



St. Joseph Healthcare  
St. Joseph Hospital

*In the Spirit of Healing*

*Sponsored by The Felician Sisters*

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COPY

July 31, 2009

Hand Delivered

Brenda M. Harvey, Commissioner  
Department of Health and Human Services  
221 State Street  
# 11 State House Station  
Augusta, Maine 04333-0011

**Re: Certificate of Need/Transfer of Sponsorship of St. Joseph Healthcare Foundation to Covenant Health Systems**

Dear Commissioner Harvey:

On July 16, 2009, Covenant Health Systems ("Covenant") received your decision to grant a Certificate of Need ("CON") authorizing the transfer of sponsorship of St. Joseph Healthcare Foundation and St. Joseph Hospital to Covenant. I appreciate your favorable decision. However, the CON included several conditions one of which, unfortunately, has become a barrier to the transfer of sponsorship.

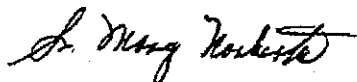
Specifically, condition # 1 of your CON Decision requires the agreement between St. Joseph and Covenant to be modified to allow for the deferral or reduction of Covenant's management fee, whenever our excess revenue over expenditures is less than 1.2% of our expenses in any given year.

This condition first appeared in the CON Unit's preliminary analysis. Covenant provided written comments seeking modification or elimination of the condition. Nevertheless, the condition became part of your CON decision. Recently, I was informed by Covenant that this condition is, in effect, a deal breaker and that Covenant will not go forward with the transfer of sponsorship with this condition in place.

Neither St. Joseph Healthcare Foundation nor St. Joseph Hospital was an applicant for the CON. However, each supported the CON application and are directly affected and interested parties. I understand that there is an opportunity to seek reconsideration of the CON Decision or possibly subsequent review under the CON Act. Before deciding where we go from here, I would appreciate an opportunity to meet with you together with one of our Board members, our counsel and your counsel, to discuss the impact of the CON decision on St. Joseph and to obtain your views and guidance regarding this matter.

Since the deadline for filing a petition for reconsideration is August 17, 2009<sup>1</sup>, I would appreciate meeting with you as soon as your schedule allows. Thank you for your time and consideration.

Sincerely,



Sister Mary Norberta, C.S.S.F., FACHE  
President/CEO

cc: Janine Raquet, AAG  
Catherine Cobb, Director  
Phyllis Powell, CONU Manager  
John P. Doyle, Esq.  
Susan McDonough, VP Covenant Health Systems

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<sup>1</sup> We would appreciate confirmation of the filing deadline from you or your counsel. Covenant received the CON Decision on July 16, 2009. Thus, the thirty (30) day reconsideration period would expire on a Saturday, August 15. Because the time period expires on a weekend, we assume that Monday, August 17, 2009, is the filing deadline.