

John E. Baldacci, Governor

Brenda M. Harvey, Commissioner

Department of Health and Human Services
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September 9, 2008

Rene L. Dumont
VP Planning and Marketing
St. Mary's Regional Medical Center
PO Box 7291
Lewiston, ME 04243

RE: St. Mary's Regional Medical Center's Proposal to Expand/Renovate their Operating Rooms, Central Sterile, Lab and Pharmacy Departments

I am pleased to notify you that on this date I have decided to **grant with conditions** the Certificate of Need that authorizes St. Mary's Regional Medical Center to expand/renovate their operating rooms, central sterile, lab and pharmacy departments located on Campus Avenue in Lewiston, Maine. The approved capital expenditure associated with this project is \$ 24,519,301. Any costs exceeding \$ 25,544,333 (the approved capital expenditure plus approved contingency of \$ 1,025,032) will trigger a subsequent review.

My approval is conditioned on St. Mary's Regional Medical Center (St. Mary's) implementing the following:

- 1) That the construction related to the 2007 approved CON for the Emergency Room project be completed before this project exceeds \$4,000,000 in expenditures. Due to the timing of expenditures between the two projects, this will ensure adequate funding for both projects to be completed without introducing financial stress for St. Mary's;
- 2) That the applicant take immediate, interim measures to mitigate the findings of the College of American Pathologists and provide documentation to CONU;
- 3) The applicant be required to report for the first full three years of operation the following measurable improvements to quality standards:
 - Employee satisfaction and retention rates
 - Laboratory error rates
 - Laboratory turn around time
 - Pharmacy medication error rates
 - Patient satisfaction rates as it relates to patient safety
 - Infection rates from surgical cases
 - Report results of the Surgical Pre Admission Testing program.

In order for this Certificate of Need to remain valid, the project must be "commenced" within one year from the date of the original approval noted above. You must complete implementation reports on your activities as specified for this type of project (CON Procedures Manual, Chapter 11, Sec. 3). Limited extensions may be available, if requested in a timely manner and for good cause, as explained in the Manual, Chapter 9, Sec. 3. Failure to commence a project within this 12-month period will result in expiration of the Certificate of Need, unless an extension is obtained, as cited above.

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I am granting this Certificate of Need because I have determined that the project meets the criteria set forth in the CON Act Sec. 335(1) and the Department's regulations. The specific details of the project for which I have granted this Certificate of Need are contained in an application found to be subject to review in accordance with the provisions of the Maine Certificate of Need Act, and was certified complete by the applicant on December 17, 2007. Please be aware that in accordance with Section 346 of the Maine Certificate of Need Act this Certificate, as modified herein, is valid only for the stated scope, premises and facility named in the above referenced application and is not transferable or assignable.

Furthermore, it should be clearly understood that our analysis and findings regarding the need for the proposed project as well as its financial and economic feasibility have been predicated on the application record as described in the Manual, Chapter 8, Subsection 5. Consequently, the proposal must be implemented consistent with the Department's analysis and findings as summarized in the following Department staff reports:

1. PRELIMINARY STAFF REPORT: Report from Steven Keaten, Health Care Financial Analyst, CONU and Larry Carbonneau, Health Care Financial Analyst, CONU to Phyllis Powell, Manager, CONU, Licensing and Regulatory Services, dated May 22, 2008.
2. FINAL REVIEW: Briefing memo to Brenda M. Harvey, Commissioner, DHHS, dated August 4, 2008.

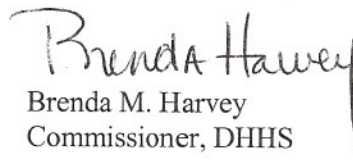
No significant changes to the project, no variations from the projected operating costs, no modifications of the terms of financing the project, and no increase in the capital expenditures to be made are permitted without the prior written approval of the Department. Any such variances may result in either the disallowance of related expenses, financial penalties or the immediate revocation of the Certificate of Need.

Please work closely with my staff in the Certificate of Need Unit to assure this project is implemented in accordance with the provisions of this Certificate and applicable rules and regulations. As part of this requirement, you are reminded that, prior to construction, the appropriate licensing and certification and State Fire Marshal officials must approve all working drawings and construction specifications.

The law requires that a holder of a Certificate of Need make a written report at the end of each six-month period following its issuance. Details regarding this and related requirements will be made the subject of a separate letter from the CONU.

We appreciate your willingness to work with us during the review process.

Sincerely,


Brenda M. Harvey
Commissioner, DHHS

BMH/klv

cc: Catherine Cobb, Director of Licensing and Regulatory Services
Phyllis Powell, CONU Manager
Steven Keaten, Health Care Financial Analyst
Larry Carbonneau, Health Care Financial Analyst
Denise Osgood, Medical Facilities Unit
Herb Downs, Audit
Janine Raquet, AAG