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August 30, 2012

Lawrence + Memorial Bid to Acquire The Westerly Hospital Approved

Wakefield, RI ~ Rhode Island Superior Court Associate Justice Brian P. Stern approved today Lawrence + Memorial Hospital's \$69 million bid to acquire The Westerly Hospital.

The approval of the L+M bid is the penultimate step in the resolution of The Westerly Hospital receivership process.

With Stern's approval, it now goes before a state regulatory review prior to the actual closing – which could come as soon as January 2013.

At that point, the New London-based L+M would assume full control of The Westerly Hospital and its affiliates and assets.

"Today is a significant day for both hospitals," said L+M President and Chief Executive Officer Bruce D. Cummings. "For L+M, it's an opportunity for us to strengthen and improve our ability to continue what we've done for 100 years – improve the health of the region. For The Westerly Hospital, it marks the first step in restoring financial stability to a fine hospital that has been providing excellent care to its community for generations.

"There is a synergy between our communities," Cummings continued. "This agreement only strengthens that. We don't just want to keep The Westerly Hospital open. We want it to thrive again. And it will."

The two hospitals, said Cummings, will operate under the L+M Corporation, the parent company of Lawrence + Memorial Hospital, L+M Physician Association and the Visiting Nurse Association of Southeastern Connecticut.

“The Westerly Hospital will remain a non-profit, acute care hospital that we will keep, honor and operate as a sister hospital to L+M while preserving its same name. It will be separately licensed from L+M; and will maintain its own medical staff which, in turn, will continue to elect its own medical staff officers,” Cummings said.

Under the agreement, L+M is committed to maintaining Westerly as an acute care facility for a minimum of five years. All clinical services are to continue for at least two years beyond the time when L+M ultimately acquires The Westerly Hospital. Cummings said L+M has also committed to maintaining Westerly’s clinical, support and trades staffs.

To that point, L+M earlier this month reached agreement with the two employees unions that represent more than 400 Westerly Hospital workers.

“We have worked diligently for nearly a year,” Cummings said, “to ensure that any agreement is beneficial for all involved. For L+M. For Westerly. For its employees. And, most importantly, for the community.”

L+M has also reached an agreement with Blue Cross & Blue Shield of Rhode Island on a one-year contract for services at The Westerly Hospital.

In addition to assuming all current secured debt, L+M has promised an initial influx of \$6.5 million in working capital. The agreement calls for an investment of \$30 million from L+M over a five-year period to address improvements in technology, equipment and the physical plant.

“The Westerly Hospital has excellent patient satisfaction scores and strong quality measures,” Cummings said. “Combined with strong medical and clinical staffs and outstanding community support, it’s easy to understand our interest in this acquisition.”

L+M has a plan, Cummings said, to return The Westerly Hospital to profitability within three years.

“We will bring what we believe are solid business practices to Westerly,” he said. “Other areas of efficiency and cost reduction will come from the result of our implementation of process innovation techniques, something that has saved millions of dollars at our main campus.”

The receivership, which was managed by court-appointed special master Mark Russo, began in December 2011. Prior to that, the two hospitals had been engaged in discussions designed to find a way to partner for the future. Those discussions were halted when The Westerly Hospital Board of Directors voted to file for receivership.

It was the second time such discussions had happened. The two hospitals also discussed aligning back in the mid 1990s.

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