

July 16, 2015

VIA HAND DELIVERY

The Honorable George C. Jepsen
Attorney General
Office of the Attorney General
55 Elm Street
Hartford, CT 06106

The Honorable Jewel Mullen
Commissioner
Department of Public Health
Office of Health Care Access
410 Capitol Avenue
Hartford, CT 06134

Re: Eastern Connecticut Health Network, Inc.

Dear Attorney General Jepsen and Commissioner Mullen:

Please be advised that Wiggin and Dana LLP represents Eastern Connecticut Health Network, Inc. and its affiliated entities (collectively "***ECHN***") in connection with the proposed transfer of certain assets of ECHN to Prospect Medical Holdings, Inc. ("***PMH***"). Please accept the enclosed Determination Letter submitted by ECHN and PMH to begin the review process for the proposed transaction as required by Connecticut General Statutes §§19a-486 et seq. and 19a-630 et seq.

ECHN's proposal to transfer certain of its assets to PMH follows an extensive review and due diligence process. The proposed transfer will provide a number of benefits for the community currently served by ECHN including, but not limited to:

- Continued operation of Manchester Memorial and Rockville General Hospitals;
- Capital investments to improve facilities and equipment; and
- Development of a high-quality, accessible and cost-effective health care network.

We kindly request that the appearance of Wiggin and Dana LLP be entered on behalf of ECHN for matters conducted both at the Office of Attorney General and the Department of Public Health, Office of Health Care Access. We look forward to working with your offices to ensure continued access to high quality health care services for the communities served by ECHN.

Counsellors at Law

The Honorable George C. Jepsen

The Honorable Jewel Mullen

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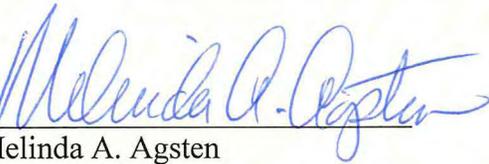
Thank you for your time and attention. Please forward all subsequent materials to our attention.

Sincerely,

Wiggin and Dana LLP

By 

Rebecca A. Matthews
Its Partner

By 

Melinda A. Agsten
Its Partner

cc: Dennis P. McConville, Senior Vice President and Chief Strategy Officer, Eastern
Connecticut Health Network, Inc.
Thomas M. Reardon, President, Prospect Medical Holdings-East, Inc.
Frank Saidara, Vice President, Corporate Development, Prospect Medical Holdings, Inc.
Joyce Tichy, Senior Vice President and General Counsel
Michele M. Volpe, Esq., Bershtein, Volpe & McKeon, P.C.



State of Connecticut Office of Health Care Access CON Determination Form Form 2020

All persons who are requesting a determination from OHCA as to whether a CON is required for their proposed project must complete this Form 2020. The completed form should be submitted to the Director of the Office of Health Care Access, 410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. PETITIONER INFORMATION

If this proposal has more than two Petitioners, please attach a separate sheet, supplying the same information for each Petitioner in the format presented in the following table.

	Petitioner	Petitioner
Full Legal Name	Eastern Connecticut Health Network, Inc.	Prospect Medical Holdings, Inc.
Doing Business As		
Name of Parent Corporation		
Petitioner's Mailing Address, if Post Office (PO) Box, include a street mailing address for Certified Mail	71 Haynes Street Manchester, CT 06040	10780 Santa Monica Blvd., Suite 400 Los Angeles, CA 90025
What is the Petitioner's Status: P for profit and NP for Nonprofit	NP	P
Contact Person at Facility , including Title/Position: This Individual at the facility will be the Petitioner's Designee to receive all correspondence in this matter.	Dennis McConville, Senior Vice President & Chief Strategy Officer	Jonathan Spees Senior Vice President, Corporate Development

	Petitioner	Petitioner
Contact Person's Mailing Address, if PO Box, include a street mailing address for Certified Mail	71 Haynes Street Manchester, CT 06040	10780 Santa Monica Blvd., Suite 400 Los Angeles, CA 90025
Contact Person's Telephone Number	(860) 533-3429	(310) 696-4738
Contact Person's Fax Number	(860) 647-6860	(714) 560-7320
Contact Person's e-mail Address	dmconville@echn.org	Jonathan.spees@ prospectmedical.com

SECTION II. GENERAL PROPOSAL INFORMATION

- a. **Proposal/Project Title:** Proposed Transfer of Assets of Eastern Connecticut Health Network, Inc. and Affiliates to Prospect Medical Holdings, Inc.
- b. **Estimated Total Project Cost:** \$105,000,000 (subject to certain adjustments, including substantial reductions for items such as outstanding indebtedness, liabilities relating to pension, retiree health, captive insurer, capital leases and asbestos abatement, and any joint venture interests that do not transfer).
- c. **Location of proposal, identifying Street Address, Town and Zip Code:** 71 Haynes Street, Manchester, CT 06040; 31 Union Street, Vernon, CT 06066; and locations served by joint ventures to be transferred as described below.
- d. **List each town this project is intended to serve:**
Andover, Ashford, Bolton, Columbia, Coventry, East Hartford, East Windsor, Ellington, Glastonbury, Hebron, Manchester, Mansfield, Somers, South Windsor, Stafford, Tolland, Vernon, Willington, Union
- e. **Estimated starting date for the project:** Following regulatory approval and satisfaction of other closing conditions, including approval of the transaction by ECHN's Corporators

SECTION IV. PROPOSAL DESCRIPTION

Please provide a description of the proposed project, highlighting each of its important aspects, on at least one, but not more than two separate 8.5" X 11" sheets of paper. At a minimum each of the following elements need to be addressed, if applicable:

1. If applicable, identify the types of services currently provided and provide a copy of each Department of Public Health license held by the Petitioner.
2. Identify the types of services that are being proposed and what DPH licensure categories will be sought, if applicable.
3. Identify the current population served and the target population to be served.

Please see attached pages for proposal description.

PROPOSAL DESCRIPTION:

Eastern Connecticut Health Network, Inc., including its affiliates (collectively, "ECHN") is seeking approval from the Office of Health Care Access ("OHCA") and the Office of the Attorney General for the proposed transfer of certain of the assets of ECHN, including certain assets of ECHN's two hospitals, Manchester Memorial Hospital and Rockville General Hospital, and ECHN's ownership interests in affiliated entities, to one or more affiliates of Prospect Medical Holdings, Inc. ("PMH").

Prospect Medical Holdings, Inc. ("PMH") is a Delaware corporation with its principal place of business located in Los Angeles, California. PMH is a healthcare services company that owns and operates hospitals, including, but not limited to, Roger Williams Medical Center and Our Lady of Fatima Hospital in Rhode Island. PMH is the parent entity to thirteen (13) acute care and behavioral hospitals located in Rhode Island, Texas and California. PMH also owns a network of specialty and primary care clinics in each of its regions. Through PMH's medical group segment, PMH manages the provision of physician services to approximately 300,000 patients in southern California, South Central Texas and Rhode Island through a network of over 9,000 physicians. Through PMH's Coordinated-Regional-Care model, PMH works closely with hospitals and affiliated medical groups for the benefit of every person who comes to them for care. Building comprehensive networks of quality healthcare services that are designed to offer patients highly coordinated, personalized care and help them live healthier lives. Through collaboration, PMH strives to provide every patient with the quality, affordable healthcare they need and deserve.

The estimated total project cost is \$105,000,000, which is subject to certain adjustments, including substantial reductions for items such as outstanding indebtedness, liabilities relating to pension, retiree health, captive insurer, capital leases and asbestos abatement, and any joint venture interests that do not transfer.

The transfer will include the operating and other assets of ECHN (other than restricted charitable funds), including the properties, assets and businesses of, or ownership interests of ECHN and its affiliates, in the following entities:

- Manchester Memorial Hospital, a licensed general hospital;
- Rockville General Hospital, a licensed general hospital;
- ECHN Eldercare Services, Inc. (d/b/a Woodlake at Tolland Rehabilitation & Nursing Center), a licensed chronic and convalescent nursing home;
- Visiting Nurse and Health Services of Connecticut, Inc., a licensed home health care agency, and its direct subsidiary, A Caring Hand, LLC, a licensed homemaker-companion agency;
- Clinically Integrated Network of Eastern Connecticut, LLC;
- Connecticut Healthcare Insurance Company, Inc.;
- ECHN Corporate Services, Inc. and its direct subsidiary, Medical Practice Partners, LLC;
- ECHN Enterprises, Inc.;
- Haynes Street Property Management, LLC; and
- Eastern Connecticut Medical Professionals Foundation, Inc.

Copies of licenses issued by the Department of Public Health to each of the above licensed entities are attached as Exhibit A.

The transfer is proposed to also include the purchase of ECHN's (or an affiliate's) ownership interests in the following joint ventures, subject to approval by other members of the joint ventures as may be required by law or by the applicable joint venture governing documents:

- Aetna Ambulance Service, Inc., a licensed EMS organization
- Metro Wheelchair Service, Inc., a licensed EMS organization
- Ambulance Service of Manchester, LLC, a licensed EMS organization
- Evergreen Endoscopy Center, LLC, a licensed ambulatory surgical center

- WBC Connecticut East, LLC, a licensed mental health day treatment provider and psychiatric outpatient clinic
- Northeast Regional Radiation Oncology Network, Inc., a licensed outpatient clinic
- Connecticut Occupational Medicine Partners, LLC
- Eastern Connecticut Physician Hospital Organization, Inc.
- Tolland Imaging Center, LLC
- Haynes Street Medical Associates, LLC
- Haynes Street Medical Associates II, LLC
- Evergreen Medical Associates, LLC
- Evergreen Medical Associates II, LLC

To the extent required by OHCA, ECHN will submit separate CON applications relating to the transfers of ownership of the joint venture interests listed above.

Finally, the parties will work to restructure ECHN's medical foundation, Eastern Connecticut Medical Professionals Foundation, Inc. (the "ECHN Medical Foundation"). Consistent with Connecticut law, this restructuring will take the form of either (i) a member substitution, pursuant to which PMH or an affiliate of PMH will become the sole member of ECHN Medical Foundation; or (ii) a transfer of the assets and liabilities of ECHN Medical Foundation to a new medical foundation or another entity permissible under Connecticut law, the sole member of which will be PMH or an affiliate of PMH.

There are a number of features of the proposed transaction that will benefit the current employees and communities served by ECHN. Although not an exhaustive list, these features will include:

- Maintenance of ownership interest in ECHN's continuum of care network.
- A commitment to maintain and adhere to ECHN's current policies regarding charity care, indigent care, community volunteer services and community outreach services or to adopt other policies that are at least as favorable to the indigent and uninsured as ECHN's current policies.
- Offers of employment to substantially all ECHN employees with comparable salaries and benefits packages consistent with benefits packages offered to similarly situated employees at other hospitals operated by PMH in similar markets. Existing bargaining agreements will be assumed and honored for existing terms.
- Establishment of a local advisory board of trustees ("local board") that will serve as a resource on topics such as capital investment, maintenance and implementation of the strategic business plans, medical staff credentialing, and quality assurance oversight. Approximately half of the governing board members will be physicians who provide the input for clinical quality and clinical programmatic planning. The balance of the local board will be comprised of individuals drawn from the local community, ensuring a mechanism for input regarding community needs and expectations.
- Continued participation in graduate medical education programs and the University of New England health professions teaching programs.
- A commitment to invest \$75 million, beyond the estimated project cost, in routine and non-routine facility improvements, general upgrades and renovations, deferred maintenance items, and initiatives to develop, expand or acquire new programs or services, and to support the recruitment of medical staff.

In addition to approval from OHCA and the Office of the Attorney General, the proposed transfer of the assets described herein is subject to approval of the Corporators of ECHN, the parties entering into a definitive purchase agreement and the satisfaction of closing conditions that will be set forth therein.

No service changes are currently anticipated in connection with the proposed transaction. PMH will continue to provide care to the residents in the service area towns that have historically been served by ECHN including, Andover, Ashford, Bolton, Columbia, Coventry, East Hartford, East Windsor, Ellington, Glastonbury, Hebron, Manchester, Mansfield, Somers, South Windsor, Stafford, Tolland, Vernon, Willington, and Union.

SECTION V. AFFIDAVIT

(Each Petitioner must submit a completed Affidavit.)

Petitioner: Eastern Connecticut Health Network, Inc.

Project Title: Proposed Transfer of Assets of Eastern Connecticut Health Network, Inc. and Affiliates to Prospect Medical Holdings, Inc.

I, Peter J. Karl President and Chief Executive Officer
(Name) (Position – CEO or CFO)

of Eastern Connecticut Health Network, Inc. being duly sworn, depose and state that the
(Organization Name)

information provided in this CON Determination form is true and accurate to the best of my knowledge.

Peter J. Karl 7/15/15
Signature Date

Subscribed and sworn to before me on July 15, 2015

Yvonne Johnson
Notary Public/Commissioner of Superior Court

Yvonne Johnson, Notary Public
My Commission Expires Jan. 31, 2017

My commission expires: _____

SECTION V. AFFIDAVIT

(Each Petitioner must submit a completed Affidavit.)

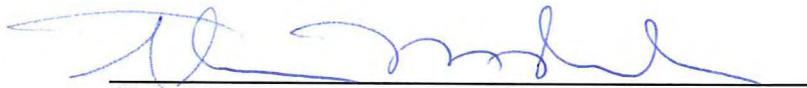
Petitioner: Prospect Medical Holdings, Inc.

Project Title: Proposed Transfer of Assets of Eastern Connecticut Health Network, Inc. and Affiliates to Prospect Medical Holdings, Inc.

I, Thomas M. Reardon President
(Name) (Position – CEO or CFO)

of Prospect Medical Holdings-East Inc. being duly sworn, depose and state that the
(Organization Name)

information provided in this CON Determination form is true and accurate to the best of my knowledge.


Signature

7/15/2015
Date

Subscribed and sworn to before me on July 15, 2015

Yvonne Johnson
Notary Public/Commissioner of Superior Court

**Yvonne Johnson, Notary Public
My Commission Expires Jan. 31, 2017**

My commission expires: _____

EXHIBIT A

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0048

General Hospital

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

The Manchester Memorial Hospital of Manchester, CT d/b/a Manchester Memorial Hospital is hereby licensed to maintain and operate a General Hospital.

Manchester Memorial Hospital is located at 71 Haynes Street, Manchester, CT 06040.

The maximum number of beds shall not exceed at any time:

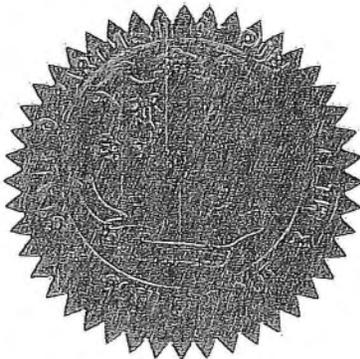
34 Bassinets
249 General Hospital Beds

This license expires **December 31, 2015** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2014. RENEWAL.

Satellites:

Adult Ambulatory Behavioral Health Services, 150 North Main Street, Manchester, CT



Jewel Mullen

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0036

General Hospital

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Rockville General Hospital of Vernon, CT d/b/a Rockville General Hospital is hereby licensed to maintain and operate a General Hospital.

Rockville General Hospital is located at 31 Union Street, Vernon, CT 06066.

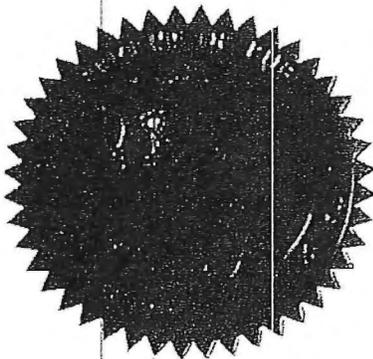
The maximum number of beds shall not exceed at any time:

16 Bassinets

102 General Hospital Beds

This license expires **December 31, 2015** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2014. RENEWAL.



Jewel Mullen MD

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 2099-C

Chronic & Convalescent Nursing Home

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

ECHN Eldercare Services, Inc. of Tolland, CT d/b/a Woodlake at Tolland Rehabilitation and Nursing Center is hereby licensed to maintain and operate a Chronic & Convalescent Nursing Home.

Woodlake at Tolland Rehabilitation and Nursing Center is located at 26 Shenipsit Lake Road, Tolland, CT 06084 with:

*Faria Mahmood, MD as Medical Director
Katherine E. Mon as Administrator
Margaret A. Candito, RN as Director of Nurses

The maximum number of beds shall not exceed at any time:

130 Chronic and Convalescent Nursing Home Beds

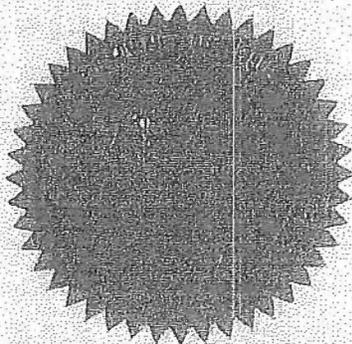
This license expires **December 31, 2016** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2015. RENEWAL.

Waiver Sec. 19-13-D8t(v)(7)(iii) Exp. N/A
Waiver Sec. 19-13-D8t(v)(7)(C) Exp. N/A
Waiver Sec. 19-13-D8u(a)(1) Exp. N/A
Waiver Sec. 19-13-D8t(n)(8)(B)(ii) Exp. N/A
Waiver Sec. 19-13-D8t(v)(8)(C) Exp. N/A

Revised to include:

*Change of Medical Director effective 5/26/14



Jewel Mullen

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. C81791

Home Health Care Agency

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:
PERMISSION IS GRANTED TO:

**Visiting Nurse & Health Services of Connecticut, Inc.
d/b/a Visiting Nurse & Health Services of Connecticut, Inc.**

located at 8 Keynote Drive, Vernon, CT 06066

Additional Patient Services Offices:

155 Hazard Avenue, Suites 5 & 6, Enfield, CT

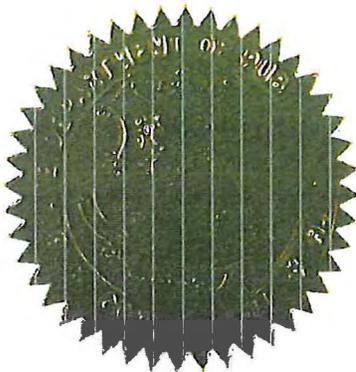
To provide the following Home Health Care Services:

**Home-Maker Home Health Aide
Hospice
Medical Social Work
Nursing**

**Occupational Therapy
Physical Therapy
Speech Therapy**

in the patient's home or a substantially equivalent environment in the towns named in the agency's application for licensure.

This license expires **December 31, 2015** and may be revoked for cause at any time.
Dated at Hartford, Connecticut, January 1, 2014. RENEWAL.



Jewel Mullen MD
Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT ♦ DEPARTMENT OF CONSUMER PROTECTION

Be it known that

A CARING HAND LLC
27 HARTFORD TPKE STE 201
VERNON, CT 06066-5245

is certified by the Department of Consumer Protection as a registered

HOMEMAKER COMPANION AGENCY

REGISTRATION # HCA.0000138

Effective: 11/01/2014

Expiration: 10/31/2015



William M. Rubenstein, Commissioner