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Division of Licensing and
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August 6, 2008

VIA HAND DELIVERY

Phyllis Powell, Manager
Department of Health and Human Services
Division of Licensing and Regulatory Services
Certificate of Need Unit
41 Anthony Avenue
State House Station 11
Augusta, ME 04333-0011

RE: Letter of Intent – Waldo County Healthcare, Inc. and MaineHealth– Change of Ownership – Simplified Review

Dear Phyllis:

Waldo County General Hospital (“WCGH”) and MaineHealth file this Letter of Intent regarding a proposed change of ownership of Waldo County Healthcare, Inc. (“WCHI”) and its affiliates in Belfast, Maine to MaineHealth (the “Transfer of Ownership”). Among the WCHI affiliates is WCGH.

Consistent with the CON Procedures Manual, Chapter 6, Section 1.B, I hereby request a ruling from the Department regarding the applicability of Certificate of Need to this proposal. I am also requesting a Technical Assistance Meeting on this proposed project as soon as possible.

The Transfer of Ownership appears subject to CON review as a “Simplified Review” under Section 336 of the CON Act. My understanding is based on the Department’s August 26, 2005 issuance of a Certificate of Need, following a simplified review process, which authorized Blue Hill Memorial Hospital to become an affiliate of Eastern Maine Healthcare Systems. Under the simplified review process prescribed in Chapter 7, Section 9 of the CON Procedures Manual, the Transfer of Ownership would not be “subject to established review cycles and need not be funded within the Capital Investment Fund.”

The Transfer of Ownership will be carried out through a change in the governance documents of WCHI. Currently, the Membership of WCHI consists of approximately six hundred residents broadly representative of the community served by WCHI and with a demonstrated interest in WCHI’s affairs. Pursuant to a Definitive Agreement between WCHI and MaineHealth, WCHI’s Articles of Incorporation and Bylaws will be amended to substitute MaineHealth for the current Members. Following the effective date, MaineHealth will be the sole corporate Member of WCHI and the former members will serve as an Advisory Council to the WCHI Board.

Phyllis Powell
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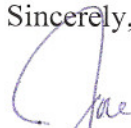
WCHI is and will remain, after the Transfer of Ownership, the sole corporate Member of WCGH and WCHI's other affiliates. WCHI's other affiliates include: Waldo County Home Healthcare Services, Arthur Jewel Community Health Center, Belfast Public Health Nursing Association, Inc., Donald S. Walker Health Center, Stockton Springs Regional Health Center, and Coastal Medical Care, all nonprofit Maine corporations and Waldo County Healthcare Management Company, a Maine for profit corporation.

Before and after the Transfer of Ownership, assets currently held by WCHI and its subsidiaries (including WCGH) will remain as assets of WCHI and its respective subsidiaries. Likewise, WCHI and its subsidiaries will retain and remain responsible for their respective liabilities and obligations. There is no capital cost related to this project, and we currently estimate that there will be no incremental third-year operating costs for WCGH associated with the Transfer of Ownership

The applicants request the opportunity to meet with you as soon as practicable and understand that a Technical Assistance Meeting is required to take place within 30 days, as set forth in Chapter 6, Section 2 (2) of the CON Procedures Manual. The applicants intend to file an application for CON as soon as practical after that meeting. I will be contacting you shortly to discuss scheduling.

Should you have any questions, please do not hesitate to contact me

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe", is written over the word "Sincerely,".

Joseph M. Kozak