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July 21, 2015

Jane E. Morgan, Esq.  
Associate Director, Chief Legal Counsel  
Rhode Island Department of Health  
Hospital Conversions/Mergers Program  
3 Capitol Hill, Room 410  
Providence, RI 02908

Re: Request for Expeditious Review of Hospital Conversion Application Pertaining to the Proposed Acquisition of LMW Healthcare, Inc. d/b/a Westerly Hospital by Yale-New Haven Health Services Corporation

Dear Jane:

As discussed, enclosed please find a completed Request for Expeditious Review (the "Request") of the Hospital Conversion Application pertaining to the Proposed Acquisition of LMW Healthcare, Inc. d/b/a Westerly Hospital ("Westerly Hospital") by Yale-New Haven Health Services Corporation.

As you know, this Request is based on Rhode Island law which provides that upon satisfying certain criteria as set forth in the enclosed Request, the acquisition of a hospital that has an inpatient occupancy rate of less than fifty percent (50%) may be reviewed under an expedited process (the "Inpatient Occupancy Trigger"). See RIGL § 23-17.14-12.1(a)(2)(v). Westerly Hospital currently has one hundred twenty-five (125) licensed inpatient beds. Based on Westerly Hospital data, its average daily census for inpatients in the most recent quarter is 34.25. Accordingly, Westerly Hospital's current inpatient occupancy rate is twenty-seven and four tenths percent (27.4%). Moreover, as indicated in response to Question 5 of the Request, Westerly Hospital's inpatient occupancy rate was twenty-eight and nine tenths percent (28.9%) for fiscal year 2013, twenty-eight and eight tenths percent (28.8%) for fiscal year 2014, twenty-nine and seven tenths percent (29.7%) for the first quarter of 2015, and thirty-three percent (33%) for the second quarter of 2015. Therefore, Westerly Hospital satisfies the Inpatient Occupancy Trigger and the Rhode Island Department of Health should approve the Request.

Jane E. Morgan, Esq.  
July 21, 2015  
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Thank you for your consideration of this Request. Please feel free to contact me should you have any questions or require additional information.

Sincerely,



Stephen D. Zubiago

Enclosures

cc: Bill Aseltyne, Esq.  
Maureen J. Anderson, Esq.  
Christopher Browning, Esq.



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

[www.health.state.ri.us/hospitals/about/mergers](http://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: LMW Healthcare, Inc. d/b/a Westerly Hospital*
Address: 25 Wells Street, Westerly, RI 02891

Contact Information for the President or Chief Executive Officer:

Name: Bruce D. Cummings, FACHE	Telephone: 860-442-0711
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Information for the person to contact regarding this proposal:

Name: Stephen D. Zubiago, Esq.	Telephone: 401-454-1017
E-mail: szubiago@nixonpeabody.com	Fax number: 401-454-1030

2. Please provide the following information for the acquiror:

Name: Yale-New Haven Health Services Corporation
Address: 789 Howard Avenue, New Haven, CT 06519

Contact Information for the President or Chief Executive Officer:

Name: Marna P. Borgstrom	Telephone: 203-688-2608
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Information for the person to contact regarding this proposal:

Name: Stephen D. Zubiago, Esq.	Telephone: 401-454-1017
E-mail: szubiago@nixonpeabody.com	Fax number: 401-454-1030

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 for at least the preceding 3 years (mark with an 'X'): Yes  X

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;
- X  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.

\*As more fully explained in the attached Executive Summary, the acquiror will indirectly acquire LMW Healthcare, Inc. d/b/a Westerly Hospital ("Westerly Hospital") pursuant to a proposed affiliation between the acquiror and Lawrence + Memorial Corporation ("L+M"). L+M is Westerly Hospital's sole corporate member. Westerly Hospital is listed as the acquiree because the indirect acquisition by acquiror of Westerly Hospital is the reason the proposed affiliation is subject to review by RI regulatory authorities.

4. Please provide an Executive Summary of the proposed conversion (on a separate page). See Attached
5. 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.

Fiscal Year	Operating Profit/(Loss)	Days Cash on Hand	Current Assets to Liability Ratio	Long-term Debt to Capitalization	Inpatient Occupancy Rate
20 13	\$461,996	48	0.55	18.9%	28.9%*
20 14	\$3,884,818	21	0.91	0.4%	28.8%*
1st Quarter of 20 15	\$1,314,028	32	1.15	0.2%	29.7%
2nd Quarter of 20 15	\$(169,842)	24	1.55	0.2%	33.0%
3rd Quarter of 20 15	\$2,377,799	31	1.75	0.1%	27.4%


\*Source for 2013 and 2014 Inputs for occupancy rates is RIDOH.

6. 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	A** (March 2015)
Moody's	N/A
Fitch Group	A** (August 2014)


7. Please have the President or Chief Executive Office 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

  
Name of Acquiree

Subscribed and sworn to before me on this 21<sup>st</sup> day of July 2015

  
Notary Public  
My Commission Expires:  KAREN M. SANTADROCE  
Notary Public, State of Connecticut  
My Commission Expires September 30, 2017

\*\* Acquiree, LMW Healthcare, Inc. does not maintain bond ratings. The above bond rating information is for its current parent company Lawrence + Memorial Corporation.

**Request for Expeditious Review  
Executive Summary**

The acquiree, LMW Healthcare, Inc. d/b/a Westerly Hospital (“Westerly Hospital”) is a Rhode Island non-profit, tax-exempt corporation that owns and operates a community hospital in Westerly, Rhode Island, which is licensed by the Rhode Island Department of Health to provide services at one hundred twenty five (125) inpatient beds. Westerly Hospital’s sole corporate member is Lawrence + Memorial Corporation (“L+M”). L+M is a Connecticut non-stock, tax-exempt corporation that is the sole member of Lawrence + Memorial Hospital, which is a community hospital in New London, Connecticut, and Westerly Hospital. L+M and its hospitals also provide other health care services for the benefit of the communities they serve.

The acquirer, Yale-New Haven Health Services Corporation (“YNHHSC”), is a Connecticut non-stock, tax-exempt corporation that was organized in 1983 to provide support services to a nonprofit network of affiliated health care providers known, collectively, as the Yale New Haven Health System. YNHHSC owns and operates Bridgeport Hospital, Greenwich Hospital, Yale-New Haven Hospital, and Northeast Medical Group in Connecticut. YNHHSC also directs and implements certain programs and activities that assist its members in providing high quality, cost-effective health services for the benefit of the communities they serve. The mission of YNHHSC includes collaborating with Yale University to initiate, develop, and maintain educational programs for health care professionals and for the public.

YNHHSC plans to become the sole corporate member of L+M pursuant to the terms of an affiliation agreement between the two parties. Upon consummation of the proposed affiliation, YNHHSC will thereby indirectly acquire Westerly Hospital. It is the addition of YNHHSC at the top of Westerly Hospital’s current corporate structure that subjects the proposed affiliation between YNHHSC and L+M to review by Rhode Island regulatory authorities.