



BUTLER HOSPITAL • KENT HOSPITAL • WOMEN & INFANTS HOSPITAL

VNA OF CARE NEW ENGLAND • CNE WELLNESS CENTER

jfanale@careNE.org

September 20, 2018

VIA HAND DELIVERY/E-MAIL

Michael K. Dexter, Chief
Rhode Island Department of Health
Center for Health Systems Policy and
Regulation
Canon Building
3 Capitol Hill, Room 410
Providence, Rhode Island 02908
Michael.Dexter@health.ri.gov

Re: Partners HealthCare System, Inc. – Care New England Health System

Dear Mr. Dexter:

This letter responds to your letter dated September 18, 2018. Your letter asked for clarification of a perceived conflict in the information submitted with the Request for Expeditious Review, filed August 8, 2018 (the “Initial Request”) and subsequently amended on September 5, 2018 (the “Amendment” and together with the Initial Request, the “Request”), on behalf of Care New England Health System (“Acquiree” or “CNE”) and Partners HealthCare System, Inc. (“Acquiror”) and a CNE press release dated August 14, 2018 (the “Press Release”). Respectfully, we do not think that there is any conflict between the Request and the Press Release and we believe that CNE continues to qualify for expeditious review under the applicable statutory requirements.

First, the Press Release appropriately referenced the CNE Obligated Group, which includes the CNE entities that are obligated under CNE’s bond financing. By that standard, for the nine months ended June 30, 2018, operating performance for CNE Consolidated (all CNE entities) resulted in a \$39.9 million loss. For the same nine month period of 2018, operating performance for the CNE Obligated Group (which excludes Memorial Hospital as of December 22, 2017) resulted in an operating gain of \$0.35 million. For the nine months ended June 30, 2017, operating performance for CNE Consolidated as well as the CNE Obligated Group resulted in a \$46.4 million loss (for that period, Memorial was included in the Obligated Group). For the nine months ended June 30, 2018 compared to the nine month ended June 30, 2017, operating

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performance improved \$6.5 million for CNE Consolidated and \$46 million for the CNE Obligated Group, mainly due to the removal of Memorial from the Obligated Group under the bonds.

Second, we ask that you take note of the fact that of the six statutory criteria for expeditious review (R.I.G.L. § 23.14-12.1), three are balance sheet ratios and only one is a measure of income statement operating performance (the sixth being bond rating). The focus of the Press Release was the CNE Obligated Group's operating performance, and while such profitability may be improving, the balance sheet conditions for CNE, as a whole, and its individual hospitals are still lagging.

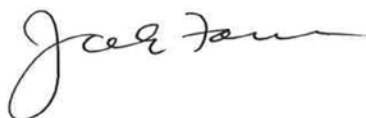
Third, and more specifically with respect to Butler, while it was slightly profitable from operations, as reflected in its income statement for the third quarter of FY 2018, Butler has less than fifty (50) days cash-on-hand and a current asset to liability ratio of less than one point five (1.5) and thus clearly satisfies both of these statutory criteria under R.I.G.L. § 23.14-12.1(a)(2).

Accordingly, CNE as Acquiree operates "one or more" distressed hospitals as defined in the applicable statutory criteria and thus we believe that our Request for Expedious Review should be granted.

Thank you for your on-going consideration of this matter.

Sincerely,

CARE NEW ENGLAND HEALTH SYSTEM



By: _____

James E. Fanale, MD
President & CEO

cc: John R. Higham, Esq. (via e-mail)
Effie J. Chan, Esq. (via e-mail)
Charles W. Normand, Esq. (via e-mail)
Ashley M. Taylor, Esq. (via e-mail)
Cynthia J. Warren, Esq. (via e-mail)