



**STATE OF CONNECTICUT**  
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL  
GOVERNOR

CRISTINE A. VOGEL  
COMMISSIONER

September 4, 2008

Peter J. Betts, LFACHE  
Interim President and CEO  
Johnson Memorial Corporation  
201 Chestnut Hill Road  
Stafford Springs, CT 06076-0860

Peter Karl  
President and CEO  
Eastern Connecticut Health Network, Inc.  
71 Haynes Street  
Manchester, CT 06040-4188

RE: Certificate of Need Determination; Report Number: 08-31228-DTR  
Request for Emergency Certificate of Need Regarding a Change in Ownership  
Through the Sale of Assets of Johnson Memorial Corporation and its Affiliates  
from Johnson Memorial Corporation to Eastern Connecticut Health Network, Inc.

Dear Gentlemen:

On September 2, 2008, the Office of Health Care Access (“OHCA”) received your Certificate of Need (“CON”) Determination request on behalf of Johnson Memorial Corporation and Eastern Connecticut Health Network, Inc. (collectively the “Petitioners”), requesting an emergency CON regarding a change in ownership through the sale of assets of Johnson Memorial Corporation and its affiliates from Johnson Memorial Corporation to Eastern Connecticut Health Network, Inc..

Please be advised that OHCA has reviewed your request and makes the following findings:

1. Johnson Memorial Corporation (“JMC”) is the parent corporation of Johnson Memorial Hospital, Inc., a general acute care hospital located at 201 Chestnut Hill Road in Stafford Springs, CT and other affiliated support entities.
2. Eastern Connecticut Health Network, Inc. (“ECHN”) is the parent corporation of the following:
  - Manchester Memorial Hospital, a general acute care hospital located at 71 Haynes Street in Manchester, CT
  - Rockville General Hospital, a general acute care hospital located at 31 Union Street in Vernon, CT; and
  - Other affiliated support entities.

3. JMC has determined that its ability to maintain continued access to the health care provided at its facilities is significantly at risk and that the sale of JMC and its affiliates to ECHN is in the best interest of the community served by JMC and its affiliates.
4. JMC indicates that it is moving to sell the assets of JMC and its affiliates to ECHN.
5. JMC states that the proposed sale of the assets of JMC and its affiliates to ECHN will:
  - Provide access to capital and additional resources; and
  - Improve the ability of these health care facilities to maintain viability going forward.
6. The Petitioners' request for an emergency CON specifically includes the following elements:
  - a. A change in ownership through the sale of assets of Johnson Memorial Corporation and its affiliates from Johnson Memorial Corporation to Eastern Connecticut Health Network, Inc.; and
  - b. Permission to waive the CON Letter of Intent requirement under Section 19a-638(b).
7. A relevant excerpt from Section 19a-638(a)(1) of the Connecticut General Statutes ("C.G.S.") states the following:

*"Each health care facility ...that intends to (A) transfer all or part of its ownership or control, (B) change the governing powers of the board of a parent company or an affiliate, whatever its designation, or (C) change or transfer the powers or control of a governing or controlling body of an affiliate, shall submit to the office, prior to the proposed date of such transfer or change, a request for permission to undertake such transfer or change."*

8. A relevant excerpt from Section 19a-638(b) C.G.S. states the following:

*"Upon a showing by such facility or institution that the need for such...change of ownership or control... is of an emergency situation, in that the ...change of ownership or control...is necessary to maintain continued access to the health care services provided by the facility or institution..., the commissioner may waive the letter of intent requirement, provided that such request shall be submitted at least ten business day before the proposed date of institution of the ...change of ownership or control...."*

OHCA makes the following determinations in this matter:

- a. Pursuant to 19a-638(a)(1) C.G.S., CON authorization is required for the proposed change in ownership through the sale of assets of Johnson Memorial Corporation and its affiliates from Johnson Memorial Corporation to Eastern Connecticut Health Network, Inc.
- b. Pursuant to 19a-638(b) C.G.S., OHCA deems it appropriate to waive the Letter of Intent for the CON required of the Petitioners regarding the change in ownership through the sale of assets of Johnson Memorial Corporation and its affiliates from Johnson Memorial Corporation to Eastern Connecticut Health Network.
- c. Pursuant to 19a-638(b) C.G.S., the 60-day period to file the Petitioners' CON application will be between September 2, 2008, and November 1, 2008.

The CON application will be mailed to the Petitioners under a separate cover letter. If the Petitioners are unable to file the CON application by this date, please contact Laurie Greci or Jack A. Huber at (860) 418-7001 to provide a status update. Please also feel free to contact either analyst if you have any questions regarding this letter.

Sincerely,

*Signed by Commissioner Vogel on September 4, 2008*

Cristine A. Vogel  
Commissioner

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Copy: Rose McLellan License and Applications Supervisor, DPH, DHSR