Confluence HEALTH

Central Washington Hospital & Clinics
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June 1, 2016

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CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH

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

RE: Letter of Intent-Lease of Samaritan Healthcare

Dear Ms. Sigman:

Confluence Health (CH), a regional healthcare system, submits this Letter of Intent in connection with an application for certificate of need approval for a new legal entity, NEWCO, wholly-owned by CH, to lease and operate Samaritan Healthcare, which is owned by Grant County Public Hospital District No. 1 (the District). It is the intent of CH and the District that NEWCO will lease the real estate associated with Samaritan Healthcare from the District. It is our understanding this would be an expedited review to consider the transfer of the Samaritan Hospital license to Newco as the lease becomes effective.
Pursuant to the requirements of WAC 246-310-080, the following information is provided:

1. Description of proposed service
   NEWCO proposes to enter into a lease agreement with the District pursuant to which NEWCO will lease and operate Samaritan Healthcare and all its assets for a thirty year term. NEWCO will continue to provide the services currently being provided by the District at Samaritan Healthcare. Samaritan Healthcare is licensed for 50 acute care beds. These licensed bed counts would not change as part of this lease arrangement.

2. Estimated cost of the project
   Under the terms of the lease, NEWCO will pay rent to the District in the amount of $1 per year, and in return, NEWCO agrees to operate Samaritan Healthcare and provide health care services through the term of the lease, including the assumption of all financial risk from Samaritan Healthcare operations. Costs of the project are estimated to include the parties' due diligence costs, including costs of real estate and other experts necessary to complete this transaction. In total, these transaction-related expenditures are estimated to be $110,000.

3. Identification of the service area
   For purposes of certificate of need review, the service or planning area is defined as the Grant County Hospital Planning Area.

Thank you for your attention to this matter. If you have any questions, please contact me at (509) 663-8711. We have identified Mr. Howard Thomas as our agent for this application and he is being supported by Frank Fox. Please feel free to contact these gentlemen as you deem appropriate.

Yours truly,

Peter Rutherford, MD
Chief Executive Officer, Confluence Health

Cc: Ms. Theresa Sullivan, Chief Executive Officer and Superintendent, Samaritan Healthcare