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August 18, 2011

**VIA HAND DELIVERY**

Office of the Attorney General  
Attn.: Assistant Attorney General Gary W. Hawes  
55 Elm Street  
P.O. Box 120  
Hartford, CT 06141-0120

Commissioner of Public Health  
Attn.: Melanie A. Dillon, Esq.  
410 Capitol Avenue  
Hartford, CT 06134

**RE: Saint Mary's Health System, Inc. / LHP Hospital Group, Inc.'s  
Responses to Questions**

Dear Attorneys Hawes and Dillon:

As requested, Saint Mary's Health System, Inc. and LHP Hospital Group, Inc. hereby submit the attached responses and additional exhibits regarding their Application for a proposed joint venture. One hard copy and one electronic copy have been hand delivered to each office.

If you have any questions or need anything further, please contact me at 860.509.6517.  
Thank you for your assistance in this matter.

Very truly yours,

**BROWN RUDNICK LLP**

  
Robert J. Anthony

# 40285773 v1 - MERCIECM - 080456/0042

002512

**STATE OF CONNECTICUT  
OFFICE OF THE ATTORNEY GENERAL  
DEPARTMENT OF PUBLIC HEALTH**

**IN RE: SAINT MARY’S HEALTH SYSTEM, INC.            :**  
**AND LHP HOSPITAL GROUP, INC.’S                    :**  
**APPLICATION FOR APPROVAL OF A JOINT             :**  
**VENTURE.    :**    **August 18, 2011**

**RESPONSES TO QUESTIONS**

Saint Mary’s Health System, Inc. (“Saint Mary’s”) and LHP Hospital Group, Inc. (“LHP”) (collectively, the “Applicants”) hereby respectfully submit to the Attorney General and the Commissioner of the Department of Public Health the following responses and additional exhibits regarding their application for a proposed joint venture (the “Application” or “CON”).

- 1. In Exhibit 19, St. Mary's Hospital Foundation Summary Chart of Restricted Funds, the applicants identified restricted fund K3 Nursing Education (Bates #874), However, in Exhibit 20, the Restricted Funds documents, there is no production for K3. Please clarify whether there are any documents relating to this restricted fund, and if there are, please produce those documents.**

Documentation in support of the restricted funds under K3 Nursing Education is attached hereto as **Exhibit 28**. There was an oversight during the development of the Application and the corroborating documentation was inadvertently omitted.

2. The Applicant provided utilization data on page 24 of the Certificate of Need (CON) application that differs from the amounts on record at the Office of Health Care Access (OHCA) (Table 1). Provide an explanation for the discrepancies, the source and calculation, when applicable, of the following data:

Table 14: Utilization Data: Applicants CON vs. OHCA's Records-FY 2 1

Description	CON input	OHCA's Records	CON Reference	OHCA Reference
Emergency Department	68,272	67,968	Q.2, p.24	FIRS*-Report 450-Line K
Inpatient Surgeries	2,881	8,642	0.2,#24	HI:IS-Report 450-Line1.1
Outpatient Surgeries	3,662	9,804	0.2, p.24	HI:IS-Report 450-Line1.2

\*Hospital Reporting System-FY 2010

The differences in utilization data can be explained by subtle differences in the systems and/or definitions used at the time of reporting.

**Emergency Department** – The CON input number is calculated by STAR, which is the Patient Accounting System, and is defined by the number of registrations in the Emergency Department (ED). The CON number includes all patient types. There are four main patient types: emergency room patients that are treated and released, emergency room patients that are admitted to an inpatient unit, same day surgery patients that are admitted through the ED, and observation patients that are in the ED.

The OHCA data are calculated by Trendstar, which is the Decision Support System, and include the number of cases for only two patient types: emergency room patients that are treated and released and inpatient cases that are admitted to an inpatient unit. The OHCA data do not include other patient types such as same day surgery and observation patients.

The OHCA data were re-run, using the Trendstar system, to include all patient types in the ED. The revised total comes to 68,401. This is slightly higher than what was submitted in the CON. The difference is 129 visits (which represents a 0.2% variation from the original submission) and can be explained by the change in timing from when the reports were developed.

**Inpatient Surgeries** – The CON input number of 2,881 equals the number of cases. The OHCA records of 8,642 reflect the number of procedures performed on those cases reported in the CON. On average, 2.9 procedures were performed on each inpatient surgery case.

**Outpatient Surgeries** – As with inpatient surgeries, the CON input number of 3,662 equals the number of cases. The OHCA records of 9,804 reflect the number of procedures performed on those cases reported in the CON. On average, 2.7 procedures were performed on each outpatient surgery case.

3. Please indicate which organizational chart includes the newly formed Trinity Medical Group ("TMG"), as referenced on page 65. If it's an omission that needs to be corrected, please revise and resubmit the appropriate organizational chart.

A revised chart is attached as **Exhibit 29**. The revised chart replaces the chart entitled "Prior to Proposal : Corporate Structure" located on page 2508 of the Application (the first page of Exhibit 27). Trinity Medical Group, Inc. has been organized as a Medical Foundation under Chapter 602 of the Connecticut General Statutes. It is in the process of being developed but is currently inactive. Once it becomes operational, Trinity Medical Group, Inc. will consolidate and be responsible for Saint Mary's existing physician practices (Franklin Medical Group, P.C., Scovill Medical Group, P.C. and Primary Care Partners, P.C.) so that all of Saint Mary's employed physicians operate out of a single practice group.

4. In reference to page 34, please describe in detail LHP's experience in its joint ventures involving Portneuf Medical Center in Idaho and Texas Presbyterian Hospital-WNJ in Texas. In particular discuss the improvements the joint venture has made to date on the individual hospitals' array of and access to clinical services and profitability.

LHP Hospital Group, Inc. has a very strong record of success in investing in the communities it serves. Expanding access to a higher quality and broader range of medical services is LHP's primary goal in making these investments. LHP's two longest running joint ventures serve as great examples of this success.

#### **PORTNEUF MEDICAL CENTER – POCATELLO, IDAHO**

LHP entered into a joint venture to own and operate Portneuf Medical Center on February 1, 2009. The hospital had operated from two campuses separated by a distance of some two miles for many years. Even though Portneuf was one of the largest hospitals in southeastern Idaho, the facilities were outdated and inefficient and confidence in the organization's ability to improve itself was eroding. In little more than two short years, the joint venture has transformed Portneuf into a state-of-the-art, full-service regional referral center.



Original Portneuf Medical Center Main Campus



## Portneuf Medical Center Replacement Facility



Some of the highlights of this transformation are as follows:

- Completed a 187-bed, all private room, replacement facility that opened on May 10, 2011.
- Replaced and upgraded all existing medical equipment.
- Implemented a state-of-the-art Information Technology system.
- Added a Davinci Robot at PMC so people would not leave the community for prostate and GYN surgery.
- Added a full Hybrid Operating Room. There are estimated to be less than 100 such rooms in the entire US. Complex heart surgery can now be done in Pocatello.
- Replaced, upgraded and expanded a free-standing Cancer Center to improve access to all types of cancer treatment including a new linear accelerator for radiation treatment.
- Added a geriatric psych program.
- Recruited 32 new physicians to the community.
- Initiated the process to re-establish the hospital's Trauma designation. The hospital had given up this designation some years ago due to an inability to recruit neurosurgeons (recently recruited 2).
- Currently pursuing a Chest Pain Center designation.
- Enhanced and increased community outreach activities such as health fairs, community education, sponsorships, and leadership participation in the community.

One of LHP's initial focus areas for improvement was in the Emergency Room at Portneuf. Prior to the establishment of the JV with LHP, wait times were long and patient satisfaction was poor. Since that time:

- Arrival to physician time has gone from over 80 to 29 minutes
- "Top Box" patient satisfaction scores in the ER have gone from the 33rd percentile to the 69th percentile (see graph below).

These, along with other efforts, have driven strong improvement in operational performance. Some of the highlights can be found below:

**Key Indicators:**

	Pre-JV	Post JV			
	Actual 2008	Annualized 2009	Actual 2010	Annualized 2011	% Change 2009 vs 2011
Admissions	7,684	7,876	7,970	8,745	14%
EBITDA	\$12.1MM	\$23.0MM	\$32.0MM	\$38.2MM	216%
Net Income	\$(1.4)MM	\$7.7MM	\$18.4MM	\$18.4MM	1414%

The JV is operating under the same charity care policies that were utilized prior to the closing of the transaction.

**TEXAS HEALTH PRESBYTERIAN HOSPITAL – WNJ – SHERMAN, TEXAS**



LHP entered into a joint venture to acquire, own and operate Wilson N. Jones Medical Center in partnership with Texas Health Resources, the largest not-for-profit health system in North Texas, on April 15, 2010. The hospital had operated independently for decades but was faced with the competitive challenge of having two new hospitals scheduled to open in the primary service area during 2010. The joint venture has embarked upon an aggressive revitalization program to ensure the continued success of the local health system. Some of the highlights of this effort are as follows:

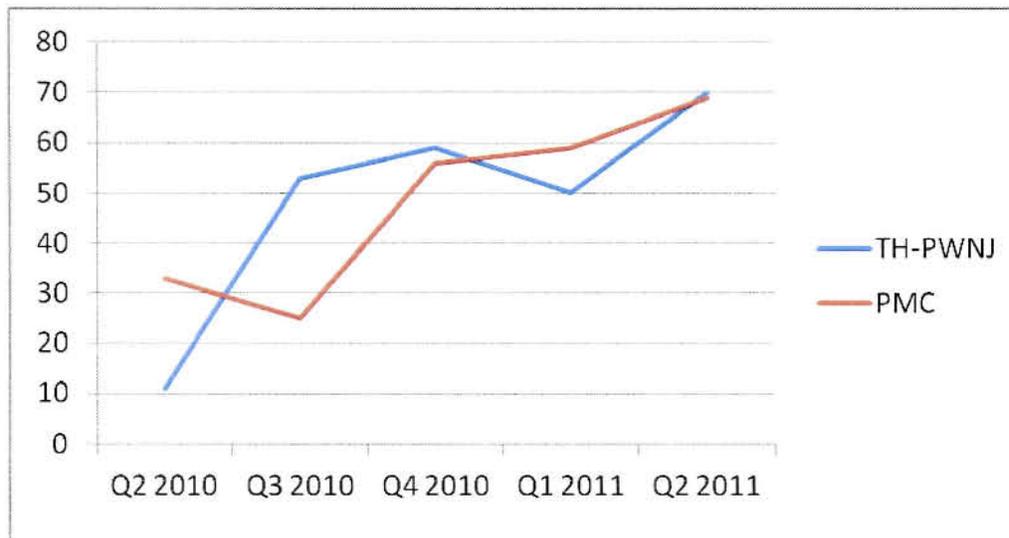
- Upgraded to a state-of-the-art Information Technology system.
- Expanded and reconfigured the Emergency Department.
- Added digital mammography.
- Initiated public area renovations.
- Recruited seven new doctors to the community.

- In the process of restoring or bringing critical designations that keep patients in the community.
  - Chest Pain Center
  - Stroke Center
  - Trauma designation
- Enhanced and increased community outreach activities such as health fairs, community education, sponsorships, and leadership participation in their communities.
- Currently adding a psychiatric service.

As at Portneuf, one of LHP’s initial focus areas for improvement at THPH-WNJ was in the Emergency Room. Prior to the establishment of the JV with LHP, wait times were long, the number of patients leaving without being seen was high and patient satisfaction was poor. Since that time:

- Patients leaving without being seen has gone from 8% to 2%.
- Arrival to physician time has decreased from 79 minutes to 33 minutes
- “Top Box” patient satisfaction has gone from the 11th percentile to the 70th percentile (see graph below).

Focus on the Emergency Department



These, along with other efforts, have stabilized hospital operations in the face of two brand new hospitals opening in the primary service area within months of one another during 2010. Some of the highlights can be found below:

**Key Indicators:**

	Pre JV	Post JV		
	Actual 2009	Annualized 2010	Annualized 2011	% Change 2009 vs 2011
Admissions	8,588	8,120	8,070	-6%
EBITDA	\$7.6MM	\$1.9MM	\$8.5MM	12%
Net Income	\$(3.1)MM	\$(8.2)MM	\$(4.7)MM	52%

The JV is operating under the same charity care policies that were utilized prior to the closing of the transaction.

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# **EXHIBIT 28**

Documentation in support of  
the restricted funds  
under K3 Nursing Education

## Fund Detail Report Nursing Educa. Scholarship Fund

Constituent Name	Date	Appeal Description	Pledge Payments	Non-Pledge Gift	Honor/Memorial
Laurie M. Andrade	1/13/1994	Remembrance 1994	\$0.00	\$10.00	
J. Robert Anthony	2/26/1993	Remembrance 1993	\$0.00	\$25.00	
Thomas F. Ashe	12/23/1993	Remembrance 1994	\$0.00	\$25.00	
	12/8/1994	Remembrance 1995	\$0.00	\$25.00	
	12/19/1995	Remembrance 1996	\$0.00	\$25.00	
	12/13/1996	Remembrance 1997	\$0.00	\$25.00	Ms. Dorothy J. Plotas, R.
	12/21/1997	Past Remembrances 1998	\$0.00	\$25.00	Ms. Dorothy J. Plotas, R.
	12/31/1998	Past Remembrances '99	\$0.00	\$25.00	Ms. Dorothy J. Plotas, R.
Dominick Barbiero	12/31/1992	Remembrance 1993	\$0.00	\$15.00	
Anita C. Behan	1/25/1994	Remembrance 1994	\$0.00	\$10.00	
Joseph J. Bowen	2/19/1993	Remembrance 1993	\$0.00	\$500.00	
John W. Brackett	12/29/1992	Remembrance 1993	\$0.00	\$50.00	
Michael B. Buckley	2/7/1994	Remembrance 1994	\$0.00	\$25.00	
Jeremy Buswell	2/9/1993	Remembrance 1993	\$0.00	\$10.00	
	12/31/1994	Remembrance 1995	\$0.00	\$10.00	
Edmund Francis Caporaso	1/25/1994	Remembrance 1994	\$0.00	\$50.00	
MaryAnne Carpenter	2/19/1993	Remembrance 1993	\$0.00	\$10.00	
Carol Caruso	1/25/1994	Remembrance 1994	\$0.00	\$10.00	
Adeline Cox	1/31/1994	Remembrance 1994	\$0.00	\$50.00	
Anthony J. D'Antonio	5/10/1994	Remembrance 1994	\$0.00	\$25.00	
Joyce A. Debisschop	1/19/1994	Remembrance 1994	\$0.00	\$10.00	
Dolores J. DeVito	2/7/1994	Remembrance 1994	\$0.00	\$20.00	
Arline B. Duley	12/29/1992	Remembrance 1993	\$0.00	\$10.00	
Joseph Esposito	1/13/1994	Remembrance 1994	\$0.00	\$50.00	
Stephen J. Fennessy	1/21/1993	Remembrance 1993	\$0.00	\$10.00	
James Ferraro	3/31/1993	Remembrance 1993	\$0.00	\$10.00	

## Fund Detail Report Nursing Educa. Scholarship Fund

8/12/2011

Constituent Name	Date	Appeal Description	Pledge Payments	Non-Pledge Gift	Honor/Memorial
William Finkelstein	1/31/1994	Remembrance 1994	\$0.00	\$75.00	
Dolores Fitzpatrick	5/25/1994	Remembrance 1994	\$0.00	\$50.00	
Eleanor Flynn	3/28/1994	Remembrance 1994	\$0.00	\$150.00	
	8/30/1997	Individuals 1997	\$0.00	\$135.00	
Carol L. Frechette	3/10/1993	Remembrance 1993	\$0.00	\$10.00	
Ralph Giuliano	1/13/1994	Remembrance 1994	\$0.00	\$25.00	
GlaxoSmithKline Beecham Pharmaceutic	3/7/1994	Remembrance 1994	\$0.00	\$200.00	
Thomas Gniadek	4/20/1993	Remembrance 1993	\$0.00	\$25.00	
Roberto A. Gobbee	4/20/1993	Remembrance 1993	\$0.00	\$25.00	
Ann Grandpre	1/31/1994	Remembrance 1994	\$0.00	\$10.00	
Alice M. Grant	12/16/1993	Remembrance 1994	\$0.00	\$100.00	
	3/28/1994	Remembrance 1994	\$0.00	\$100.00	
	6/7/1994	Remembrance 1994	\$0.00	\$350.00	
	12/26/1994	Remembrance 1995	\$0.00	\$100.00	
	3/20/1995	Remembrance 1995	\$0.00	\$100.00	
	12/31/1995	Remembrance 1996	\$0.00	\$100.00	Ms. Dorothy J. Plotas, R.
	12/17/1996	Remembrance 1997	\$0.00	\$100.00	Ms. Dorothy J. Plotas, R.
	12/31/1997	Past Remembrances 1998	\$0.00	\$100.00	Ms. Dorothy J. Plotas, R.
	12/31/1998	Past Remembrances '99	\$0.00	\$100.00	Ms. Dorothy J. Plotas, R.
Rosemary T. Johnston	1/19/1994	Remembrance 1994	\$0.00	\$10.00	
Marshall D. Kalin	1/13/1994	Remembrance 1994	\$0.00	\$25.00	
Jane Krukowski	12/29/1992	Remembrance 1993	\$0.00	\$20.00	
	1/19/1994	Remembrance 1994	\$0.00	\$10.00	
Mary Ann Lariviere	5/10/1993	Remembrance 1993	\$0.00	\$15.00	
	1/19/1994	Remembrance 1994	\$0.00	\$10.00	
Maryann Lavelle	2/26/1993	Remembrance 1993	\$0.00	\$50.00	
Sheila Lynch	2/9/1993	Remembrance 1993	\$0.00	\$20.00	
Antoinette Maguire					

## Fund Detail Report Nursing Educa. Scholarship Fund

8/12/2011

Constituent Name	Date	Appeal Description	Pledge Payments	Non-Pledge Gift	Honor/Memorial
	2/19/1993	Remembrance 1993	\$0.00	\$25.00	
Philip L. Martino	1/21/1993	Remembrance 1993	\$0.00	\$50.00	
Frank Matan	1/19/1994	Remembrance 1994	\$0.00	\$10.00	
Lois McDonald	2/19/1993	Remembrance 1993	\$0.00	\$10.00	
David McElligott	12/31/1992	Remembrance 1993	\$0.00	\$25.00	
	1/25/1994	Remembrance 1994	\$0.00	\$35.00	
Patricia Mellon Danaher	2/9/1993	Remembrance 1993	\$0.00	\$5.00	
Marie Miklinevich	1/25/1994	Remembrance 1994	\$0.00	\$25.00	
Margaret Moffitt	1/13/1994	Remembrance 1994	\$0.00	\$50.00	
Ginny Napiello	1/31/1994	Remembrance 1994	\$0.00	\$20.00	
Eugene E. Nowacki	12/29/1992	Remembrance 1993	\$0.00	\$20.00	
Jean Peters	1/13/1994	Remembrance 1994	\$0.00	\$25.00	
James F. Phelan	2/9/1993	Remembrance 1993	\$0.00	\$10.00	
Mary Prybylo	12/29/1992	Remembrance 1993	\$0.00	\$75.00	
	2/9/1993	Remembrance 1993	\$0.00	\$20.00	
	2/14/1994	Remembrance 1994	\$0.00	\$200.00	
	1/9/1995	Remembrance 1995	\$0.00	\$250.00	
Edmund P. Quinn	1/25/1994	Remembrance 1994	\$0.00	\$100.00	
Joanne Rainone	2/9/1993	Remembrance 1993	\$0.00	\$10.00	
Claire Robidoux	2/26/1993	Remembrance 1993	\$0.00	\$50.00	
Gary S. Roosa	2/9/1993	Remembrance 1993	\$0.00	\$25.00	
	12/26/1994	Remembrance 1995	\$0.00	\$100.00	
Kert Sabbath	1/25/1994	Remembrance 1994	\$0.00	\$25.00	
Saint Mary's Laboratory Staff	12/29/1992	Remembrance 1993	\$0.00	\$100.00	
Judith Salter	3/31/1993	Remembrance 1993	\$0.00	\$52.00	
Marguerite P. Santarsiero	12/29/1992	Remembrance 1993	\$0.00	\$10.00	
	1/19/1994	Remembrance 1994	\$0.00	\$10.00	

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## Fund Detail Report Nursing Educa. Scholarship Fund

8/12/2011

Constituent Name	Date	Appeal Description	Pledge Payments	Non-Pledge Gift	Honor/Memorial
V. Timothy Shea	2/7/1994	Remembrance 1994	\$0.00	\$25.00	
Joel A. Sherman	2/14/1994	Remembrance 1994	\$0.00	\$25.00	
Alvin J. Shreders	1/19/1994	Remembrance 1994	\$0.00	\$5.00	
Michael F. Simms	1/31/1994	Remembrance 1994	\$0.00	\$100.00	
Paul A. Sirop	1/25/1994	Remembrance 1994	\$0.00	\$50.00	
	4/28/1997	Annual Report Mailing'	\$500.00	\$0.00	
	7/31/1998	Phys. Annual Appeal 199	\$0.00	\$500.00	
St. Mary's Department of Nursing	12/26/1994	Remembrance 1995	\$0.00	\$85.00	
St. Mary's Nsg. Admin. & Supervisors	6/12/1995	Remembrance 1995	\$0.00	\$20.00	
St. Mary's Nursing Service Administration	12/23/1993	Remembrance 1994	\$0.00	\$550.00	Ms. Dorothy J. Plotas, R.
	3/7/1994	Remembrance 1994	\$0.00	\$34.00	Ms. Dorothy J. Plotas, R.
St. Mary's O'Brien 4 Staff	2/9/1993	Remembrance 1993	\$0.00	\$42.00	
St. Mary's O'Brien 7 Staff	2/26/1993	Remembrance 1993	\$0.00	\$361.00	
St. Mary's Sacred Heart 3 Staff	2/9/1993	Remembrance 1993	\$0.00	\$130.00	
St. Mary's School of Nursing Alumni Asso	3/31/1993	Remembrance 1993	\$0.00	\$86.00	
	3/28/1994	Remembrance 1994	\$0.00	\$20.00	
	5/27/2008	Unsolicited 2008	\$0.00	\$10,654.02	
St. Mary's Xavier 3 Staff	2/9/1993	Remembrance 1993	\$0.00	\$45.00	
William F. Sullivan	3/10/1993	Remembrance 1993	\$0.00	\$10.00	
Katherine Tehan	2/9/1993	Remembrance 1993	\$0.00	\$10.00	
Evan J. Whalley	1/13/1994	Remembrance 1994	\$0.00	\$20.00	
Elaine C. Woodruff	1/19/1994	Remembrance 1994	\$0.00	\$10.00	
Ann Wozniak	1/19/1994	Remembrance 1994	\$0.00	\$20.00	
Marlene Yeomans	1/19/1994	Remembrance 1994	\$0.00	\$25.00	

**Fund Detail Report**  
**Nursing Educa. Scholarship Fund**

\$17,239.02

\$500.00

Grand Totals:

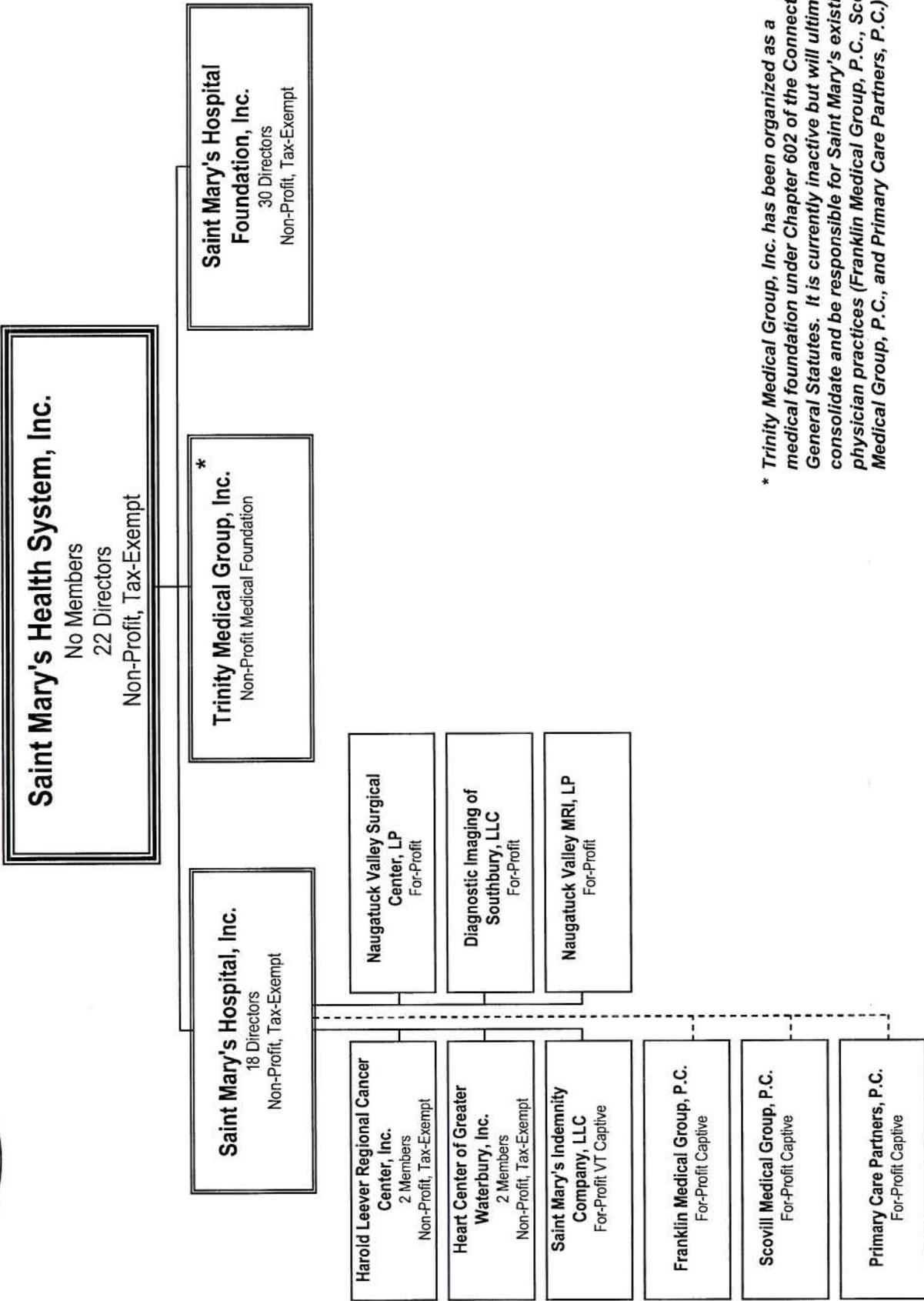
104 Gift(s) listed  
76 Donor(s) listed

# **EXHIBIT 29**

Revised “Prior to Proposal – Corporate  
Structure” Chart



# Prior to Proposal Corporate Structure



\* Trinity Medical Group, Inc. has been organized as a medical foundation under Chapter 602 of the Connecticut General Statutes. It is currently inactive but will ultimately consolidate and be responsible for Saint Mary's existing physician practices (Franklin Medical Group, P.C., Scovill Medical Group, P.C., and Primary Care Partners, P.C.).