



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

March 23, 2015

CERTIFIED MAIL # 7009 0960 0000 5565 0499

Martina Sze, Vice President
US HealthVest
32 East 57th Street, 17th Floor
New York, New York 10022

RE: Snohomish County Settlement

Dear Ms. Sze:

Enclosed is Certificate of Need (CN) #1532R that replaces CN #1532 issued to US Health/Vest, Vest Seattle, LLC on September 11, 2014. CN #1532 approved the addition 50 beds to the 75-bed psychiatric hospital approved by CN #1518 in Snohomish County, within Washington State. Issuance of this Certificate is based on the Settlement Agreement signed by US HealthVest, LLC/Vest Seattle, LLC, BHC Fairfax Hospital, Inc./Universal Health Services, Inc., and the Department of Health on February 23, 2015. All outstanding appeals referenced in the February 23, 2015 settlement agreement have been dismissed or withdrawn as of March 17, 2015.

The certificate is not approval for any other local, federal, or state statutes, rules, or regulations. Such a project may also need Department of Health approval for a construction plan and facility licensing or certification, as well as other federal or local jurisdiction permits.

The Certificate of Need is valid for two years. The project must begin during this time. If there is substantial and continuing progress, we may extend the certificate for one six month period. For an extension, you must submit an extension request at least 120 days before the expiration. You cannot begin a project after the expiration date.

This decision may be appealed. The appeal options are listed below.

Appeal Option 1:

Any person with standing may request a public hearing to reconsider this decision. The request must state the specific reasons for reconsideration in accordance with Washington Administrative Code 246-310-560. A reconsideration request must be received within 28 calendar days from the date of the decision at one of the following addresses:

Mailing Address:
Department of Health
Certificate of Need Program
Mail Stop 47852
Olympia, WA 98504-7852

Physical Address:
Department of Health
Certificate of Need Program
111 Israel Road SE
Tumwater, WA 98501

Appeal Option 2:

Any person with standing may request an adjudicative proceeding to contest this decision within 28 calendar days from the date of this letter. The notice of appeal must be filed according to the provisions of Revised Code of Washington 34.05 and Washington Administrative Code 246-310-610. A request for an adjudicative proceeding must be received within the 28 days at one of the following addresses:

Mailing Address:

Adjudicative Service Unit
Mail Stop 47879
Olympia, WA 98504-7879

Physical Address:

Adjudicative Service Unit
111 Israel Road SE
Tumwater, WA 98501

We monitor projects until completed or the expiration date, whichever occurs last. We do this with quarterly progress reports. At least 30 days before the report's due date, you will receive a form to complete and return.

If you have any questions, please contact Janis Sigman, Manager of the Certificate of Need Program at (360) 236-2955.

Sincerely,



Steven M. Saxe, FACHE
Director, Community Health Systems

Enclosure

cc: Department of Health, Investigations and Inspections Office
Jonathon Bashford | Lane Powell PC
Lori Nomura | Foster Pepper PLLC
Christopher Emch | Foster Pepper PLLC
Richard McCartan, AGO



This Certificate is granted under the authority of RCW 70.38. Issuance of this Certificate does not constitute approval under any other local, federal or state statute, implementing rules and regulations. Examples where additional approval may be necessary include, but are not limited to, construction plan approval through the Construction Review Unit of the Department of Health, facility licensing/certification through the Department of Social and Health Services or Department of Health, and other federal or local jurisdiction permits.

Certificate of Need #1532R is issued to:

Legal Name of Applicant: US Health Vest, Vest Seattle, LLC
Address of Applicant: 32 East 57th Street 17th Floor, New York, New York 10022
Type of Service: Psychiatric Hospital
Facility Name: Snohomish Behavioral Hospital
Facility Address: 15621 Smokey Point Boulevard Marysville, Washington 98223

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD AND EVALUATION DATED SEPTEMBER 2, 2014, (CN App #14-26) AND SETTLEMENT AGREEMENT DATED FEBRUARY 23, 2015

PROJECT DESCRIPTION:

This certificate approves US HealthVest to add 40 psychiatric beds to the previously Certificate of Need (CN#1518) approved 75 bed psychiatric hospital in Marysville within Snohomish County. Programs to be provided include adult psychiatric, military, women’s, dual diagnosis, geriatric, faith-based mental health and chemical dependency, youth/adolescent, and mother-infant, and voluntary and in-voluntary (ITA) for patients age 5 and older. At project completion the facility will have a total of 90 beds with 25 beds being dedicated to patients age 5 to 17. The number of approved beds is summarized below.

	Number of Beds
Beds dedicated for patients ages 5 to 17 (youth/adolescent)	25
Beds dedicated to patients age 18 and older (Adult)	90
Total Licensed Beds	115

Service Area
Snohomish County

Conditions:
See page #2

Approved Capital Expenditure
The approved capital expenditure associated with this project is \$3,387,232

This Certificate authorizes commencement of the project from September 11, 2014 to September 11, 2016, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: March 23, 2015


Steven Saxe, Director

This Certificate is not transferable.

Certificate of Need #1532R
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Conditions:

1. Approval of the project description as stated above. US HealthVest further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Prior to providing services at the hospital, US HealthVest will submit a copy of the adopted and approved Admission Policy for review and approval. The final policy must be consistent with the draft provided in the application.
3. Prior to providing services at the hospital, US HealthVest will submit a copy of the adopted Charity Care Policy approved by the Department of Health's Hospital and Patient Data System's office.
4. The new 115-bed psychiatric hospital will provide charity care in compliance with its final charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. The new 115-bed psychiatric hospital will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the Puget Sound Region. Currently, this amount is 2.66 % of gross revenue and 5.80% of adjusted revenue. The psychiatric hospital will maintain records documenting the amount of charity care provided and demonstrating its compliance with its charity care policies. This charity care condition supersedes the charity care condition placed on CN1518.
5. Annual budgets, as required by WAC 246-454-030, submitted by the new 115-bed psychiatric hospital must include budgeted charity care amounts of at least the regional average amount of charity care provided by hospitals in the Puget Sound Region.
6. Prior to commencement of the project, US HealthVest will submit to the department's Certificate of Need program for review and approval of an executed Purchase and Sales Agreement between Vest Seattle Realty, LLC and Smokey Point Boulevard, LLC for the site.
7. Prior to providing services at the hospital, US HealthVest will submit to the department's Certificate of Need program for review and approval a listing of key staff for the hospital. Key staff includes all credentialed or licensed management staff, including the director of nursing and medical director.
8. Prior to providing services at the hospital, US HealthVest will submit to the department's Certificate of Need program for review and approval a final listing of ancillary and support vendors for the 115-bed psychiatric hospital.
9. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, US HealthVest will contract with the state to provide that care. An ITA referral may only be rejected if there are no beds available at US HealthVest at the time of referral or if such referral is clinically inappropriate.