



CAMERON & MITTLEMAN^{LLP}
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August 8, 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:

Enclosed please find the Request for Expeditious Review, filed on behalf of Care New England Health System (“Acquiree”) and Partners HealthCare System, Inc. (“Acquiror”), pursuant to R.I.G.L. §23-17.14-12.1 (the “Request”). This Request is filed in anticipation of the filing by Acquiror of a Conversion Application with the Rhode Island Department of Health, concerning the acquisition of Acquiree. Also enclosed are Acquiree’s Audited Financials for FY 2016 and FY 2017 and Unaudited Financials for the first two (2) quarters of FY 2018. Acquiree’s third quarter Unaudited Financials have not yet been released.

To qualify for Expeditious Review, both Acquiree and Acquiror must be nonprofit corporations that, directly or indirectly, continuously operated at least one licensed hospital for at least the three (3) preceding years. Acquiree is a Rhode Island nonprofit corporation that has operated Women & Infants Hospital of Rhode Island, Butler Hospital, and Kent County Memorial Hospital in Rhode Island in excess of that time requirement. Acquiror has operated Brigham and Women’s Hospital, Massachusetts General Hospital, North Shore Medical Center, and Newton-Wellesley Hospital, among other hospitals, in Massachusetts, also in excess of that requirement.





In addition, to qualify for Expeditious Review, Acquiree must operate one or more distressed Rhode Island hospitals that satisfy one or more of the following criteria:

- (i) Operating loss for the two (2) most recently completed fiscal years;
- (ii) Less than fifty (50) days cash-on-hand;
- (iii) Current asset to liability ratio of less than one point five (1.5);
- (iv) Long-term debt to capitalization greater than seventy-five percent (75%);
- (v) Inpatient occupancy rate of less than fifty percent (50%); and
- (vi) Would be classified as below investment grade by a major rating agency.

The Request sets forth the data that demonstrates the satisfaction by Acquiree and all of its hospitals, on a consolidated basis, of one or more of the above-listed criteria for FY 2016, FY 2017 and the first two (2) quarters of FY 2018. For your convenience, I have included below a chart that summarizes that information. These data reflect the wind down of Memorial Hospital, which ceased to provide inpatient services as of December 31, 2017. However, as that shutdown was not reflected in Acquiree's official number of licensed beds until May 1, 2018, we elected to exclude the Memorial Hospital beds from the first two (2) fiscal quarters of 2018 in order to provide a more accurate forecast of Acquiree's future operations for this criterion.

FY2016	FY2017	1st Quarter FY 2018	2nd Quarter FY2018
(i),(iii),(vi)	(i),(ii),(iii),(v),(vi)	(i),(ii),(iii),(vi)	(i),(ii),(iii),(vi)

As both Acquiree and Acquiror satisfy the requirements set forth in R.I.G.L. §23-17.14-12.1, Acquiree and Acquiror respectfully request approval of this Request for Expeditious Review.

Thank you for your consideration.

Sincerely,

Cynthia J. Warren

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)



Rhode Island Department of Health
Hospital Conversions/Mergers Program
Three Capitol Hill, Room 410
Providence, RI 02908-5097
Phone: (401) 222-2788

www.health.state.ri.us/hospitals/about/mergers

REQUEST FOR EXPEDITIOUS REVIEW
(Pursuant to R.I. Gen. Laws § 23-17.14-12.1)

1. Please provide the following information for the

acquiree: Name: Care New England Health System

Address: 45 Willard Avenue, Providence, RI 02905

Contact Information for the President or Chief Executive Officer:

Name: James E. Fanale, M.D.

Telephone: 401-830-8107

Information for the person to contact regarding this proposal:

Name: Charles W. Normand, Esq.

Telephone: 401-457-5358

E-mail: cnormand@hincklevallen.com

Fax number: 401-277-9600

2. Please provide the following information for the **acquiror**:

Name: Partners HealthCare System, Inc.

Address: 800 Boylston Street, Suite 1150, Boston, MA 02199

Contact Information for the President or Chief Executive Officer:

Name: David F. Torchiana, M.D.

Telephone: 617-278-1004

Information for the person to contact regarding this proposal:

Name: Cynthia J. Warren, Esq.

Telephone: 401-457-0514

E-mail: cwarren@cm-law.com

Fax number: 401-331-5787

3. Please affirm that acquiree **and** acquiror are both nonprofit corporations exempt from taxation under section 501(a) that have directly or indirectly continuously operated at least one licensed hospital []* (mark with an 'X'): Yes X

* "either in Rhode Island or in another jurisdiction either on its own or it is part of a health care system that has operated for at least the preceding three (3) years." Per R.I.G.L. §23-17.14-12.1(a)(1), (codified per S 0937 passed in the R.I. 2017 Legislative Session).

4. Please affirm that the proposed conversion involves one of the following (mark with an 'X'):
- a. Two (2) or more hospitals that are not in common control with another hospital;
 - b. One hospital not under common control with another hospital and a hospital system parent corporation;
 - c. Two (2) affiliated hospitals the conversion of which was previously approved in accordance with chapter 23-17.14 and another hospital or hospital system parent corporation.

OR . . .as is the case in this instance

“one or more hospital(s) that are determined to be distressed as under (a)(2) of this section, including hospitals that are part of a not-for-profit hospital system parent corporation, as acquiree.” Per R.I.G.L. §23-17.14-12.1(a)(4) (codified per S 0937 passed in the 2017 R.I. Legislative Session).

5. Please provide an Executive Summary of the proposed conversion (see continuation page).
6. Please identify the following information regarding the acquiree, **and provide** audited financial statements for the two most recently completed fiscal years and unaudited financial statements for all of the completed quarters of the current fiscal year.

CNE CONSOLIDATED					
Fiscal Year	Operating Profit/(Loss)	Days Cash on Hand	Current Assets to Liability Ratio	Long-term Debt to Capitalization	Inpatient Occupancy Rate*
FY 2016	(\$68,279,804)	50.0	1.19	49.7%	52%
FY 2017	(\$47,132,893)	43.7	1.19	47.3%	49%
1st Quarter of 2018 YTD	(\$33,656,314)	44.4	1.19	52.2%	61%
2nd Quarter of 2018 YTD	(\$40,695,157)	48.6	1.25	53.1%	62%

*Memorial Hospital beds excluded for 2018.

7. Please identify the most recent rating assigned to the acquiree by each of the major rating agencies:

Rating Agency	Grade Assigned to Acquiree
Standard & Poor's	BB-
Moody's	
Fitch Group	BB

8. Please have the President or Chief Executive Officer of the acquiree attest to the following:

"I certify that the acquiree operates a distressed Rhode Island hospital facing significant financial hardship that may impair its ability to continue to operate effectively without the proposed conversion. I certify that the information contained in this material is complete, accurate and correct."

Signed by President or Chief Executive Officer

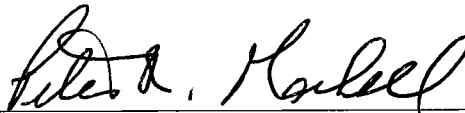
Care New England Health System
Name of Acquiree

Subscribed and sworn to before me on this _____ day of _____ 2018.

Notary Public
My Commission Expires: _____

9. Please have the President or Chief Executive Officer of the **acquiror** attest to the following:

"I certify that the information as to the acquiror contained in this material is complete, accurate and correct."



Signed by Executive Vice President of Administration
& Finance, CFO and Treasurer

Partners HealthCare System, Inc.
Name of Acquiror

Subscribed and sworn to before me on this 6 day of August 2018.

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LYNNE G. ELLIS
Notary Public
Commonwealth of Massachusetts
My Commission Expires
February 12, 2021

8. Please have the President or Chief Executive Officer of the acquiree attest to the following:

"I certify that the acquiree operates a distressed Rhode Island hospital facing significant financial hardship that may impair its ability to continue to operate effectively without the proposed conversion. I certify that the information contained in this material is complete, accurate and correct."

Signed by Executive Vice President and CFO

Care New England Health System

Name of Acquiree

Subscribed and sworn to before me on this 7th day of August 2018.

Notary Public

My Commission Expires: 9/7/2021

9. Please have the President or Chief Executive Officer of the **acquiror** attest to the following:

"I certify that the information as to the acquiror contained in this material is complete, accurate and correct."

Signed by Executive Vice President of Administration
& Finance, CFO and Treasurer

Partners HealthCare System, Inc.

Name of Acquiror

Subscribed and sworn to before me on this _____ day of _____ 2018.

EXECUTIVE SUMMARY

The acquiror, Partners HealthCare System, Inc. (“PHS”), is a Massachusetts non-profit, tax-exempt corporation and the parent organization of Brigham Health, Inc., The Massachusetts General Hospital, several community and specialty hospitals, several academic and community physician organizations and a managed care plan that comprise a Boston-based, non-profit integrated health care system that is committed to patient care, research, teaching and service to the community.

The acquiree, Care New England Health System (“CNE”), is a Rhode Island non-profit, tax-exempt corporation and the parent organization of certain community and specialty hospitals and other health care organizations including Women & Infants Hospital of Rhode Island, Butler Hospital, and Kent County Memorial Hospital that comprise a Rhode Island-based, non-profit integrated health care system that also is committed to patient care, research, teaching and service to the community.

CNE and PHS entered into an Agreement for Affiliation and Integration, dated May 23, 2018 (the “Agreement”), pursuant to which PHS will become the sole corporate member of CNE (the “Affiliation”).

Upon consummation of the Affiliation, the addition of PHS as the sole corporate member of CNE would constitute conversion, as defined under the Rhode Island Hospital Conversion Act, requiring PHS to file a conversion application with the Rhode Island Department of Health, among other regulatory filings.

By this Request for Expeditious Review, PHS and CNE seek expedited review pursuant to R.I.G.L. §23-17.14-12.1.