

**PULLMAN
& COMLEY_{LLC}**
ATTORNEYS

Collin P. Baron
850 Main Street
P.O. Box 7006
Bridgeport, CT 06601-7006
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September 26, 2014

VIA E-MAIL AND U.S. MAIL

Ms. Kimberly Martone
Director of Operations
Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

Re: Vanguard Health Systems, Inc.

Dear Ms. Martone:

In connection with the application for a joint venture between Greater Waterbury Health Network, Inc. and Vanguard Health Systems, Inc., Vanguard Health Systems, Inc. or an affiliate intends to establish a medical foundation that complies with the provisions of Public Act 14-168. Coincident with the formation of the joint venture, the Vanguard medical foundation will acquire substantially all of the assets and assume substantially all of the liabilities of Alliance Medical Group, Inc., the tax-exempt 501(c)(3) medical foundation through which Waterbury Hospital currently employs physicians and other providers. Attached is CON Determination Form 2020 that details that proposed transaction.

Once you have had an opportunity to review the attached, I would happy to discuss with you any questions that you may have.

Very truly yours,

Collin P. Baron

cc: Trip Pilgrim
Jeff Peterson
Ann Zucker, Esq.
Kristin Connors, Esq.

CPB:dmb



State of Connecticut Office of Health Care Access CON Determination Form Form 2020

All persons who are requesting a determination from OHCA as to whether a CON is required for their proposed project must complete this Form 2020. The completed form should be submitted to the Director of the Office of Health Care Access, 410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. PETITIONER INFORMATION

If this proposal has more than two Petitioners, please attach a separate sheet, supplying the same information for each Petitioner in the format presented in the following table.

	Petitioner	Petitioner
Full Legal Name	Greater Waterbury Health Network, Inc.	Vanguard Health Systems, Inc.
Doing Business As		
Name of Parent Corporation		Tenet Healthcare Corporation
Petitioner's Mailing Address, if Post Office (PO) Box, include a street mailing address for Certified Mail	64 Robbins St. Waterbury, CT 06708	1445 Ross Ave. Suite 1400 Dallas, TX 75202
What is the Petitioner's Status: P for profit and NP for Nonprofit	NP	P
Contact Person at Facility , including Title/Position: This Individual at the facility will be the Petitioner's Designee to receive all correspondence in this matter.	Darlene Stromstad President/CEO	Jeffrey Peterson Senior Counsel
Contact Person's Mailing Address, if PO Box, include a street mailing address for Certified Mail	64 Robbins St. Waterbury, CT 06708	1445 Ross Ave. Suite 1400 Dallas, TX 75202

Contact Person's Telephone Number	203-573-7101	469-893-6104
Contact Person's Fax Number	203-573-6161	469-893-7104
Contact Person's e-mail Address	dstromstad@wtbyhosp.org	jeff.peterson@tenethealth.com

SECTION II. GENERAL PROPOSAL INFORMATION

- a. Proposal/Project Title: **Joint Venture between Greater Waterbury Health Network, Inc. and Vanguard Health Systems, Inc. (Medical Foundation)**
- b. Estimated Total Project Cost: **Not applicable**
- c. Location of proposal, identifying Street Address, Town and Zip Code: **64 Robbins Street, Waterbury, CT 06708**
- d. List each town this project is intended to serve: **This project is intended to serve the towns currently served by Waterbury Hospital including, but not limited to, Beacon Falls, Bethlehem, Cheshire, Middlebury, Morris, Naugatuck, Oakville, Oxford, Plantsville, Plymouth, Prospect, Seymour, Southbury, Southington, Terryville, Thomaston, Torrington, Waterbury, Watertown, Wolcott, and Woodbury.**
- e. Estimated starting date for the project: **Following regulatory approval of the Joint Venture and satisfaction of closing conditions.**

SECTION IV. PROPOSAL DESCRIPTION

Please provide a description of the proposed project, highlighting each of its important aspects, on at least one, but not more than two separate 8.5" X 11" sheets of paper. At a minimum each of the following elements need to be addressed, if applicable:

1. If applicable, identify the types of services currently provided and provide a copy of each Department of Public Health license held by the Petitioner.
2. Identify the types of services that are being proposed and what DPH licensure categories will be sought, if applicable.
3. Identify the current population served and the target population to be served.

PROPOSAL DESCRIPTION

Greater Waterbury Health Network, Inc. ("GWHN") and Vanguard Health Systems, Inc., ("Vanguard") (collectively, the "Applicants") submitted to the Attorney General and the Commissioner of the Department of Public Health an application for approval of their joint venture (the "Joint Venture") under Conn. Gen. Stat. § 19a-486 *et seq.* on May 3, 2013 (the "Application"). Vanguard is a wholly-owned subsidiary of Tenet Healthcare Corporation ("Tenet").

GWHN is the sole member of The Waterbury Hospital (the "Hospital"). The towns served by the Hospital include, but are not limited to, Beacon Falls, Bethlehem, Cheshire, Middlebury, Morris, Naugatuck, Oakville, Oxford, Plantsville, Plymouth, Prospect, Seymour, Southbury, Southington, Terryville, Thomaston, Torrington, Waterbury, Watertown, Wolcott, and Woodbury.

The Hospital is the sole member of Alliance Medical Group, Inc. ("AMG"), the tax-exempt 501(c)(3) medical foundation through which the Hospital currently employs physicians and other providers. AMG is the largest hospital-affiliated, multi-specialty group in the Waterbury area with more than 100 physicians and health care providers practicing in the following specialties: Emergency and Internal Medicine, Pediatric and Adolescent Medicine, Breast Surgery, General Surgery, Endocrinology, Pulmonary, Rheumatology, Infectious Disease/Travel Medicine and Sleep Medicine. AMG has locations in Middlebury, Naugatuck, Thomaston, Waterbury, Watertown and Woodbury.

As contemplated under the Application, Vanguard or an affiliate will create a new medical foundation through which it will employ physicians and other health care providers (collectively, "Providers") to provide services on behalf of the Joint Venture hospital. Section 8.14 of the proposed Contribution Agreement (Bates 0128) includes a condition precedent to the consummation of the Joint Venture that the Connecticut Legislature must have amended the corporate practice of medicine statute to allow stock corporations and other for-profit entities, whether incorporated or organized in Connecticut or another jurisdiction, to own medical foundations that employ physicians. The signing of Public Act 14-168 now allows for-profit entities to organize and be the member of a medical foundation. Accordingly, it is the intention of Vanguard or an affiliate to organize and be the sole member of a medical foundation that complies with the provisions of Public Act 14-168. The medical foundation will acquire substantially all of the assets of AMG, assume substantially all of its liabilities and either assume existing employment agreements between AMG and its employed Providers or enter into new employment agreements with such Providers ("Medical Foundation Transaction"). The Medical Foundation Transaction is critical to the success of the Joint Venture and a condition precedent to the consummation of the transaction being considered under the Application¹.

Based on the foregoing, GWHN and Vanguard respectfully submit that the Medical Foundation transaction does not require CON approval pursuant to Conn. Gen. Stat. Sec. 19a-638.

¹ It is anticipated that the medical foundation described herein will have a similar role in the other conversion transactions being pursued by Tenet/Vanguard.

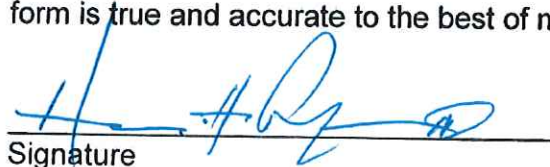
SECTION V. AFFIDAVIT

(Each Petitioner must submit a completed Affidavit.)

Petitioner: Vanguard Health Systems, Inc.

Project Title: Joint Venture between Greater Waterbury Health Network, Inc. and Vanguard Health Systems, Inc. (Medical Foundation)

I, Harold H. Pilgrim III, Senior Vice President, Development, of Tenet Healthcare Corporation being duly sworn, depose and state that the information provided in this CON Determination form is true and accurate to the best of my knowledge.


Signature

9/24/14
Date

Subscribed and sworn to before me on this 24th day of September, 2014.


Notary Public/Commissioner of the Superior Court

My commission expires: 9-23-2018



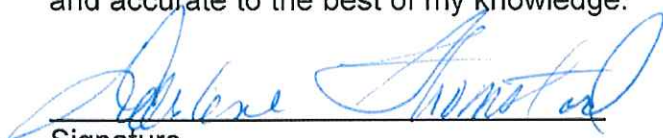
SECTION V. AFFIDAVIT

(Each Petitioner must submit a completed Affidavit.)

Petitioner: Greater Waterbury Health Network, Inc.

Project Title: Joint Venture between Greater Waterbury Health Network, Inc. and Vanguard Health Systems, Inc. (Medical Foundation)

I, Darlene Stromstad, President/CEO of Greater Waterbury Health Network, Inc. being duly sworn, depose and state that the information provided in this CON Determination form is true and accurate to the best of my knowledge.

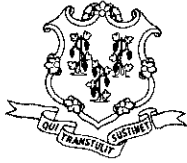

Signature

9/18/14
Date

Subscribed and sworn to before me on this 18 day of September, 2014.


Notary Public/Commissioner of the Superior Court

My commission expires: 7-31-16



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

October 2, 2014

VIA FACSIMILE ONLY

Darlene Stromstad
President/Chief Executive Officer
Greater Waterbury Health Network, Inc.
64 Robbins Street
Waterbury, CT 06708

Jeffrey Peterson, Esq.
Senior Counsel
Vanguard Health Systems, Inc.
1445 Ross Ave., Suite 1400
Dallas, TX 75202

RE: Certificate of Need Determination Report Number 14-31948-DTR
Transfer of Ownership of a Group Practice

Dear Ms. Stromstad and Attorney Peterson:

On September 26, 2014, the Office of Health Care Access ("OHCA") received your Certificate of Need ("CON") Determination request on behalf of Greater Waterbury Health Network, Inc. ("Hospital") and Vanguard Health Systems, Inc. ("Vanguard") (The Hospital and Vanguard are herein collectively referred to as "Petitioners") with respect to the transfer of ownership of a medical foundation.

The Hospital is the sole member of Alliance Medical Group, Inc. ("AMG"), a tax-exempt medical foundation through which the Hospital currently employs physicians and other providers. As part of a joint venture transaction between the Hospital and Vanguard, Vanguard or an affiliate will create a new medical foundation through which it will employ physicians and other health care providers to provide services on behalf of the joint venture hospital. Vanguard or its affiliate will be the sole member of the newly created medical foundation. The newly created medical foundation will acquire substantially all of the assets of AMG, assume substantially all of its liabilities and either assume existing employment agreements between AMG and its employees or enter into new agreements.

Pursuant to Conn. Gen. Stat. § 19a-638(a)(3), as amended by Public Act 14-168, a certificate of need is required for a "transfer of ownership of a group practice to any entity other than a physician or group of physicians, except when the parties have signed a sale agreement to transfer such ownership on or before September 1, 2014". Conn. Gen. Stat. § 19a-630(10), as amended by Public Act 14-168, defines a group practice as "eight or more full-time equivalent physicians, legally organized in a partnership, professional corporation, limited liability company formed to render professional services, medical foundation, not-for-profit corporation, faculty practice plan or other similar entity... (emphasis added)" As such, the newly created medical foundation constitutes a "group practice" for purposes of Conn. Gen. Stat. § 19a-638(a)(3), as amended by Public Act 14-168.

An Equal Opportunity Provider

(If you require aid/accommodation to participate fully and fairly, contact us either by phone, fax or email)
410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308

As stated above, there are two exceptions to the CON requirement for the transfer of ownership of a group practice. One exception involves the transfer of ownership of the group practice on or before September 1, 2014. In the instant matter, the transfer of ownership of AMG to the newly created medical foundation has not yet occurred and the September 1, 2014 deadline has expired. Therefore, this exception is not applicable. The other exception involves a transfer of ownership of the group practice to a physician or group of physicians. This is not the case here since ownership is being transferred to a new medical foundation whose sole member will be Vanguard or its affiliate, neither being a physician or group of physicians.

For the foregoing reasons, OHCA hereby determines that a *CON is required* for the Petitioners' proposal.

Sincerely,



Kimberly R. Martone
Director of Operations

C: Rose McLellan, License and Applications Supervisor, DPH, DHSR

* * * COMMUNICATION RESULT REPORT (OCT. 2. 2014 9:18AM) * * *

FAX HEADER:

TRANSMITTED/STORED : OCT. 2. 2014 9:16AM
FILE MODE OPTION

ADDRESS

RESULT

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660 MEMORY TX

914698937104

OK

3/3

REASON FOR ERROR
E-1) HANG UP OR LINE FAIL
E-3) NO ANSWER

E-2) BUSY
E-4) NO FACSIMILE CONNECTION



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: JEFFREY PETERSON
FAX: 469 893-7104
AGENCY: VANGUARD HEALTH SYSTEMS, INC.
FROM: OHCA
DATE: 10/2/14 Time: _____
NUMBER OF PAGES: 3
(including transmittal sheet)

Comments:

Please see attached determination for Transfer of Ownership of a Group Practice

PLEASE PHONE Barbara K. Olejarz IF THERE ARE ANY TRANSMISSION PROBLEMS.

Phone: (860) 418-7001

Fax: (860) 418-7053

410 Capitol Ave., MS#13HCA
P.O.Box 340308
Hartford, CT 06134

* * * COMMUNICATION RESULT REPORT (OCT. 2. 2014 9:17AM) * * *

FAX HEADER:

TRANSMITTED/STORED : OCT. 2. 2014 9:16AM
FILE MODE OPTION

ADDRESS

RESULT

PAGE

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OK

3/3

REASON FOR ERROR
E-1) HANG UP OR LINE FAIL
E-3) NO ANSWER

E-2) BUSY
E-4) NO FACSIMILE CONNECTION



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: DARLENE STROMSTAD
FAX: 203 573-6161
AGENCY: GREATER WATERBURY HEALTH NETWORK, INC.
FROM: OHCA
DATE: 10/2/14 **Time:** _____
NUMBER OF PAGES: 3
(including transmittal sheet)

Comments:

Please see attached determination for Tranfer of Ownerhsip of a Group Practice

PLEASE PHONE Barbara K. Olejarz IF THERE ARE ANY TRANSMISSION PROBLEMS.

Phone: (860) 418-7001

Fax: (860) 418-7053

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