



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
PO Box 47852 • Olympia, Washington 98504-7852

June 27, 2017

CERTIFIED MAIL # 7014 2120 0002 7631 1663

Theresa Boyle, Senior VP
MultiCare Health System
P.O. Box 5299
MS: 603-1-SBD
Tacoma, WA 98415

RE: Certificate of Need Application #17-28

Dear Ms. Boyle:

Enclosed is Certificate of Need #1606 issued to MultiCare approving the purchase of Deaconess Hospital in Spokane, within Spokane County.

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:

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

Physical Address

Department of Health
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,



Nancy Tyson, Executive Director
Health Facilities and Certificate of Need

Enclosure



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 #1606 is issued to:

Legal Name of Applicant: MultiCare Health System
Address of Applicant: 315 Martin Luther King Jr. Way, Tacoma, Washington 98415
Type of Service: Acute Care Hospital
Facility Name: Deaconess Hospital
Facility Address: 800 West 5th Avenue, Spokane, Washington 99204

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION DATED JUNE 22, 2017 (CN App #17-28)

Project Description

This certificate approves the purchase of Deaconess Hospital by MultiCare Health System. There is no change in the number of approved beds. A breakdown of beds by type is shown below:

Table with 2 columns: Bed Type, Number of Licensed Beds. Rows include General Medical/Surgical (344), Neonatal Level II Bassinets (15), NICU Level III Bassinets (29), and Total Licensed Beds (388).

Service Area

Spokane County and surrounding communities

Conditions

Conditions Identified on Page Two

Approved Capital Expenditure

The approved capital expenditure for this project is \$198 million.

This Certificate authorizes commencement of the project from June 27, 2017 to June 27, 2019 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: June 27, 2017

Signature of Nancy Tyson, Executive Director, Health Facilities and Certificate of Need

This Certificate is not transferable

Certificate of Need #1606

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Conditions

1. Approval of the project description as stated above. MultiCare 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. MultiCare shall finance the project using cash reserves and investments from MultiCare Health System, as described in the application.
3. Within 30 days of the acquisition, MultiCare will submit to the department for review and approval the adopted copies of its admissions policy, non-discrimination policy, charity care policy, end-of-life policy, and reproductive health policy. Each of these policies must be consistent with the drafts provided in the application.
4. Deaconess Hospital will provide charity care in compliance with its charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. Deaconess Hospital will use reasonable efforts to provide charity care in an amount identified in the application or comparable to the average amount of charity care provided by hospitals in the Eastern Washington Region – whichever is greater. The amount identified in the application was 2.22% of gross revenue and 5.00% of adjusted revenue. Currently, the regional average is 1.86% gross revenue and 5.08% of adjusted revenue. Deaconess Hospital will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires these records to be available upon request.
5. Deaconess Hospital will submit annual budgets (required under WAC 246-454-030) that include budgeted charity care of at least the amount identified in the application or comparable to the average amount of charity care provided by hospitals in the Eastern Washington Region – whichever is greater.
6. MultiCare will continue providing the essential services identified in Exhibit F of the Asset Purchase Agreement for a minimum of ten years. These services are restated below:

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|---|--|
| 24-Hour Emergency Care | Labor & Delivery (including C-Section) |
| Cardiac Catheterization | Mammography |
| Cardiovascular Surgery and CT Scanning | MRI Services |
| Diagnostic Radiology | Neonatal Intensive Care ¹ |
| General Surgery | Nuclear Medicine |
| Inpatient Medical and Surgical Services | Outpatient Surgery |
| Intensive Care | Pharmacy |
| Lab Services | Therapy Services |

¹ Deaconess Hospital has CN approval for Level III NICU bassinets