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December 28, 2015

William F.J. Ardinger, Esquire
Rath, Young and Pignatelli, P.C.
PO Box 1500
Concord, NH 03302-1500

Re: Proposed Affiliation among Androscoggin Valley Hospital, Littleton Hospital Association, Inc., Weeks Medical Center and Upper Connecticut Valley Hospital Association – RSA 7:19-b

Dear Mr. Ardinger:

The Charitable Trusts Unit is in receipt of your notice and submission, dated August 31, 2015, pursuant to RSA 7:19-b, regarding the proposed affiliation among Androscoggin Valley Hospital, Littleton Hospital Association, Inc., Weeks Medical Center and Upper Connecticut Valley Hospital Association (collectively, the “Hospitals”) including the creation of a system parent to serve as the sole member of the Hospitals. We are also in receipt of your November 10, 2015 responses to our request for additional information. We will refer to the documentation submitted collectively as the “Notice”. The Notice constitutes one of the requirements of RSA 7:19-b, II and III, which generally obligates the governing bodies of health care charitable trusts, including the Hospitals, to satisfy certain minimum standards before they consummate an acquisition transaction.

The Charitable Trusts Unit has completed its review of the Notice. In doing so, it considered the public meetings and the media outreach conducted by the Hospitals leading up to the submission of the Notice. In addition, the Director of Charitable Trusts and the Assistant Director of Charitable Trusts attended public meetings at each of the Hospitals on November 16 and 17, 2015 and also met with representative members of the boards of directors of the Hospitals on November 17, 2015.

The Notice, the meetings and the outreach indicate that the Hospitals have complied with the minimum standards set forth in RSA 7:19-b, II for an acquisition transaction. The information presented described how far reaching changes are taking place in the delivery of and payment for healthcare, all of which greatly affect the Hospitals. The Hospitals also pointed to changes taking place in the communities that they serve: an older population, fewer large employers offering health insurance to employees, and declining numbers of inhabitants in some

towns. The Hospitals described the benefits from the affiliation: increasing cooperation among the Hospitals, making medical specialists more widely available, keeping medical care within the communities and creating efficiencies in operations. Finally, the Notice represented that each of the Hospitals will keep its own staff and assets.

Still, the Notice and the public meetings did raise two concerns relating to the “best interest” of the communities that the Charitable Trusts Unit considers significant. First, some residents expressed the need for assurance that hospital services would not be eliminated in their communities. Representatives of the Hospitals assured the residents in public meetings that hospital services would continue. The Management Services Agreement to be executed by the Hospitals and the system parent, Section 4, does require that certain services be maintained at each of the Hospitals, known as the Fundamental Core Healthcare Service Level. Those services are defined to consist of “an effective and robust primary care system” and “an effective and competent emergency department with necessary diagnostic services to support such a department”.

Second, some residents stated that the nominees for the proposed board of directors of the system parent do not fully reflect, collectively, the varied communities to be served by the affiliation. The Affiliation Agreement among the Hospitals, Section 2.1.2, makes the composition of the initial board the result of independent nominations made by each of the Hospitals individually for its own reserved slots. The qualifications for system parent nominees are described in the Governance Principles, Exhibit G to the Affiliation Agreement, which lists as a competency for prospective directors their community involvement, knowledge and relationships. In future years, directors will be elected based upon nominations made from each of the Hospitals as well from the system parent.

Based on the Charitable Trusts Unit’s review of the Notice and additional information, we have determined that the parties to this proposed affiliation have complied with the standards set forth in RSA 7:19-b, subject to the conditions set forth below that relate to the best interest of the communities served. Accordingly, we will take no further action with respect to this affiliation, so long as the following conditions are met:

- During the two years from the effective date of the affiliation, each Hospital shall maintain at its facility a Fundamental Core Healthcare Service Level (as that term is defined in the Management Services Agreement). Further, during the subsequent five-year period from the second anniversary to the seventh anniversary of the effective date of the affiliation, each Hospital shall be required to provide written notice to the Director of Charitable Trusts if the Hospital intends to cease providing a Fundamental Core Healthcare Service Level (as that term is defined in the Management Services Agreement) at its facility no later than 90 days prior to any such cessation.

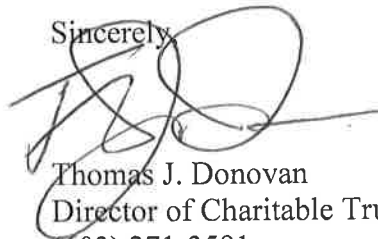
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- In applying the Governance Principles set forth in Exhibit G to the Affiliation Agreement, the Hospitals, the system parent and their boards of directors shall consider the geography and the demography of the communities served by the Hospitals in the future selection and composition of the board of directors of the system parent.

Please be advised that this no further action letter concerns the review of the Charitable Trusts Unit under RSA 7:19-b and does not implicate the jurisdiction of any other section of the New Hampshire Department of Justice which may also have a role in reviewing this proposed affiliation, including that of the anti-trust section.

Please provide notice to the Charitable Trusts Unit when the proposed affiliation is finalized. If you have any questions, please do not hesitate to contact the Charitable Trusts Unit.

Sincerely,

A handwritten signature in black ink, appearing to read 'TJ Donovan', written over the word 'Sincerely'.

Thomas J. Donovan
Director of Charitable Trusts
(603) 271-3591
tom.donovan@doj.nh.gov

TJD:ab