



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH

*PO Box 47852 • Olympia, Washington 98504-7852*

November 19, 2018

CERTIFIED MAIL # 7017 3380 0000 0863 8369

Thomas Kruse, SVP CSO  
CHI Franciscan Health  
1145 Broadway, #1000  
Tacoma, Washington 98402

RE: Certificate of Need Application #18-19

Dear Mr. Kruse:

Enclosed is Certificate of Need #1750 issued to CHI Franciscan Health approving the addition of 11 level III NICU beds to St. Joseph Medical Center in Tacoma, within Pierce County.

The certificate is not an 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

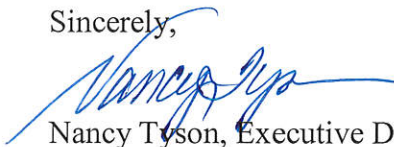
Physical Address

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  
Community Health Systems

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 #1750 is issued to:**

**Applicant's Legal Name:** CHI Franciscan Health  
**Applicant's Address:** 1145 Broadway, #1000  
 Tacoma, Washington 98402  
**Facility Type** Acute Care Hospital  
**Project Type** Tertiary Service - NICU Level III  
**Facility Name:** St. Joseph Medical Center  
**Facility Address:** 1717 South "J" Street  
 Tacoma, Washington 98401

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION DATED SEPTEMBER 28, 2018 (CN APP # 18-19 )**

**Project Description**

This certificate approves the addition of 11 level III neonatal intensive care unit beds to St. Joseph Medical Center located in Tacoma. At project completion, St. Joseph Medical Center will be operating a 16-bed level III neonatal intensive care unit. Below is the configuration of acute care beds at completion of this project.

Services Provided	With 11 Level III Beds
General Medical Surgical	317
Intermediate Care Nursery - Level II	18
Neonatal Intensive Care Nursery – Level III	16
Psychiatric [dedicated] [see below]	0
Dedicated Rehabilitation – PPS Exempt [see below]	0
<b>Total</b>	<b>351</b>

A condition attached to CN #1594 that approved CHI Franciscan Rehabilitation Hospital requires CHI Franciscan to relinquish the 26 rehabilitation beds at St. Joseph Medical Center once the rehabilitation hospital is operational. The rehabilitation hospital was issued its initial license on May 25, 2018.

Once the 120-bed psychiatric hospital is operational, St. Joseph Medical Center will convert its 23 psychiatric beds to general medical surgical use consistent the Settlement Agreement among Department of Health, CHI Franciscan Health, MultiCare Health System, and Signature Healthcare Services, LLC effective March 5, 2018.

**Service Area**  
Pierce County

**Conditions**

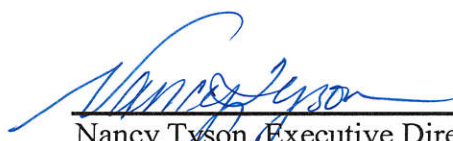
The conditions are identified on page 2 of this certificate

**Approved Capital Expenditure**

The approved capital expenditure associated with this project is \$6,646,494.

**This Certificate authorizes commencement of the project from November 19, 2018 to November 19, 2020 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.**

**Date Certificate Issued: November 19, 2018**

  
 Nancy Tyson, Executive Director  
 Health Facilities and Certificate of Need  
 Washington State Department of Health

**This Certificate is not transferable**

## **Certificate of Need #1750**

### **Page Two**

#### **Conditions**

1. Approval of the project description as stated above. CHI Franciscan Health 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. CHI Franciscan Health shall finance the project as described in the application.
3. St. Joseph Medical Center 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. St. Joseph Medical Center 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 1.16% gross revenue and 3.2% of adjusted revenue. St. Joseph Medical Center 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.