



FOR IMMEDIATE RELEASE
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Shore Health Services Board to Begin Exclusive Negotiations

Physicians and staff remain focused on providing high-quality medical care to Shore residents

NASSAWADOX – Shore Health Services, Inc. today announced that it has signed a letter of intent to negotiate an affiliation with Riverside Health System. The affiliation would include all of Shore Health Services including Shore Memorial Hospital, the only hospital on Virginia’s Eastern Shore, and Shore LifeCare at Parksley.

“Shore Memorial Hospital has proudly served the needs of the community for 80 years,” said Caramine Kellam, Chairman of the Shore Health Services Board of Trustees, “and through an affiliation with a larger healthcare organization who understands our community values, Shore Health Services will secure the resources to expand and sustain our services for many years to come. If our negotiations continue successfully, the new affiliation will bring crucial financial and clinical resources and will give our community members expanded access to compassionate, high quality healthcare right here on the Eastern Shore. Shore Health Services and Riverside Health System expect, as a result of the negotiations, a multi-year, multi-million dollar commitment to the Eastern Shore community to include facility upgrades.”

Discussing the general healthcare environment, Kellam said, “Our Board sees the immediate and very real challenges to the survival of rural hospitals, but we also want to thrive over the long term. Our Board is pleased that Riverside understands the opportunities to grow our services and the scope of our outreach to the entire Eastern Shore. Its experience with hospital affiliates and other healthcare services in smaller communities gives us confidence that Riverside will know how to serve our special Eastern Shore community.”

The Board of Shore Health Services has assessed community healthcare needs on a regular basis for several years. “Our efforts intensified over the past year,” said Joe Zager, President and CEO of Shore Health Services. “The Board began a careful and deliberate

evaluation of strategic options for the continuation and enhancement of healthcare services on the Shore. We looked beyond our immediate challenges to focus on sustainable excellence over a longer term. We then reviewed our market position and interviewed community members and physicians in order to develop the Community Values we would use to evaluate our options.”

By the fall of 2008, the Board of Shore Health Services issued a Request for Proposals seeking affiliation interest from a select group of high-quality healthcare entities. “The Board was blessed with excellent choices. The intensity of interest from Virginia and beyond supported the Board’s conclusion that Shore Health Services is a respected community treasure with a significant opportunity for growth,” said Joe Lupica, President of Stroudwater Capital, the national advisory firm retained by the Board to assist its assessment of community needs and strategic options.

“The initial proposal and subsequent details put forth in the Letter of Intent submitted by Riverside made appropriate and specific commitments to the Eastern Shore,” added Dr. Cathy Riopel, Chief of Shore Memorial’s Medical Staff and a member of the Shore Health Services Board of Trustees. “Several of my medical colleagues and I are particularly impressed with the potential for enhancement of medical services in our hospital, the preservation of physician choice in care and referral patterns, and continued access to care for our underinsured and indigent patients.”

“We will continue to gather details as we negotiate,” said Kellam, “but our research has already demonstrated the similar missions and cultures shared by Shore Memorial and Riverside.”

“The pride that Shore Memorial physicians and staff take in caring for their community is evident. We are pleased to have the opportunity to complement that attitude and to help expand services – we see this as an opportunity to help a strong system grow,” said Richard J. Pearce, CEO Riverside Health System. Pearce added, “The Middle Peninsula and Northern Neck communities, somewhat similar to the Eastern Shore, have been the sites of many of our most meaningful accomplishments as a health system.”

The parties have entered an exclusive negotiation period. The proposed affiliation is expected to close by late summer pending due diligence on the parts of both affiliates and pending various hospital and regulatory approvals.

“While the negotiations proceed, local physicians and Shore Health Services employees remain focused on providing the same high-quality medical care for which Shore Memorial is

recognized throughout the Shore,” said Zager. Pearce concluded, “We plan on hiring all employees and will definitely respect staff pay levels and seniority.”

The Shore Health Services Board of Trustees is comprised of local citizens and leaders who volunteer their time to serve the healthcare needs of the residents of the Eastern Shore. The Board’s primary goal is to ensure the continuation and enhancement of healthcare services consistent with the needs and values of the Shore community.

Riverside Health System is a 501c(3) tax exempt, non-profit organization. Riverside is driven by the care designed and delivered by over 420 clinical providers, including more than 330 physicians, who function as the Riverside Medical Group. The system also operates 931 acute inpatient beds in three acute care hospitals, a psychiatric hospital and Virginia’s largest physical rehabilitation hospital. More than 45% of all inpatients at Riverside are Medicare recipients. A voluntary Board of Trustees comprised of local business, professional and community leaders governs each major division or facility within the system. The chairperson of the each community board in turn serves on the Health System board.

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Shore Health Services is an integrated healthcare delivery organization that includes Shore Memorial Hospital, Shore LifeCare at Parksley, Shore Rehab, Shore Cardiopulmonary Wellness Services, Shore Healthcare at Home, Shore Cancer Center, Shore Medical Center at Metompkin, Lingle & Goldstein Surgical Associates, Shore Orthopedic Associates, Shore Psychiatric Services and Senior Perspectives. For more information call Shore Health Services at 414-8050.

Riverside Health System is a 501c(3) tax exempt, non-profit organization dedicated to improving health and saving lives. Riverside Health System is governed by a voluntary Board of Directors, as is each of the Riverside affiliates throughout the region.