

# CMCHS/DHH AFFILIATION AGREEMENT

## Executive Summary

On July 22, 2009, CMC Healthcare System (“CMCHS”), the supporting organization for Catholic Medical Center and its affiliates, and Dartmouth-Hitchcock Health (“DHH”), the supporting organization for Mary Hitchcock Memorial Hospital and Dartmouth Hitchcock Clinic and their affiliates, entered into an Affiliation Agreement (the “Affiliation”). The Affiliation will allow CMCHS and DHH to integrate their resources in Greater Manchester and to integrate the two supporting organizations and their affiliates into one regional healthcare delivery system.

Specifically, the Dartmouth-Hitchcock Clinic’s Manchester-based physician group practice services will integrate with the services of Catholic Medical Center (CMC) through its parent company, CMCHS, which will serve as the sole member of the entities in the Manchester area to coordinate the delivery of these integrated services (the “Manchester System”). The Manchester System will include an expanded professional services agreement and facilities lease with the current Dartmouth-Hitchcock Clinic Manchester physicians through Alliance Health Services (“AHS”), another CMCHS subsidiary.

The leased multi-specialty physician services in the Manchester System will be subject to the *Ethical and Religious Directives for Catholic Health Care Services* issued by the United States Conference of Catholic Bishops (the “ERDs”). Any DHC programs or services currently offered in Manchester but inconsistent with the ERDs will not be leased, and therefore they will not be governed, managed by, or fiscally related to, the proposed Manchester System. In this way, both CMCHS and DHC will operate in a manner consistent with their respective charitable missions. Neither organization will be required to take any action which may impair or jeopardize its tax-exempt or public charity status under federal income tax or charitable trust laws.

CMCHS will integrate into a regional system with DHH (the “Regional System”). DHH will become the sole member of CMCHS, exercising certain enumerated reserved powers, most concurrently with the reserved powers exercised by the Bishop over CMCHS. As a result, the proposed affiliation will allow CMC to retain its Catholic identity and mission under Church law while collaborating directly with the 120 Manchester-based DHC providers and enabling the Manchester System to coordinate and enhance its healthcare delivery within a larger regional network.

Key features of the Affiliation Agreement include the following:

- **Preamble:** On pages 1-3, the parties set forth the basis for pursuing an affiliation;
- **Definitions:** On pages 3-6, the parties set forth the definition of key terms with reference to the respective section or sections in the document which contain those definitions;

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- ***Statement of Purpose and Mutual Vision:*** On pages **6-7**, the parties set forth the strategic purposes for the affiliation and their shared vision, including a focus on local decision making and furtherance of their respective yet complementary, charitable missions;
- ***Guiding Principles:*** On pages **7-9**, the parties set forth the guiding principles to direct the evolution of their relationship, and in particular the operation of the Manchester System, including furtherance of the respective entities' charitable missions, adherence to Catholic teaching in the Manchester System, and a commitment to improving the health of the community through the Regional System;
- ***Alliance Health Services as the Vehicle to Integrate DHC-Manchester Multi-Specialty Physician Group:*** On pages **9-11**, the parties describe the role of Alliance Health Services as an affiliate of CMCHS to lease both the facilities and the professional services of Dartmouth-Hitchcock Clinic Manchester to enable it to collaborate with Catholic Medical Center and its affiliates;
- ***CMCHS as Manchester System Integrator:*** On pages **11-17**, the parties describe the continuing nature of CMCHS as a public juridic person of diocesan right and its role as Manchester System integrator with respect to Catholic Medical Center and Dartmouth-Hitchcock Clinic Manchester Physicians;
- ***CMCHS' Integration into the Regional System:*** On pages **17-22**, the parties describe the integration of CMCHS into a regional system through its affiliation with DHH as its sole member, and the parties describe the limited reserve powers of DHH over CMCHS and the reserve powers which are shared with the Bishop, as well as an allocation of responsibility for governance, management and finances within the integrated Regional System;
- ***Implementation of Affiliation:*** On pages **22-24**, the parties describe the specific steps which will be taken to implement the affiliation once it receives final approval from regulators and other third parties, including the Bishop;
- ***Managing the Parties' Relationship:*** On pages **24-33**, the parties set forth specific commitments to one another with respect to managing their relationship going forward, including providing for dispute resolution, an un-wind provision, and that the duration of the affiliation is intended to be perpetual with the Affiliation Agreement surviving the closing.