

December 2011: An Update on the proposed Joint Venture between Waterbury Hospital, Saint Mary's Hospital and LHP Hospital Group

As 2011 draws to a close, progress continues to be made in the proposed Joint Venture between Waterbury Hospital, Saint Mary's Hospital and LHP Hospital Group – a transaction that, once completed, promises to transform the healthcare landscape and ensure quality patient care in Greater Waterbury for generations to come. The goal, as always, is to relieve the financial burdens that currently exist at both of the hospitals in Waterbury by partnering with LHP to build a new \$400 million medical center. A transaction such as this is extremely complex and painstaking, however, so the hospital asks everyone to be patient as the process continues on its course. Here is a quick review of where things stand:

*Waterbury Hospital, as well as LHP and Saint Mary's, is working closely with state officials at all levels to stay on track with the regulatory process required for the transaction to go forward. At the moment, Waterbury Hospital is preparing the Certificate of Need (CON) documentation that will be required for approval from the state Office of Health Care Access and the state Attorney General's Office. A similar CON filed earlier in the year by Saint Mary's and LHP is currently under review. This regulatory process could take several months before coming to a conclusion.

* In addition to the CON for the Joint Venture with all three groups that must be approved at the state level, the transaction must also be submitted to the U.S. Federal Trade Commission for its approval. When that regulatory process is completed, we expect to commence with plans to begin construction on the new medical center.

*Details of the proposed location for the new medical center should be available over the next few weeks. We remain hopeful that the new medical center will be built and ready to serve patients as part of an integrated health system in four years.

*Despite some concerns about the transaction's impact on hospital employment, we anticipate that the new medical center will actually be a jobs generator because of the construction jobs it will create as well as the anticipated increase in demand among patients it will create. At the same time, it is important to recognize that the current state of healthcare in Waterbury – in which two independent hospitals have been competing for the same market – is unsustainable.

*Waterbury Hospital and Saint Mary's will maintain medical staff status and privileges for all physicians currently on each hospital's medical staff. Residency and medical education programs will remain unchanged.

*With the infusion of essential capital from LHP that this transaction will provide, the newly formed healthcare system will become "for profit" instead of non-profit, as each of the hospitals are now. This means the new entity will pay state and local taxes. However, the new entity will remain similar to Waterbury Hospital in that it will remain mission-driven; focused on delivering high quality care; competitive; committed to serving anyone regardless of ability to pay; and driven to earn enough revenue to pay off debt, reinvest in facilities and sustain long-term service to the community.

We will continue to provide further updates as the process continues. In the meantime, we ask for your continued support as we work toward this exciting goal for the good of our region.