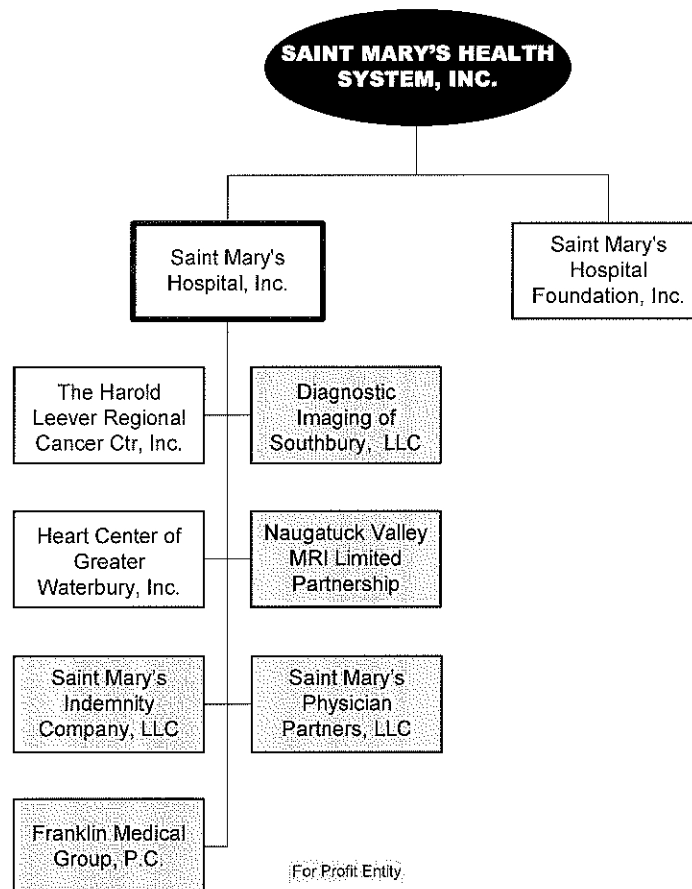
Attorney Kevin T. Hansted was designated as the hearing officer in this matter. The hearing was conducted in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Conn. Gen. Stat.) and Conn. Gen. Stat. § 19a-639a.

The record was closed on June 1, 2016. Deputy Commissioner Addo considered the entire record in this matter.

Findings of Fact and Conclusions of Law

1. SMHS is a not-for profit, integrated Catholic health care delivery system serving the greater Waterbury area. Ex. A, p. 18.

2. SMHS is the parent company of Saint Mary's Hospital, Inc. ("Hospital"), and various other subsidiaries and affiliated entities (see legal chart of corporate structure, below). Department of Public Health, Office of Health Care Access, 2015, *Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals for Fiscal Year 2015*; Appendix AA.



3. The Hospital is a 347-bed Catholic acute care hospital. It is designated as a Level II Trauma Center and provides a full range of inpatient, outpatient and ancillary services to residents of Waterbury and surrounding towns. Ex. A, p. 18.

4. The Hospital's primary service area is comprised of 16 towns. The Hospital's service area will remain the same as a result of this proposal. Over half of all inpatients in fiscal year (FY) 2015 were Waterbury residents (see table below).

TABLE 1
SAINT MARY'S HOSPITAL FY2015
PRIMARY SERVICE AREA TOWNS

Primary Service Area	
Town*	**Discharges (FY 2014)**
Waterbury	58.75%
Naugatuck	9.18%
Wolcott	6.25%
Prospect	3.34%
Total	**77.52%**

*Listed in descending order of discharge volume.
Ex. A, pp. 32-33; Ex. A, p. 289.

5. In anticipation of health care industry changes and federal health policy and reimbursement reform, SMHS's 2016-2020 Strategic Plan emphasized a shift from a fee-for-service structure to an accountable care organizations ("ACO") focused on population health management. SMHS determined that a strategic partner would bolster its ability to effectuate its Strategic Plan. Ex. A, pp. 22-23.

6. The need to address the following factors also prompted the Hospital to seek a partnership with another health care system:
   - Increased costs associated with quality improvements,
   - The growth of physician partnerships and the need for additional expertise in the management, staffing, data analysis and clinical oversight of a larger physician enterprise,
   - Necessity of expertise in clinical service redesign to utilize the latest clinical techniques,
   - SMHS's intent to expand upon its integrated accountable care organization
   - The financial capital required to meet the medicals records standard of the Patient Protection and Affordable Care Act ("PPACA"),
   - Development of a plan to address pension and other debt obligations, and
   - An aging infrastructure and the need to provide health services to the community as reflected in the Community Health Needs Assessment ("CHNA").
   Ex. A, pp. 22-24; Ex. E, p. 874; Ex. L, pp. 1026-1032.

7. SMHS created the SMHS Board-Appointed Taskforce ("Taskforce") more than a decade ago to assess potential partners based on a set of criteria including each candidates philosophical principles and adherence to a complementary set of religious directives; financial strength and ability to assist in satisfying SMHS's pension liability; provision of resources to improve technology at SMHS; and opportunities to recruit and retain staff. Ex. A, pp. 26-27; Ex. L, Prefile Testimony of Robert Mazaika, Chairman of the Board, SMHS, pp. 1062-3.

8. SMHS found THC and TH-NE to have a strategic plan and values very similar to its own, while sharing a common vision, philosophy and mission that preserves the Catholic health care tradition. Ex. A, pp. 22-23; 27.

9. Following the recommendation of the Taskforce, SMHS's full board approved a strategic alliance and a membership transfer agreement was signed on September 19, 2015. Ex. A, pp. 22-23; 27.

10. As a result of this agreement, the Applicants are requesting approval to transfer ownership of the Hospital and its subsidiaries to THC in order to become part of TH-NE. Ex. A, pp. 20, 27.

11. THC is a Catholic health care system with 88 hospitals, 126 continuing care facilities, home health and hospice programs across 21 states. It is the sole shareholder of TH-NE. Ex. A, p. 19.

12. TH-NE is the parent company of other health care facilities in Connecticut, including Saint Francis Hospital and Medical Center and Mount Sinai Rehabilitation Hospital in Hartford. Docket Number 15-31979-CON. Ex. A, p. 19.

13. The focus of TH-NE's organizational structure is to create a system that meets PPACA's objectives of improving population health, enhancing the patient care experience and controlling cost, while maintaining a positive financial margin. Ex. A, p. 24.

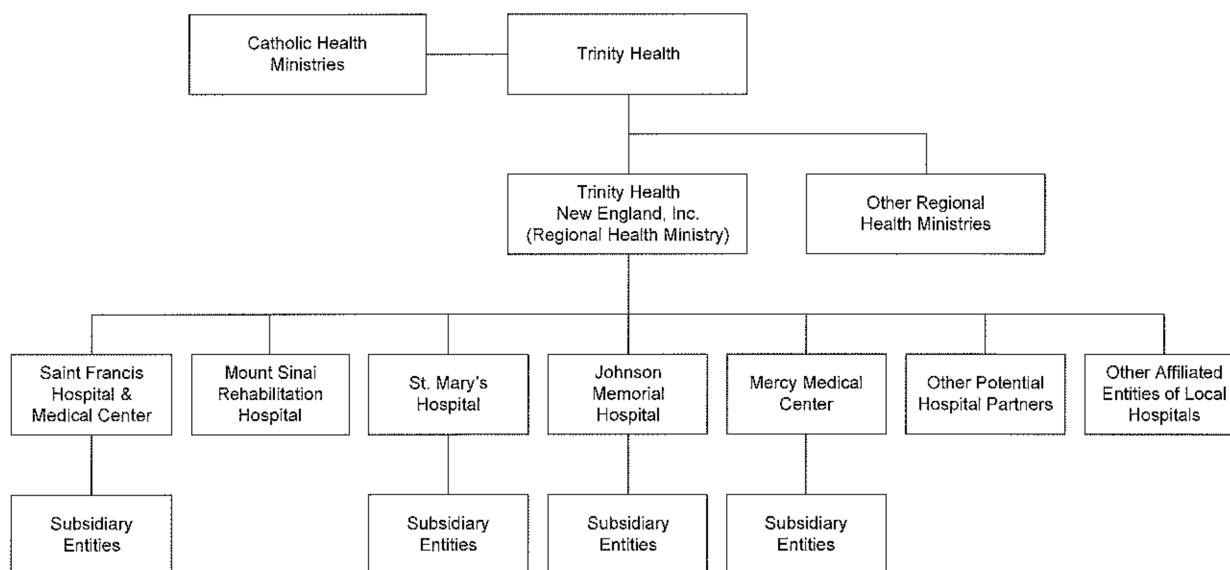
14. THC's key growth initiatives aim to align with organizations to strengthen the Catholic health care mission and to expand the system "footprint" to create an integrated ACO in each of its markets. Ex. A, p. 20.

15. THC has established a Unified Clinician Organization ("UCO"), a data and evidence-based infrastructure to align and support clinicians across the THC system, in an effort to advance a culture of safety, best practices, quality, patient satisfaction and high reliability. THC's accomplishments as a result of implementing its UCO initiatives include:
    - Decrease in sepsis mortality rate from 15.8% to 11.2% between FY 2010 and December 2014, resulting in 2,328 saved lives;
    - Elimination of vaginal birth after cesarean section "serious reportable events" following 2009 policy implementation;
    - Decrease in elective deliveries before 39 weeks from 4.7% from 2010 to 0.5% in 2015;
    - Consistent medication reconciliation composite score (both admission and discharge data) of 88% in FY 2015 to date;
    - Decline in pressure ulcer rates from 3.8% in FY 2008 to 0.01% in January 2015;
    - Lower than expected severity adjusted mortality rate (83%) in FY 2015;
    - Elimination of retained sponges in FY 2014 post-sponge accounting implementation; and
    - Improvement in safety checklist perfect patient score from 48% in January 2013 to 81% in July 2014.

    Ex. A, pp. 44-46.

16. To combat the substantial costs of hospital readmission, THC developed a post-acute care affiliated network that links a hospital to the continuum of post-acute providers. The result was a more accurate and efficient transition of patients from the hospital to the next level of care reducing readmission. Ex. A, pp. 52-53.

17. It is anticipated that SMHS will be dissolved, leaving the Hospital as the surviving entity. The following illustration depicts the organizational chart of the Applicants following the proposed transaction.



Ex. A, p. 163; Ex. E, p. 865.

18. SMHS's existing Bylaws and Certificate of Incorporation will be amended and restated so that TH-NE is the sole corporate member of the Hospital and the Hospital will be a direct subsidiary of TH-NE. Ex. A, pp. 20, 112.

19. The Applicants propose adding two board members, appointed by THC for a period of three years to the TH-NE Board of Directors. The Hospital's governing board will remain unchanged other than the addition of the CEO of TH-NE. The governing board of the Hospital will be comprised of:
    - A representative of the member, designated by the member;
    - At least one physician; and
    - Members of the local community or members or associates of a Roman Catholic religious congregation who need not reside in the local community.

    Ex. A, pp. 20-21; 70-71; 113; Ex. E, pp. 900-901.

20. The Hospital's board will have community representation that will have the ability to pass on quality concerns and local community health needs to the regional governing board. Testimony of Mr. Dadlez, Ex. N, pp. 40-41.

21. There are no planned changes to the clinical services or location of any clinical services currently being offered by the Hospital. However, following implementation of the proposal, an "efficiency analysis" will be conducted to assess whether the Hospital's current clinical practices are consistent with those of THC's in an effort to standardize the processes. Ex. A, pp. 21-22; Ex. E, p. 875.

22. For three years following implementation of the proposal, the existing SMHS Board's approval will be required prior to the termination or material reduction of any existing clinical services. Ex. A, p. 16.

23. The proposal does not involve any new equipment. There is no capital cost associated with the Transfer Agreement between the Applicants. Ex. A, pp. 21-22; Ex. E, p. 875.

24. The affiliation with TH-NE is intended to allow the Hospital to access experts in all clinical service lines and support platforms, and enhance its service delivery approach and systems. Ex. A, p.41.

25. The partnership between the Hospital and THC is also expected to result in access to resources of a large system at both the regional and national levels which will:
    - Help develop more preventive and primary care service programs, the need for which is identified in the 2014 CHNA;
    - Meet the demands of the 2010 PPACA, which requires an emphasis on value rather than volume in terms of reimbursement;
    - Provide access to readily available capital and financing at favorable interest rates; and
    - Assist in developing a plan to adequately fund SMHS's pension plan obligations. Ex. A, pp. 24-25.

26. The Health Resources and Services Administration has designated Central Waterbury as a medically underserved area and medically underserved population. Ex. A, p. 35.

27. TH-NE's CHNA and Strategic Implementation Plan ("SIP"), to be published in June 2016 and November 2016, respectively, will integrate the community health care priorities and strategies identified in SMHS's current CHNA. Ex. A, pp. 80-81; Ex. L, pp. 1031-1032.

28. The CHNA, developed by SMHS in conjunction with the Greater Waterbury Health Improvement Partnership, identified access to care, availability of mental health and substance abuse services, obesity and tobacco use as priority areas of improvement for the Waterbury area. Greater Waterbury Health Improvement Partnership, *Community Health Needs Assessment Final Summary Report* 45 (Sept. 2013). Ex. A, p. 233.

29. To address chronic health conditions, THC will use community outreach to implement its Community Health and Well-Being Strategy, which emphasizes reducing the number of uninsured, recruiting multi-cultural and multi-lingual input from the community, prioritizing obesity prevention and tobacco control and transforming safety net care. The Hospital's current strategic focus area, in an effort to align its focus with that of the Connecticut Hospital Association, also addresses asthma in the community. Ex. L, p. 1030; Testimony of Mr. Connolly, Ex. N, pp. 23-25.

30. The SIP will follow the recommendations of the CHNA. Testimony of Mr. Connolly, Ex. N, p. 25.

31. The Hospital will be supported with resources in the form of regional and national experts to participate in national initiatives from the corporate headquarters of THC. Testimony of Mr. Dadlez, Ex. N, pp. 25-26.

32. SMHS currently leases space to Connecticut Children's Medical Center to provide inpatient services and the Hospital will continue to so following implementation of the proposal. Ex. A, pp. 39-40.

33. Following implementation of the proposal, TH-NE and Waterbury Hospital will work collaboratively to ensure the continued coordination of services provided by the Harold Leever Regional Cancer Center and the Heart Center of Greater Waterbury. Ex. E, p. 865.

34. Existing referrals patterns will remain unchanged. Ex. A, p. 57.

35. The Hospital will continue to operate for the benefit of the community and serve the poor and underserved, including supporting wellness, health education and other community programs, participating in medical research and governmental health care programs and identifying gaps in services in the community. Ex. A, p. 114.

36. The transfer of ownership will be complete by 10/1/2016. Ex. A, p. 70.

37. Overall volume for the Hospital fluctuated slightly from FY2012 through FY2015. Inpatient volume is projected to decrease .5% each year from FY2017 through FY2019 due to an expected continued shift of services performed as outpatient procedures.

TABLE 2
SAINT MARY'S HOSPITAL HISTORICAL DISCHARGES

Service	Actual Volume (Last 3 Completed FYs)			
	FY 2012	FY 2013	FY 2014	FY 2015
Medical/Surgical (Adult)	9,129	8,826	8,842	9,062
Maternity	1,021	977	1,066	1,070
Psychiatric	625	669	633	654
Rehabilitation	0	0	0	0
Pediatric	0	0	0	0
Neonatal ICU	439	414	146	146
Newborn	864	843	955	913
Total	**12,078**	**11,729**	**11,642**	**11,845**

TABLE 3
SAINT MARY'S HOSPITAL HISTORICAL PATIENT DAYS

Service	Actual Volume (Last 3 Completed FYs)			
	FY 2012	FY 2013	FY 2014	FY 2015
Medical/Surgical (Adult)	41,395	41,900	40,663	40,360
Maternity	2,775	2,609	2,855	2,775
Psychiatric	3,994	4,099	3,933	4,139
Rehabilitation	0	0	0	0
Pediatric	0	0	0	0
Neonatal ICU	1,390	1,303	1,240	1,227
Newborn	2,022	1,922	2,173	2,055
Total	**51,576**	**51,833**	**50,924**	**50,556**

TABLE 4
SAINT MARY'S HOSPITAL CURRENT & PROJECTED DISCHARGES BY SERVICE

Service	Projected Volume			
	FY 2016	FY 2017	FY 2018	FY 2019
Medical/Surgical (Adult)	9,114	9,055	8,996	8,937
Maternity	1,119	1,119	1,119	1,119
Psychiatric	600	600	600	600
Rehabilitation	0	0	0	0
Pediatric	0	0	0	0
Neonatal ICU	146	146	146	146
Newborn	896	896	896	896
Total	**11,875**	**11,816**	**11,757**	**11,698**

TABLE 5
SAINT MARY'S HOSPITAL CURRENT & PROJECTED PATIENT DAYS BY SERVICE

Service	Projected Volume			
	FY 2016	FY 2017	FY 2018	FY 2018
Medical/Surgical (Adult)	40,900	40,645	40,392	40,140
Maternity	2,914	2,914	2,914	2,914
Psychiatric	3,769	3,769	3,769	3,769
Rehabilitation	0	0	0	0
Pediatric	0	0	0	0
Neonatal ICU	1,220	1,220	1,220	1,220
Newborn	2,228	2,228	2,228	2,228
Total	**51,031**	**50,776**	**50,523**	**50,271**

Ex. A, pp. 71-75.

38. Medicaid is the primary payer for nearly a third of the patients served by the Hospital. The Applicants do not anticipate any significant changes in payer mix as a result of this proposal.

TABLE 6
SAINT MARY'S HOSPITAL CURRENT & PROJECTED PAYER MIX[1]

Payer	Most Recently Completed FY2015		Projected							
			FY2016		FY2017		FY2018		FY2019	
	Discharges[2]	%	Discharges[2]	%	Discharges[2]	%	Discharges[2]	%	Discharges[2]	%
Medicare*	5,289	45%	5,313	45%	5,276	45%	5,240	45%	5,214	45%
Medicaid*	3,703	31%	3,696	31%	3,683	31%	3,671	31%	3,653	31%
CHAMPUS & TriCare	22	0%	22	0%	22	0%	22	0%	22	0%
Total Government	**9,014**	**76%**	**9,031**	**76%**	**8,981**	**76%**	**8,933**	**76%**	**8,888**	**76%**
Commercial Insurers*	2,601	22%	2,613	22%	2,604	22%	2,594	22%	2,581	22%
Uninsured	103	1%	102	1%	102	1%	101	1%	100	1%
Workers Compensation	129	1%	129	1%	129	1%	129	1%	128	1%
Total Non-Government	**2,833**	**24%**	**2,844**	**24%**	**2,835**	**24%**	**2,824**	**24%**	**2,810**	**24%**
Total Payer Mix	**11,847**	**100%**	**11,875**	**100%**	**11,816**	**100%**	**11,757**	**100%**	**11,698**	**100%**

*Includes managed care activity
[1] Fiscal year is October through September
[2] Volume equals equivalent discharges
Ex. A, p 63.

39. There will be no changes in services for indigent or Medicaid recipients. Ex. A, p. 48.

40. The Hospital's policies, procedures and guidelines on charity care and financial assistance policies will be reviewed to ensure compliance with the new Internal Revenue Code Section 501(r) requirements effective January 1, 2016. Ex. A, p. 82; Ex. E, p. 870.

41. The Hospital's charitable policies are consistent with those of both THC and TH-NE Ex. E, p. 870; Testimony of Mr. Hartley, Ex. N, p. 31.

42. Saint Mary's Hospital Foundation, Inc. will continue to be a separate endowed foundation supporting the Hospital and the Hospital's subsidiaries. The Hospital will continue to comply with existing donor restrictions of the Foundation. Ex. A, p. 17; 114.

43. The Hospital will retain all assets and property currently belonging to SMHS. Ex. A, p. 21.

44. There are no planned changes to existing reimbursement contracts or billing practices between the Applicants and payers as a result of this proposal. Ex. A, p. 83; Ex. E, p. 865.

45. The Hospital will have access to TH-NE's internal Value Analysis Committee and its group purchasing agreements providing advantageous pricing for products and supplies. Ex. A, p. 53, 85.

46. The most recent credit ratings for THC are as follows:
    - Fitch (December 2015): AA/Negative Outlook;
    - S&P (December 2015): AA-/Stable Outlook; and
    - Moody's (December 2015): Aa3/Stable Outlook.

    Ex. E, p. 871.

47. THC and TH-NE have agreed to ensure the expenditure of $100 million for capital expenditures at the Hospital and its current subsidiaries over the next five years following the closing date. If specific performance metrics are met in the 3rd and 4th year following the close of the transaction, an additional $10 million of committed capital in both the 4th and 5th fiscal year will be available. Ex. A, p. 21; Ex. E, p. 866.

48. The $100 million capital commitment, and additional $20 million if certain metrics are met, will be part of the $275 million capital commitment THC made to the recently formed TH-NE. THC is responsible for the $275 million capital commitment to TH-NE with TH-NE being responsible to ensure $120 million of the capital is allocated to the Hospital and its current subsidiaries. Ex. E, p. 866; Ex. G, p. 1018.

49. The funding sources of THC's $100M capital commitment will be:
    - Available cash and investments generated by the hospital;
    - Financing obtained through the THC system debt program; and
    - Capital contributions from THC, to the extent necessary.

    Ex. A, p. 116; Ex. E, p. 866.

50. The Hospital's annually budgeted $12 million for routine capital purchases is included in the $100 million capital commitment from TH-NE. Ex. E, p. 869.

51. Operating revenue from one hospital could be used to help fund capital improvements at another hospital within TH-NE, if a hospital is unable to raise the needed capital through its own operations. Testimony of Mr. Bittner, Ex. N, pp. 59-60.

52. The commitment of $100 million for the Hospital and its subsidiaries will not be reduced if future acquisitions were to take place. Ex. G, p. 1017.

53. The table below provides a preliminary capital investment plan for the Hospital. Approximately $40 million is for routine capital needs while the remaining $60 million is for strategic investments.

TABLE 7
PRELIMINARY CAPITAL INVESTMENT PLAN FOR THE HOSPITAL (IN THOUSANDS)

Description	Five Year Total
Hospital facility upgrades	$ 22,000
Replacement of clinical equipment	$18,000
Information Technology & Electronic Health Records	$12,000
Urgent Care / Ambulatory Care	$10,000
Ambulatory pavilion on campus	$25,000
Conversion to private patient rooms	$8,000
Clinically integrated network development	$5,000
Total estimated capital expenditures	**$100,000**

Ex. A, p.82.

54. The Hospital will have access to THC's intercompany loan program, if necessary, to develop a health information technology exchange (HITE) and electronic health records system. Ex. A, p. 31.

55. The Hospital will be subject to an annual intercompany system fee by TH-NE one year from the close of the transaction to help cover shared system office services. The shared resources include the departments of revenue, treasury, human resources, supply chain management and information technology. This will reduce the need for members of the TH-NE to use outsourced accounting, legal and consulting firms. Ex. E, p. 873-874; Ex. G, p. 1016-1017.

56. The shared system office services and resources-- and concomitant fee-- may increase to include additional resources and services in the future. Testimony of Mr. Bittner, Ex. N, pp. 49-50.

57. THC charges TH-NE 0.8% of operating expenses for providing the shared system office services. TH-NE will allocate the charge among its member hospitals and other subsidiaries. The fee will be determined based on the members 'comparative use of the system resources. Ex. G, p. 1016; Ex. L, pp. 1032-1033.

58. Based on savings observed at hospitals previously acquired by THC, an annual savings of at least 1% of the Hospital's operating revenue ($3.1M) is anticipated as a result of this proposal. Ex. A, p. 432.

59. The Hospital projects no incremental revenue for the first three fiscal years (FY 2016-2018) following the change in ownership, however operating gains of $1.5M, $3.1M and $3.2M, respectively, will be achieved from reductions in the cost of supplies and drugs and other operating expenses. Overall and with CON approval, the Hospital projects positive increasing gains from operations over the same time period.

TABLE 8
SAINT MARY'S HOSPITAL PROJECTED INCREMENTAL REVENUES AND EXPENSES (in thousands)

	FY 2016	FY 2017	FY 2018	FY 2019
Revenue from Operations	$0	$0	$0	$0
Total Operating Expenses	$0	($1,538)	($3,133)	($3,241)
Gain/Loss from Operations	**$0**	**$1,538**	**$3,133**	**$3,241**

TABLE 9
SAINT MARY'S HOSPITAL PROJECTED REVENUES AND EXPENSES WITH CON (in thousands)

	FY 2016	FY 2017	FY 2018	FY 2019
Total Operating Revenue	$301,416	$310,435	$319,530	$328,683
Total Operating Expenses	$297,061	$303,963	$311,078	$319,960
Gain/Loss from Operations	**$4,355**	**$6,472**	**$8,453**	**$8,723**

Ex. A, pp. 432-434; Testimony of Mr. Wable, Ex. N, p. 38.

60. The projected operational cost savings are summarized by expense category in the table below:

TABLE 10
SAINT MARY'S HOSPITAL PROJECTED OPERATING EXPENSE SAVINGS WITH CON (in thousands)

Expense Category	FY 2016	FY 2017	FY 2018	FY 2019
Supplies and Drugs	$0	($720)	($1,512)	($1,588)
Other Operating Expenses	0	($817)	($1,621)	($1,654)
Total Reductions	**$0**	**($1,538)**	**($3,133)**	**($3,241)**

Ex. A, p. 434;

61. THC's acquisitions of health systems and hospitals have yielded improved financial performances, cost savings and new capital investments:
    - Chelsea Community Hospital, Michigan - nearly a 40% increase in revenue between FY 2011 and FY 2016; approximately $67 million capital investment to construct a tower, including conversion to private acute beds; operating margin improved from 0.6% pre-merger to 4.4% in FY 2016;
    - Mercy Health, Hackley Campus, Michigan - annual aggregate savings of $1 million from enhanced revenue management and reduced supply and vendor costs; awarded 2016 America's Best Hospitals by Healthgrades; operating margin of 10% in FY 2015 compared to 1.0% in FY 2009, the first year after merging with THC;
    - St. Alphonsus Regional Medical Center, Idaho - $225 million in investments planned for campus relocation that would capture a broader patient base (easier patient access) and enhance physician recruitment and satisfaction; increase in Operating Cash Flow Margin to 16.3%, up from 6.4% in FY 2011; operating margin currently at 9.8%;
    - Loyola University Health System, Illinois - improved its first-year operational performance by $44.5 million across support functions, including insurance/risk

management, organizational integrity, supply chain, treasury, information services and revenue cycle; operating margin and operating cash flow margins have improved from -1.4% and 4.0% respectively to 1.2% and 6.5% in FY 2015;

- Catholic Health East, with facilities across 9 states - $285 million of synergies since the system level mergers occurred in May 2013, with more than $25 million in additional synergies planned through June 2016; operating expenses of $13.9 billion in FY 2015 with synergies savings of 1.8% of operating expenses; and
- St. Joseph Health, Inc., New York - $4 million in savings since merging with THC on July 2015 representing a synergies savings of 0.6% of operating expenses.
- St. Francis Hospital and Medical Center, Connecticut - has been a part of THC for over a quarter, but anticipated annualized savings of 7.6 million is expected to be realized representing 1% of operating expenses; a fixed pay interest rate swap was transferred to THC resulting in $44 million reduction in liability strengthening the balance sheet by increasing its unrestricted net assets.
Ex. E, pp. 872-873; Ex. G, p. 1018-1021.

62. There have been no changes in the price structure resulting from recent acquisitions other than St. Alphonsus Medical Center. Prices increased by approximately 12% as prior to the acquisition, prices had not increased for four years. Ex. G, p. 1021.

63. The Membership Transfer Agreement provides that within one year following closing, THC will develop a plan to address the Hospital's third party debt and to fully fund its pension plan obligations. Ex. A, pp. 114-115.

64. The Hospital's pension plan is underfunded by $75.9 million and its funding status was at 48% as of 9/30/2015. Currently, there are no plans to restructure the debt. A review to determine if an intercompany loan will be used to pay off or refinance the outstanding debt will be conducted post-closing. Ex. E, pp. 870-871; Ex. L, p. 1025; Testimony of Mr. Bittner, Ex. N, pp. 55-56.

65. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any regulations not yet adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))

66. This CON application is consistent with the Statewide Health Care Facilities and Service Plan. (Conn. Gen. Stat. § 19a-639(a)(2))

67. The Applicants have established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3))

68. The Applicants have demonstrated that the proposal will improve the overall financial strength of the health care system and that it is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))

69. The Applicants have satisfactorily demonstrated that the proposal will maintain quality, accessibility and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat.§ 19a-639(a)(5))

70. The Applicants have shown that there would be no adverse change in the provision of health care services to the relevant populations and payer mix, including access to services by Medicaid recipients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6))

71. The Applicants have satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7))

72. The Applicants provided historical utilization of Saint Mary's Health System services in the service area that supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))

73. The Applicants have satisfactorily demonstrated that this proposal will not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))

74. The Applicants have demonstrated that there will be no reduction in access to services by Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10))

75. The Applicants have satisfactorily demonstrated that the proposal will not have a negative impact on the diversity of health care providers in the area. (Conn. Gen. Stat. § 19a-639(a)(11))

76. The Applicants have satisfactorily demonstrated that the proposal will not result in any consolidation that would affect health care costs or accessibility to care. (Conn. Gen. Stat. § 19a-639(a)(12))

DISCUSSION

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in § 19a-639(a) of the Statutes. The Applicants bear the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board, 309 Conn. 727 (2013).*

Saint Mary's Health System, Inc. ("SMHS") is a not-for-profit integrated Catholic health care delivery system serving the greater Waterbury area. *FF1.* SMHS is the parent company of Saint Mary's Hospital, Inc. ("Hospital"), and various other subsidiaries and affiliates. *FF2.* The Hospital, a 347-bed acute care general hospital, has served the greater Waterbury area since 1907, and is licensed as a Level II Trauma Center. It provides a full range of inpatient, outpatient and ancillary services to the 16 towns encompassing its primary service area. *FF3-4.*

In response to changes in health care delivery as well as federal health policy and reimbursement reform, SMHS's 2016-2020 Strategic Plan emphasized a shift from a fee-for-service structure to that of an accountable care organization focusing on population health management. SMHS determined it could best effectuate this and other goals of its strategic plan through a partnership. *FF5.* Additionally, the need for capital improvements to an aging infrastructure, the mandate to provide health services as reflected in the Community Health Needs Assessment, the requirement to meet the medicals records standard as a result of the Patient Protection and Affordable Care Act ("PPACA") and SMHS's debt obligations have made the need to partner with another health care provider essential in order to maintain the quality of care currently provided. *FF6.* SMHS, through its SMHS Board Taskforce ("Taskforce"), has been searching for a partner that would meet its philosophical principles and the resources to improve SMHS's financial strength. *FF7.* The Taskforce found Trinity Health Corporation ("THC") and the New England Regional Health Ministry ("TH-NE") to have a strategic plan similar to its own while sharing a common vision, philosophy, mission and compatible religious directives. *FF7-8.*

THC is a national Catholic health care system with 88 hospitals, 126 continuing care facilities, home health and hospice programs in 21 states. It is the sole shareholder of TH-NE. *FF11.* TH-NE is the parent company of health care facilities located in Connecticut, including Saint Francis Hospital in Hartford. *FF12.*

SMHS's Board of Directors approved a strategic alliance with TH-NE based on the findings and recommendation of the Taskforce. A membership agreement was signed on September 19, 2015. *FF9.* As a result of this agreement, the Applicants are requesting approval to transfer ownership of SMHS and its subsidiaries to TH-NE in order to become part of THC. *FF10.*

Following the completion of the transfer of ownership, it is anticipated that SMHS will be dissolved, leaving the Hospital as the surviving entity. *FF17.* TH-NE will be the sole corporate member of the Hospital and the Hospital will be a direct subsidiary of TH-NE. *FF18.* The Applicants propose adding two members from the Hospital's community to the TH-NE Board of Directors who will be appointed by THC for three years. *FF19.* The governing board of the Hospital will remain unchanged other than the addition of the CEO of TH-NE. *FF19.* To ensure

quality concerns and the local health needs of the community are identified, local boards will have the ability to pass on relevant information to the regional governing boards through a representative. *FF20.*

TH-NE's organizational structure aims to create a system that meets the PPACA's objectives of improving population health and enhancing patient care experience while controlling costs. *FF13.* The Hospital will be able to leverage TH-NE's data and evidence-based national infrastructure to align and support clinicians in a Unified Clinician Organization ("UCO"). This will enable medical practitioners to work collaboratively throughout the THC-system to advance patient safety, best practices, quality and patient satisfaction. Hospitals participating in the TH-NE's UCO initiative have seen a decrease in sepsis mortality and pressure ulcer rates as well as an increase in patient satisfaction measures. *FF15.* Additionally, to address the increasing cost of hospital readmission, THC has developed a post-acute affiliated network resulting in a more accurate and efficient transition of patients from the hospital to the next level of care. *FF16.* The Hospital will be able to take advantage of THC's UCO and the associated best practices.

The Health Resources and Services Administration has designated Central Waterbury as a as a medically underserved area and medically underserved population. By affiliating with THC, the Hospital will gain the resources to strengthen health care in the region. *FF 25-26.* The Hospital's 2013 Community Health Needs Assessment ("CHNA") has identified access to care, availability of mental health and substance abuse services, obesity and tobacco use as priority areas of improvement. *FF28.* The Hospital has also adopted the Connecticut Hospital Association's initiative to reduce instances of chronic conditions, specifically choosing to focus on asthma prevention. *FF29.* TH-NE has committed to integrating the health priorities identified by SMHS and the Hospital into its Community Health and Well-Being Strategy. *FF27.* The proposal will also benefit the local community by increasing access to resources of a large system, and its ability to develop more preventive and primary care services.

Following implementation of the proposal, an efficiency analysis will be conducted to assess whether the Hospital's current clinical practices are consistent with those of THC's in an effort to standardize processes. However, neither the Hospital's clinical services nor its locations are expected to change as a result of this proposal. *FF21.* Additionally, the Hospital's Board would be required to approve a termination or a reduction of a service if it were to occur within three years following implementation. *FF22.* There are no proposed changes in services for the indigent or the Medicaid patients served by the Hospital. Furthermore, The Applicants do not anticipate any significant changes in the overall payer mix. *FF38-39.*

SMHS's charitable policies are consistent with both THC and TH-NE with no planned changes, thus ensuring that access to services for the Medicaid and indigent population continue. *FF41.* All charitable gifts to the Hospital will remain a part of the Hospital's Foundation and will continue to operate separately from the Hospital. All donations will continue to comply with existing donor restrictions. *FF42-43.* As a result, the integration of the Hospital with THC and TH-NE will allow the Hospital to maintain its commitment to the poor, the uninsured and underinsured as well as the Medicaid population.

There are no capital cost associated with the Transfer Agreement between the Applicants. *FF23.* Additionally, the proposal will enable the Hospital to make needed capital upgrades and investments. As a condition of THC's 2015 acquisition of Saint Francis *Care* and subsequent establishment of TH-NE, THC made a capital commitment of $275M to TH-NE. *FF48.* TH-NE is now proposing to commit at least $100M of that capital funding over the next five years to the Hospital. NE-RHM will contribute an additional $20M if the Hospital meets specific metrics in the 3rd and 4th year following the close of the transaction. *FF47.* Funding for the committed capital will be derived from cash and investments generated by the Hospital, financing obtained through the THC-system debt program and, if necessary, capital contributions from THC. *FF49.* The committed capital of $100M is a minimum that will not erode if further mergers were to occur. *FF52.*

The preliminary capital investment plan includes $40M in Hospital facility upgrades including the replacement of clinical equipment that has been delayed due to budgetary constraints. The remaining $60M is intended for the development of an electronic health records system, improving ambulatory care, converting to private patient rooms and developing a clinical network. *FF53.* In addition, the Hospital will be able to secure better long-term capital at favorable interest rates utilizing THC's strong credit ratings as well as develop a plan to adequately fund its pension obligations. *FF25, FF63.*

Cost savings will be achieved at the Hospital as a result of synergies expected to be realized as a result of becoming part of a larger system. Some synergies will be realized through a system of shared office services by THC members. The departments of revenue, treasury, human resources, supply chain management and information technology will be centralized. *FF55.* For use of these services, THC will impose a charge of 0.8% of NE-RHM's operating expenses, to be distributed among NE-RHM's member hospitals. Centralizing these departments will, however, likely result in net savings for TH-NE's members. *FF57.*

Based on observations at hospitals previously acquired by THC, an annual savings of at least 1% of the Hospital's operating revenue is anticipated as a result of this proposal. *FF58.* No incremental revenue for FY 2016 to 2018 is projected; however, operating gains of $1.5M, $3.1M, and $3.2M, respectively, are projected, in part, from reductions in the cost of supplies and drugs. In addition, the Hospital projects positive and increasing gains from operations following the transfer. *FF59.*

As a result of the potential for improved financial performance and new capital investments, the Applicants have demonstrated that the proposal is financially feasible and that the financial strength of the health care system will be improved by providing the Hospital with financial stability through improved access to capital and debt financing to preserve and enhance existing services.

The proposal will allow the Hospital to access TH-NE's system of best clinical practices, centralized office functions, and cost savings measures. Such benefits will enable the Hospital to invest in beneficial capital upgrades while still meeting its debt obligations and maintaining positive financial margins.

As a result of these combined factors, the Applicants have satisfactorily demonstrated that there is a clear public need for the proposal and that quality of care will improve through integration with a national system providing a variety of clinical and financial benefits. Thus, the Applicant has demonstrated that the proposal is consistent with the Statewide Health Care Facilities and Services Plan.

Order

Based upon the foregoing Findings of Fact and Discussion, the Applicants' request for the transfer of ownership of SMHS and its controlled affiliates to Trinity Health – New England, Inc., a subsidiary of Trinity Health Corporation is hereby **Approved** under Conn. Gen. Stat. §19a-639 subject to the enumerated conditions (the "Conditions") set forth below

Unless expressly provided otherwise, all Conditions of this Order shall, to the extent applicable, be binding on the Applicants, their affiliates, successors and assigns, regardless of whether THC remains the parent company and sole shareholder of the Trinity Health–New England, Inc. ("TH-NE") OHCA and any successor agency shall have the right to enforce the Conditions by all means and remedies available to it under law and equity, and the right to impose and collect a civil penalty under Conn. Gen. Stat. § 19a-653 against any person or health care facility or institution that fails to file required data or information within the prescribed time periods set forth in this Order. All references to days in these Conditions shall mean calendar days.

1. Within twenty (20) days following the Closing Date of the transfer of ownership authorized by this Order, TH-NE shall submit schedules to OHCA setting forth Saint Mary's Hospital's inpatient bed allocation and the location and hours of operation for all outpatient services, by department, as of the Decision Date and publish this same information on the applicable website of the Hospital. OHCA is imposing this Condition to ensure continued access to health care services for the patient population. *Legal and Factual Basis: Conn. Gen. Stat. §§19a-613(b), 19a-639(a)(8) & (11); FF 21-22.*

2. Within twenty (20) days following the Closing Date of the transfer of ownership authorized by this Order, TH-NE shall identify and provide the Certificates of Incorporation for the THC or TH-NE -affiliated entities that shall directly own, operate and hold the Hospital's license post-closing. This entity shall be duly organized and validly existing under the laws of Connecticut and TH-NE shall be its parent company and sole shareholder as proposed in the CON application. OHCA is imposing this Condition to verify that safeguard procedures are in place to avoid a conflict of interest in patient referral. *Legal and Factual Basis: Conn. Gen. Stat. §§ 19a-613(b), 19a-639(a)(8) & (11); FF 17-18*

3. TH-NE shall notify OHCA in writing of the Closing Date of the transfer of ownership authorized by this Order within twenty (20) days of such closing and shall supply final execution copies of all agreements related to same, including but not limited to:
   a. the Transfer Agreement, including any and all schedules and exhibits; and
   b. Bylaws or similar governance documents for the Hospital.

   TH-NE may redact from the Transfer Agreement any information that is exempt from disclosure under Conn. Gen. Stat. § 1-210. If TH-NE redacts materials in accordance with the previous sentence, the Applicants shall provide a list to OHCA, which identifies in general terms the nature of the redacted material and why it is claimed to be exempt for public record purposes.

OHCA is imposing this Condition to verify that safeguard procedures are in place to avoid a conflict of interest in patient referral. *Legal and Factual Basis: Conn. Gen. Stat. §19a-613(b); FF 9- 10, 19-20, 34.*

4. Following the completion of the Hospital's 2016 Community Health Needs Assessment (CHNA), TH-NE shall participate with the Hospital, and the key community stakeholders and health organizations, in conducting future CHNAs and shall provide a copy of the 2016 CHNA and its Implementation Strategy to OHCA within thirty (30) days of completion. TH-NE and the participants shall utilize Healthy Connecticut State Health Improvement Plan data and priorities as the starting point for the new CHNA (available at http://www.ct.gov/dph/lib/dph/state_health_planning/sha-ship/hct2020/hct2020_state_hlth_impv_032514.pdf), as well as any applicable community health improvement plan issued by any local health department in the Service Area.[1] The Implementation Strategy shall also adopt the evidence-based interventions identified in the Centers for Disease Control 6/18 initiative (available at http://www.cdc.gov/sixeighteen) to the extent the health priorities identified in the Study correlate to the health conditions identified by the CDC and provide information on how any patient outcomes related to the Implementation Strategy will be measured and reported to the community. In the event that the Hospital has already substantially completed its 2016 Implementation Strategy at the time of the signing of this Order, it may submit the information requested in the 6/18 initiative as an addendum within six months of the Closing Date. TH-NE shall publish the Community Health Needs Assessment and the Implementation Strategy on the website of the Hospital. Until such time as the CHNA and Implementation Strategy are submitted to OHCA, TH-NE shall continue to support and implement the Hospital's current CHNA. OHCA is imposing this Condition to ensure continued access to health care services for the patient population. *Legal and Factual Basis: Stat. §§ 19a-613(b), 19a-639(a)(3) & (7); FF 27-30*

5. Within one hundred and eighty (180) days following the Closing Date, TH-NE shall submit a plan demonstrating how health care services will be provided by the Hospital for the first three years following the Transfer Agreement, including any consolidation, reduction, or elimination of existing services or introduction of new services (the "Services Plan"). The Services Plan will be provided in a format mutually agreed upon by OHCA and TH-NE. OHCA is imposing this Condition to ensure continued access to health care services for the patient population. *Legal and Factual Basis: Conn. Stat. §§ 19a-613(b), 19a-639(a)(5),(6) (7),(8),(9),(11) & (12); FF 21-22, 24-25.*

6. Until such time as the Services Plan is submitted, TH-NE shall provide OHCA with notice of any reallocation of inpatient beds and relocation of outpatient services for the Hospital specific to those services that existed at the Hospital as of the Decision Date.

[1] Other tools and resources which the Applicants are encouraged to consider include County Health Rankings and CDC Community Health Improvement Navigator in order to assist with the Study process in terms of an understanding of social, behavioral, and environmental conditions that affect health, identifying priorities, and the use of evidence-based interventions.

Such notice shall be provided within ten (10) days of any such reallocation or relocation and published on the website pages of Saint Mary's Hospital. OHCA is imposing this Condition to ensure continued access to health care services for the patient population. *Legal and Factual Basis: Stat. §§ 19a-613(b), 19a-639(a)(5),(6) (7),(8),(9),(11) & (12); FF -21-22*

7. Within one hundred and eighty (180) days following the Closing Date and thereafter on the same semi-annual schedule as set forth in Condition 8 below until the capital commitment is satisfied TH-NE shall submit to OHCA a report on the capital investments ("Capital Investment Report") it has made in the Hospital and its affiliates from the minimum $100 million Commitment Amount. The Capital Investment Report shall include the following in a format to be agreed upon:

    a. A list of the capital expenditures that have been made in the prior one hundred and eighty (180) days with descriptions of each associated project; and

    b. An explanation of why each expenditure was made and a timeframe for the roll out of the associated capital project (including estimated beginning, ending and startup/operation dates); and

    c. The funding source of the capital investment; indicate whether it was drawn from intercompany loans, operating revenue, capital contributions from THC or another source. If funding was drawn from another source, indicate the source.

    The reports shall be signed by the Hospital's or TH-NE's Chief Financial Officer. OHCA is imposing this Condition to ensure continued access to health care services for the patient population and to verify the continued financial feasibility of the project. *Legal and Factual Basis: Stat. §§ 19a-613(b), 19a-639(a)(3),(4) & (5); FF 47-49, 53*

8. For three (3) years following the Closing Date, TH-NE shall file the following information with OHCA on a semi-annual basis for the Hospital and TH-NE:

    a. The cost saving totals achieved in the following Operating Expense Categories for the Hospital and TH-NE Salaries and Wages, Fringe Benefits, Contractual Labor Fees, Medical Supplies and Pharmaceutical Costs, Depreciation and Amortization, Interest Expense, Malpractice Expense, Utilities, Business Expenses and Other Operating Expenses. The categories shall be consistent with the major operating expense categories (Categories A, B, C, D, E, G, H, I, J, and K) which are in use at the time of reporting in the OHCA Hospital Reporting System ("HRS") Report 175 or successor report. The semi-annual submission shall also contain narratives describing:

        1. the major cost savings achieved for each expense category for the semi-annual period; and

        2. the effect of these cost savings on the clinical quality of care.

b. A consolidated Balance Sheet, Statement of Operations, and Statement of Cash Flows for the Hospital and TH-NE. The format shall be consistent with that which is in use at the time of reporting in OHCA's HRS Reports 100/300 (balance sheets), 150/350 (statement of operations) or successor reports.

For purposes of this Order, semi-annual periods are October 1-March 31 and April 1 – September 30. The required information is due no later than two (2) months after the end of each semi-annual period. Due dates are May 31st and November 30th, beginning November 30, 2016. OHCA is imposing this Condition to ensure continued access to health care services for the patient population and to verify the continued financial feasibility of the project. *Legal and Factual Basis: Stat. §§ 19a-613(b), 19a-639(a)(4) & (5);* FF *47-49, 53*

9. For three (3) years following the Closing Date, TH-NE shall submit to OHCA a financial measurement report. This report shall be submitted on a semi-annual basis and show current month and year-to-date data and comparable prior year period data for the Hospital and TH-NE. The required information is due no later than two (2) months after the end of each semi-annual period. Due dates are May 31st and November 30th, beginning November 30, 2016. The following financial measurements/indicators should be addressed in the report:

Financial Measurement/Indicators

A. <u>Operating Performance</u>
1. Operating Margin
2. Non-Operating Margin
3. Total Margin
B. <u>Liquidity</u>
1. Current Ratio
2. Days Cash on Hand
3. Days in Net Accounts Receivables
4. Average Payment Period
C. <u>Leverage and Capital Structure</u>
1. Long-term Debt to Equity
2. Long-term Debt to Capitalization
3. Unrestricted Cash to Debt
4. Times Interest Earned Ratio
5. Debt Service Coverage Ratio

6. Equity Financing Ratio
D. Additional Statistics
1. Income from Operations
2. Revenue Over/(Under) Expense
3. Cash from Operations
4. Cash and Cash Equivalents
5. Net Working Capital
6. Free Cash Flow (and the elements used in the calculation)
7. Unrestricted Net Assets/Retained Earnings
8. Bad Debt as % of Gross Revenue
9. Credit Ratings (S&P, FITCH or Moody's)

OHCA is imposing this Condition to ensure continued access to health care services for the patient population and to verify the continued financial feasibility of the project. *Legal and Factual Basis: Stat. §§ 19a-613(b), 19a-639(a)(4) & (5); FF 59-60*

10. TH-NE shall ensure that the Hospital maintains and adheres to the Hospital's current policies regarding charity care, indigent care and community volunteer services after the Closing Date, or adopt other policies that are at least as generous and benevolent to the community as the Hospital's current policies, consistent with state and federal law. These policies shall be posted on the website pages of the Hospital and as additionally required by applicable law. OHCA is imposing this Condition to ensure continued access to health care services for the patient population. *Legal and Factual Basis: Stat. §§ 19a-613(b), 19a-639(a)(5),(6) & (11); FF 40-42*

11. For three (3) years following the Closing Date, TH-NE shall provide written notice to OHCA of any modification, amendment or revision to the charity care, indigent care and community volunteer services policies of the Hospital within thirty (30) days of such change. The notice of these changes shall be accompanied by copies of any revised policies and the notice and revised policies shall be posted on the website of the Hospital simultaneously with their submission to OHCA. OHCA is imposing this Condition to ensure continued access to health care services for the patient population. *Legal and Factual Basis: Stat. §§ 19a-613(b), 19a-639(a)(5),(6) & (11); FF 40-42*

12. TH-NE shall maintain community benefit programs and community building activities for the Hospital for three (3) years after the Closing Date consistent with the Hospital's most recent Schedule H of IRS Form 990 or shall provide such other community benefit programs and community building activities that are at least as generous and benevolent to the community as the Hospital's current programs, and TH-NE shall apply no less than a 1% increase per year for the next three (3) years toward the Hospital's community building activities in terms of dollars spent.

In determining the Hospital's participation and investment in both community benefits and community building activities, TH-NE shall address the health needs identified by the applicable CHNA in effect at the time and the population health management objectives, including social determinants of health, contained in the related Implementation Strategy.

a. On an annual basis, TH-NE shall identify the amounts and uses related to community benefits and community building and shall discuss how such investments and support are being applied toward the health needs identified in the CHNA and population health management objectives. Such reporting shall be filed within thirty days of the anniversary date of the closing for three years and shall be posted on the Hospital's website. OHCA is imposing this Condition to ensure continued access to health care services for the patient population. *Legal and Factual Basis: Stat. §§ 19a-613(b), 19a-639(a)(5),(6) & (11); FF 35.*

13. TH-NE shall work toward making culturally and linguistically appropriate services available and integrated throughout the Hospital's operations. Specifically, TH-NE shall ensure that the Hospital shall take reasonable steps to provide meaningful access to each individual with limited English proficiency eligible to be served or likely to be encountered in its health programs and activities, in accordance with the implementing regulations of Section 1557 of the Patient Protection and Affordable Care Act. Additionally, TH-NE shall provide at the Hospital, appropriate insurance navigator services for patients and, where appropriate, English as a second language and cultural competency training for employees. In complying with this Condition, TH-NE shall ensure that the Hospital shall be guided by the National Standards for Culturally and Linguistically Appropriate Services in Health and Health Care published by the U.S. Department of Health and Human Services' Office of Minority Health. For three (3) years following the Closing Date, TH-NE shall submit a written report on its activities directed at meeting this Condition. Such reporting shall be filed within thirty (30) days of the anniversary date of the closing for three years and shall be posted on the Hospital's website. OHCA is imposing this Condition so as to ensure continued access to health care services for the patient population. *Legal and Factual Basis: 45 C.F.R. §92.201; Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 29.*

14. For three (3) years following the Closing Date, Trinity shall allow for one (1) community representative to serve as voting members of the Hospital's Board of Directors with rights and obligations consistent with other voting member under the Hospital's Board of Director Bylaws. The community representative shall be selected in consultation with the Mayor of Waterbury in order to ensure the appointment of one unbiased persons who will fairly represent the interests of the communities served by the Hospital. OHCA is imposing this Condition to ensure continued access to health care services for the patient population. *Legal and Factual Basis: Stat. §§ 19a-613(b), 19a-639(a)(2),(3),(5),(7),(8),(11) & (12); FF 19-20*

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Department of Public Health
Office of Health Care Access

7/27/2016
Date

Yvonne T. Addo, MBA
Deputy Commissioner

____
Date

____
Duly Authorized Agent for
Saint Mary's Hospital

Signed by _________________________, ___________________________
(Print name) (Title)

____
Date

____
Duly Authorized Agent for
Trinity Health-New England

Signed by _________________________, ___________________________
(Print name) (Title)

____
Date

____
Duly Authorized Agent for
Trinity Health Corporation

Signed by _________________________, ___________________________
(Print name) (Title)

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Department of Public Health
Office of Health Care Access

7/27/2016
Date

Yvonne Addo
Yvonne T. Addo, MBA
Deputy Commissioner

Date

Duly Authorized Agent for
Saint Mary's Hospital

Signed by ______________________, ______________________
(Print name) (Title)

Date

Duly Authorized Agent for
Trinity Health-New England

Signed by ______________________, ______________________
(Print name) (Title)

7-25-16
Date

Duly Authorized Agent for
Trinity Health Corporation

Signed by D. SCOTT NORDLUND, EVP GROWTH, STRATEGY + INNOVATION
(Print name) (Title)

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Department of Public Health
Office of Health Care Access

7/27/2016
Date

Yvonne T. Addo, MBA
Deputy Commissioner

Date

Duly Authorized Agent for
Saint Mary's Hospital

Signed by ______________________, ______________________
(Print name) (Title)

July 22, 2016
Date

Duly Authorized Agent for
Trinity Health-New England

Signed by Christopher Dadlez, President + CEO
(Print name) (Title)

Date

Duly Authorized Agent for
Trinity Health Corporation

Signed by ______________________, ______________________
(Print name) (Title)

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Department of Public Health
Office of Health Care Access

7/27/2016
Date

Yvonne T. Addo, MBA
Deputy Commissioner

7/22/16
Date

Duly Authorized Agent for
Saint Mary's Hospital

Signed by Chad W. Wable, FACHE, President and Chief Executive Officer
(Print name) (Title)

Date

Duly Authorized Agent for
Trinity Health-New England

Signed by ______________________, ______________________
(Print name) (Title)

Date

Duly Authorized Agent for
Trinity Health Corporation

Signed by ______________________, ______________________
(Print name) (Title)