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EMHS MEMBERS

The Acadia Hospital
Affiliated Healthcare Systems
The Aroostook Medical Center
Blue Hill Memorial Hospital
Charles A. Dean Memorial
Hospital & Nursing Home
Dirigo Pines
Retirement Community
Eastern Maine HomeCare
Eastern Maine Medical Center
Healthcare Charities
Inland Hospital
Maine Institute for
Human Genetics and Health
Rosscare
Sebasticook Valley Hospital

Via Email and U.S. Mail

January 24, 2013

Kenneth Albert, Esq., Director
Phyllis Powell, Assistant Director
Division of Licensing and Regulatory Services
Certificate of Need Unit
Department of Health and Human Services
State House Station #11
Augusta, Maine 04333-0011

Re: Mercy Hospital/Eastern Maine Healthcare Systems
Transfer of Ownership
Letter of Intent/ Reviewability

Dear Mr. Albert and Ms. Powell:

Mercy Hospital ("Mercy") and Eastern Maine Healthcare Systems ("EMHS") executed an Affiliation Agreement on January 14, 2013, setting forth the terms of the affiliation of Mercy with EMHS. The Affiliation Agreement is subject to a number of contingencies, including Certificate of Need approval. Accordingly, we submit this Letter of Intent / Reviewability and request that a technical assistance meeting be scheduled in the near term. This meeting will help us better understand how the Certificate of Need ("CON") review process will be applied to the proposed transfer of ownership of Mercy to EMHS.

Mercy is a Maine nonprofit, tax-exempt corporation that operates a 230-bed acute care hospital with two hospital campuses located in Portland, Maine. The sole corporate member of Mercy is Mercy Health System of Maine ("MHSM") and the sole corporate member of MHSM is Catholic Health East ("CHE").

EMHS is a Maine nonprofit, tax-exempt corporation that is the parent of Eastern Maine Medical Center, The Acadia Hospital, The Aroostook Medical Center, Inland Hospital, Sebasticook Valley Health, C.A. Dean Memorial Hospital and Blue Hill Memorial Hospital, along with several other affiliated entities that provide a wide range of healthcare clinical and support services. Pursuant to the terms of the Affiliation Agreement among EMHS, MHSM and CHE, and upon successful completion of due diligence reviews, EMHS will replace CHE as the sole corporate member of MHSM and thereby acquire direct or indirect control over substantially all of the assets and operations of MHSM, including Mercy and VNA Home Health & Hospice ("VNA") (the "Transaction").



TOGETHER We're Stronger

Under the proposed Transaction, EMHS will continue to operate Mercy in a manner consistent with Mercy's historic mission, including adherence to the Ethical and Religious Directives for Catholic Health Care Services. Vatican approval will be sought and obtained for the Transaction. The Transaction also requires Hart-Scott-Rodino ("HSR") filing with the Federal Trade Commission. Our counsel will be completing the due diligence required for this transaction.

EMHS will continue to maintain a local governing Board of Mercy which will have certain oversight responsibility for quality and safety, capital planning and strategy matters related to Mercy. The initial governing board of Mercy will be comprised of community leaders, physician leadership, Sisters of Mercy and others recommended by the current MHSM Board and approved by EMHS.

The parties hereby request a meeting with Department staff in order to assist the Department in understanding the proposed transfer of ownership, to assist the parties in understanding the CON application process, and to receive technical assistance concerning the nature, extent and format of the documentary evidence, statistical data and financial data required for the Department to evaluate the proposed transfer of ownership, as well as relevant timelines and the criteria to be applied. Assuming the due diligence process proceeds successfully, the parties intend to file a Certificate of Need application for the proposed transfer of ownership as soon as practical following the technical assistance meeting, and look forward to a timely review process consistent with the provisions of Public Law, Chapter 648, LD 1909, An Act To Simplify the Certificate of Need Process and Lessen the Regulatory Burden on Providers, which took effect on August 30, 2012.

Jean Mellett, EMHS Director of Planning, will be contacting you shortly to schedule the technical assistance meeting. We look forward to working with your staff and to an efficient review process.

Sincerely,



M. Michelle Hood, FACHE
President & CEO
Eastern Maine Healthcare Systems



Eileen F. Skinner, President and CEO
Mercy Health System of Maine

cc: Larry Carbonneau, CPA, CONU
John P. Doyle, Jr., Counsel to EMHS
Joseph M. Kozak, Counsel to Mercy