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R E C E I V E D
SEP 25 2013
CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH

September 25, 2013

Janis Sigman, Manager
Certificate of Need Program
Department of Health
P.O Box 47852
Olympia, WA 98504-7852

RE: Letter of Intent to Relocate

Dear Ms. Sigman:

In accordance with WAC 246-310-080, The Northwest Regional Hospital for Respiratory and Complex Care (Regional) hereby submits a letter of intent to relocate from Highline Medical Center Specialty Campus, Tukwila to the Highline Medical Center Main campus, 16251 Sylvester Road SW, Burien, WA 98166.

In conformance with the above-referenced WAC, the following information is provided:

1. **A Description of the Extent of the Services Proposed:** The relocation will not result in the deletion or material modification of any services at Regional.

As the Certificate of Need Program (CN Program) is aware, Highline Medical Center, Regional's current landlord, entered into an agreement with Acadia Healthcare pursuant to which Acadia intends to acquire certain assets related to Highline's Specialty Campus. Acadia has applied for and received a certificate of need to establish a new 135 bed psychiatric hospital on the Specialty Campus, which ultimately will mean that Regional cannot remain on that campus. Regional has determined that it is in the best interest of patients to relocate to Highline's Main Campus in Burien.

Regional will undertake the relocation in two phases. In phase 1, Regional will relocate 26 of the 40 licensed beds to an existing unit at Highline Medical Center. Following a construction project, the remaining 14 beds will be operational in phase 2.

In addition, Regional is considering an arrangement with Franciscan Health System (FHS) pursuant to which Regional will affiliate with FHS. FHS will request a determination of non-reviewability regarding the proposed affiliation with Regional. Under the terms of the proposed affiliation, Regional will remain a separate non-profit corporation; with its own board of directors, medical staff, chief medical officer, and chief executive officer. FHS (or an agreed upon affiliate) will become the sole corporate member of Regional, and will retain certain negotiated reserved powers, subject to applicable law. FHS will make available to Regional services generally available to other facilities within FHS, consistent with regulatory and accreditation requirements applicable to the two organizations. The proposed affiliation is expected to close by December 31, 2013. As of the date of this letter of intent, Regional

remains a legal entity separate from Franciscan and so is filing this letter on its own behalf, with disclosure of the proposed affiliation.

2. **Estimated Cost of the Proposed Project:** The estimated capital expenditure for Phase 1 is \$750,000. Highline will undertake a capital project to provide the physical space to make the Phase 2 beds operational, and will lease fully improved space to Regional. Regional's capital costs for Phase 2 are limited to equipment, and are estimated to be \$600,000.

3. **Description of the Service Area:** Regional is currently and will continue to be physically located in the Southwest King Hospital Planning Area. Regional's actual primary service area is King and Pierce Counties. Regional intends to continue serving patients from throughout its service area following the relocation.

Thank you for your interest in this matter. Please contact me directly with any questions.

Sincerely,



Anne McBride
Chief Executive Officer

CC: Adam Snyder, Esq.
Franciscan Health Facilities Planning