

A G R E E M E N T

This Agreement is entered into by the Attorney General of the State of Maine and Down East Community Hospital ("the Hospital").

In consideration of the covenants expressed herein, the parties agree that:

GENERAL

A. *Background.* The Hospital is a non-profit community-based hospital that depends on the financial support and goodwill of the community it serves. The Board of Directors of the Hospital is composed of local citizens who willingly volunteer their time to ensure that the Hospital combines the best of patient care with good stewardship of the community's limited financial resources. The Hospital's Board takes its governance role seriously.

As part of his ongoing responsibility to enforce Maine's antitrust laws, the Attorney General has been reviewing activities undertaken by the Hospital through the Maine Health Alliance, of which the Hospital is a member, in contracting with third party payors for hospital services. In order to ensure that the Hospital functions within the proper scope of all applicable guidelines, the Hospital undertakes the commitments set forth below.

B. *Effect.* Acceptance and implementation of this Agreement by the Attorney General and the Hospital shall not be considered to be an admission or concession of any violation of law or of any liability or wrongdoing. No part of this Agreement constitutes evidence against the Hospital in any action brought by any person or entity for any violation of law, except an action to enforce the terms of this Agreement.

HOSPITAL COMMITMENTS

The Hospital will not, directly or indirectly or through any corporate or other device, in connection with the provision of hospital services:

1. Enter into, adhere to, participate in, maintain, organize, implement, enforce or otherwise facilitate any unlawful combination, conspiracy, agreement, or understanding between or among any hospitals with whom the Hospital competes:

- a. To negotiate on behalf of any hospital with any payor;
- b. To deal, refuse to deal, or threaten to refuse to deal with any payor;

- c. Regarding any term, condition, or requirement upon which any hospital deals, or is willing to deal, with any payor, including, but not limited to, price terms; or
 - d. Not to deal individually with any payor, or not to deal with any payor through any arrangement other than the Maine Health Alliance;
2. Exchange or facilitate in any unlawful manner the exchange or transfer of information among hospitals concerning any hospital's willingness to deal with a payor, or the terms or conditions, including price terms, on which the hospital is willing to deal with a payor;
 3. Attempt to engage in any action set forth in Paragraphs 1 or 2 above; or
 4. Encourage, suggest, advise, pressure, induce, or attempt to induce any person to engage in any action set forth in Paragraphs 1 through 3 above.

PROVIDED, HOWEVER, that, nothing in this Agreement shall prohibit any agreement involving, or conduct by the Hospital that: (i) is otherwise lawful; (ii) complies with the Statements of Antitrust Enforcement Policy in Health Care issued jointly by the U.S. Department of Justice and the Federal Trade Commission; or (iii) is reasonably necessary to form, participate in, or take any action in furtherance of a qualified risk-sharing joint arrangement or qualified clinically-integrated joint arrangement (as defined herein), and so long as the arrangement does not restrict the ability, or facilitate the refusal, of hospitals or physicians who participate in it to deal with payors on an individual basis or through any other arrangement.

For purposes of this Agreement:

"Qualified clinically-integrated joint arrangement" means an arrangement to provide physician services, hospital services, or both physician and hospital services in which:

1. all physicians and hospitals who participate in the arrangement participate in active and ongoing programs of the arrangement to evaluate and modify the practice patterns of, and create a high degree of interdependence and cooperation among, the physicians and hospitals who participate in the arrangement, in order to control costs and ensure the quality of services provided through the arrangement; and
2. any agreement concerning price or other terms or conditions of dealing entered into by or within the arrangement is reasonably necessary to obtain significant efficiencies through the arrangement.

“Qualified risk-sharing joint arrangement” means an arrangement to provide physician services, hospital services, or both physician and hospital services in which:

1. all physicians and hospitals who participate in the arrangement share substantial financial risk through their participation in the arrangement and thereby create incentives for the physicians and hospitals who participate jointly to control costs and improve quality by managing the provision of physician and hospital services such as risk-sharing involving:
 - a. the provision of physician or hospital services to payors at a capitated rate,
 - b. the provision of physician or hospital services for a predetermined percentage of premium or revenue from payors,
 - c. the use of significant financial incentives (*e.g.*, substantial withholds) for physicians or hospitals who participate to achieve, as a group, specified cost-containment goals, or
 - d. the provision of a complex or extended course of treatment that requires the substantial coordination of care by hospitals or physicians in different specialties offering a complementary mix of services, for a fixed, predetermined price, when the costs of that course of treatment for any individual patient can vary greatly due to the individual patient’s condition, the choice, complexity, or length of treatment, or other factors; and
2. any agreement concerning price or other terms or conditions of dealing entered into by or within the arrangement is reasonably necessary to obtain significant efficiencies through the arrangement.


MISCELLANEOUS PROVISIONS

A. The Attorney General agrees by execution hereof that this Agreement constitutes a complete settlement and release on behalf of the State of Maine against the Hospital with respect to any claims, causes of action, damages, fines, costs and penalties which were or could have been asserted prior to the effective date of this Agreement based upon the activities of the Maine Health Alliance. Notwithstanding the foregoing, the Attorney General may institute an action or proceeding to enforce the terms and provisions of the Agreement or take action based on future conduct.

B. This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior agreements or understandings, whether written or oral, between the parties with respect to the subject matter of this Agreement.

ENTERED into on behalf of DOWN EAST COMMUNITY HOSPITAL by:

Dated: 6-24-03

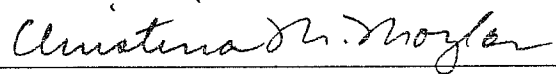


Wayne Dodwell, Chief Executive Officer

ENTERED into on behalf of the STATE OF MAINE by:

G. STEVEN ROWE
Attorney General

Dated: 6-20-03



CHRISTINA M. MOYLAN
Assistant Attorney General
Office of the Attorney General
6 State House Station
Augusta, Maine 04333-0006
(207) 626-8800
Maine Bar No. 7095

AGREEMENT

This Agreement is entered into by the Attorney General of the State of Maine and Hospital Administrative District No. 4 d/b/a Mayo Regional Hospital (“the Hospital”).

In consideration of the covenants expressed herein, the parties agree that:

GENERAL

A. *Background.* The Hospital is a public community-based hospital that depends on the financial support and goodwill of the community it serves. The Board of Directors of the Hospital is composed of local citizens who are elected to the Board by the town meetings of the towns that are members of Hospital Administrative District No. 4, and who willingly volunteer their time to ensure that the Hospital combines the best of patient care with good stewardship of the community’s limited financial resources. The Hospital’s Board takes its governance role seriously.

As part of his ongoing responsibility to enforce Maine’s antitrust laws, the Attorney General has been reviewing activities undertaken by the Hospital through the Maine Health Alliance, of which the Hospital is a member, in contracting with third party payors for hospital services. In order to ensure that the Hospital functions within the proper scope of all applicable guidelines, the Hospital undertakes the commitments set forth below.

B. *Effect.* Acceptance and implementation of this Agreement by the Attorney General and the Hospital shall not be considered to be an admission or concession of any violation of law or of any liability or wrongdoing. No part of this Agreement constitutes evidence against the Hospital in any action brought by any person or entity for any violation of law, except an action to enforce the terms of this Agreement.

HOSPITAL COMMITMENTS

The Hospital will not, directly or indirectly or through any corporate or other device, in connection with the provision of hospital services:

1. Enter into, adhere to, participate in, maintain, organize, implement, enforce or otherwise facilitate any unlawful combination, conspiracy, agreement, or understanding between or among any hospitals with whom the Hospital competes:

- a. To negotiate on behalf of any hospital with any payor;

- b. To deal, refuse to deal, or threaten to refuse to deal with any payor;
 - c. Regarding any term, condition, or requirement upon which any hospital deals, or is willing to deal, with any payor, including, but not limited to, price terms; or
 - d. Not to deal individually with any payor, or not to deal with any payor through any arrangement other than the Maine Health Alliance;
2. Exchange or facilitate in any unlawful manner the exchange or transfer of information among hospitals concerning any hospital's willingness to deal with a payor, or the terms or conditions, including price terms, on which the hospital is willing to deal with a payor;
3. Attempt to engage in any action set forth in Paragraphs 1 or 2 above; or
4. Encourage, suggest, advise, pressure, induce, or attempt to induce any person to engage in any action set forth in Paragraphs 1 through 3 above.

PROVIDED, HOWEVER, that, nothing in this Agreement shall prohibit any agreement involving, or conduct by the Hospital that: (i) is otherwise lawful; (ii) complies with the Statements of Antitrust Enforcement Policy in Health Care issued jointly by the U.S. Department of Justice and the Federal Trade Commission; or (iii) is reasonably necessary to form, participate in, or take any action in furtherance of a qualified risk-sharing joint arrangement or qualified clinically-integrated joint arrangement (as defined herein), and so long as the arrangement does not restrict the ability, or facilitate the refusal, of hospitals or physicians who participate in it to deal with payors on an individual basis or through any other arrangement.

For purposes of this Agreement:

“Qualified clinically-integrated joint arrangement” means an arrangement to provide physician services, hospital services, or both physician and hospital services in which:

- 1. all physicians and hospitals who participate in the arrangement participate in active and ongoing programs of the arrangement to evaluate and modify the practice patterns of, and create a high degree of interdependence and cooperation among, the physicians and hospitals who participate in the arrangement, in order to control costs and ensure the quality of services provided through the arrangement; and
- 2. any agreement concerning price or other terms or conditions of dealing entered into by or within the arrangement is reasonably necessary to obtain significant efficiencies through the arrangement.

“Qualified risk-sharing joint arrangement” means an arrangement to provide physician services, hospital services, or both physician and hospital services in which:

1. all physicians and hospitals who participate in the arrangement share substantial financial risk through their participation in the arrangement and thereby create incentives for the physicians and hospitals who participate jointly to control costs and improve quality by managing the provision of physician and hospital services such as risk-sharing involving:
 - a. the provision of physician or hospital services to payors at a capitated rate,
 - b. the provision of physician or hospital services for a predetermined percentage of premium or revenue from payors,
 - c. the use of significant financial incentives (*e.g.*, substantial withholds) for physicians or hospitals who participate to achieve, as a group, specified cost-containment goals, or
 - d. the provision of a complex or extended course of treatment that requires the substantial coordination of care by hospitals or physicians in different specialties offering a complementary mix of services, for a fixed, predetermined price, when the costs of that course of treatment for any individual patient can vary greatly due to the individual patient’s condition, the choice, complexity, or length of treatment, or other factors; and
2. any agreement concerning price or other terms or conditions of dealing entered into by or within the arrangement is reasonably necessary to obtain significant efficiencies through the arrangement.

MISCELLANEOUS PROVISIONS

A. The Attorney General agrees by execution hereof that this Agreement constitutes a complete settlement and release on behalf of the State of Maine against the Hospital with respect to any claims, causes of action, damages, fines, costs and penalties which were or could have been asserted prior to the effective date of this Agreement based upon the activities of the Maine Health Alliance. Notwithstanding the foregoing, the Attorney General may institute an action or proceeding to enforce the terms and provisions of the Agreement or take action based on future conduct.

B. This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior agreements or understandings, whether written or oral, between the parties with respect to the subject matter of this Agreement.

ENTERED into on behalf of **HOSPITAL ADMINISTRATIVE DISTRICT No. 4 d/b/a MAYO REGIONAL HOSPITAL**

by:



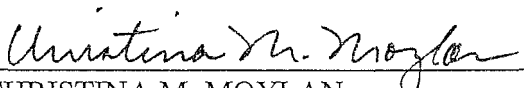
Ralph Gabarro, CEO

Dated: June 18, 2003

ENTERED into on behalf of the STATE OF MAINE by:

G. STEVEN ROWE
Attorney General

Dated: June 23, 2003



CHRISTINA M. MOYLAN
Assistant Attorney General
Office of the Attorney General
6 State House Station
Augusta, Maine 04333-0006
(207) 626-8800
Maine Bar No. 7095