



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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*Peter F. Kilmartin, Attorney General*

August 27, 2012

Jeffrey F. Chase-Lubitz, Esq.  
Donoghue Barrett & Singal, P.C.  
Ten Weybosset Street  
Providence, Rhode Island 02903

Re: Hospital Conversion Application of Landmark Medical Center and  
Rehabilitation Hospital of Rhode Island

Dear Mr. Chase-Lubitz:

I am in receipt of your letter of August 24, 2012, requesting on behalf of Steward Health Care System LLC and certain of its affiliates that Condition 4 of the Attorney General's May 25, 2012 Decision in the above-entitled matter be amended. You have requested that this condition, which was previously amended to require a closing of the proposed purchase of Landmark Medical Center and the Rehabilitation Hospital of Rhode Island by August 31, 2012, be amended to require a closing no later than October 31, 2012.

As you know, when this office approved the Hospital Conversion Application of Landmark Medical Center and Rehabilitation Hospital of Rhode Island, a condition of that approval was that the transaction must close within sixty days, or by July 27, 2012. When it became apparent that closing would not occur by that date, the condition requiring closing was amended to require a closing by August 31, 2012.

When that extension was granted, it was stated that no further amendment to the Condition would be acceptable absent "exigent circumstances." This office is mindful of the ongoing negotiations between Steward Health Care System and Blue Cross & Blue Shield of Rhode Island. Although resolution of an agreement between Steward and Blue Cross was not made a condition of this sale by Steward, this office recognizes the importance of this issue to Steward. Thus, on August 15, 2012, Attorney General Kilmartin wrote to representatives of both Steward and Blue Cross, stating, "Recognizing the complexity of the issues you are discussing, and knowing that your ability to contract involves many factors, this office would consider ongoing and good faith negotiations between your organizations to be an exigent circumstance as contemplated by the July 30<sup>th</sup> extension."

Your request for a further amendment of Condition 4 states, "This request is being made because Steward and Blue Cross Blue Shield of Rhode Island continue to be engaged in ongoing and good faith negotiations and additional time is required to determine if an agreement can be reached."

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We note that is request was filed by Steward, but was not joined by Landmark Medical Center, nor have we received a separate request for an extension from Landmark. Nevertheless, this office is well aware of the importance of this transaction, and of Landmark Medical Center, to the Northern Rhode Island area. Just this week, the Attorney General had the opportunity to meet with representatives of the medical staff of Landmark Medical Center, who passionately stressed the importance of keeping this hospital open.

By seeking this extension, we assume that Steward has committed to providing Landmark with continuing assistance, including financial assistance, through the new closure date requested. Candidly, an extension without such an assurance would make little sense.

Your letter further noted that, "there remain other conditions to closing that are outstanding and not yet satisfied." In the absence of further detail regarding what those conditions are, this raises some concern, particularly in light of the length of the extension being sought. As you recall, on July 27, 2012 you provided this office with a "closing checklist" indicating the items necessary for the transaction to close and the status of those items. Since this form has already been created and presumably is still being used to monitor the progress of the closing, it is requested that an updated copy of this checklist be provided to this office not later than August 31, 2012.

Part of the reason that a specific closing date was included as a condition of approval in this matter was a recognition of the fiscal challenges facing Landmark, and by extension the uncertainty and anxiety that people who utilize this facility, and who work at this facility, have lived with for many months. In addition, it is important to ensure that there have been no material changes to the transaction which this office reviewed and approved. With the passage of time between approval and closure, this becomes much more difficult to ensure, particularly without the submission and review of additional updated information, a circumstance we assume that no party would welcome.

Therefore, in recognition of the ongoing negotiations you have cited, your request for an extension of Condition 4 is granted, subject to the following:

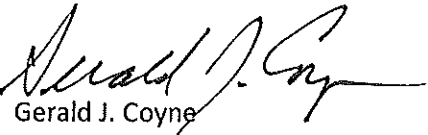
- Condition 4 is amended to read as follows: "The closing shall take place no later than September 30, 2012."
- Not later than August 31, 2012, Steward shall provide an updated and current copy of the closing checklist to this office.
- Not later than September 14, 2012, Steward shall advise the Attorney General if additional time is necessary to reach an agreement between Steward and Blue Cross & Blue Shield of Rhode Island. In the event that ongoing and good faith negotiations remain ongoing and additional time is required, the Attorney General will, at that time, consider a further extension of the closing date as set forth in Condition 4 to October 31, 2012.

For the reasons set forth in this letter, the parties should not anticipate any further extensions beyond that date in the absence of an extraordinary and unanticipated occurrence.

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Materials requested in this letter should be forwarded to Assistant Attorney General Jodi Bourque.  
Thank you in advance for your cooperation.

Very truly yours,

  
Gerald J. Coyne  
Deputy Attorney General

cc: Hon. Michael Silverstein  
Joseph C. Maher, Jr., Esq.  
Jonathan Savage, Esq.