



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

November 29, 2010

CERTIFIED MAIL # 7008 1300 0000 7202 9379

Jeffrey Veilleux, Executive Vice President
and Chief Financial Officer
Swedish Health Services
747 Broadway
Seattle, Washington 98122

Dear Mr. Veilleux:

We have completed review of the Certificate of Need application submitted on behalf of Swedish Health Services (SHS) proposing to amend Certificate of Need (CN) #1379A because of a change in the source of financing. Enclosed is a written evaluation of the application and amended CN #1379A2.

For the reasons stated in this evaluation, the department has concluded that the project is consistent with the Certificate of Need review criteria with the conditions identified in the department's initial approval.

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

Appeal Option 1:

You or any interested or affected person 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

Other Than By Mail

Department of Health
Certificate of Need Program
310 Israel Road SE
Tumwater, WA 98501

Appeal Option 2:

You or any affected 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

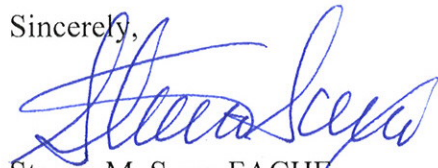


Administrative Code 246-310-610. A request for an adjudicative proceeding must be received within the 28 days at one of the following addresses:

<u>Mailing Address:</u>	<u>Other Than By Mail</u>
Adjudicative Service Unit	Adjudicative Clerk Office
Mail Stop 47879	310 Israel Road SE, Building 6
Olympia, WA 98504-7879	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, Health Professions and Facilities

Enclosure

cc: Kevin Brown, Swedish Health Services
Linda Foss, Department of Health, Investigations and Inspections Office
Karen Stricklett, Department of Health, Office of Customer Service



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 #1379A2 is issued to:

Legal Name of Applicant: Swedish Health Services
Address of Applicant: 747 Broadway, Seattle, Washington 98122
Type of Service: Acute Care Hospital
Facility Name: Facility Not Yet Named
Facility Address: Postmaster has not yet assigned a site address
Physical location is:
Issaquah Highlands West 45, Blocks 29, 30, 31 and 32

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORDS AND EVALUATIONS OF MAY 10, 2005, MAY 31, 2007, JUNE 14, 2010, AND NOVEMBER 29, 2010

Description/Services To Be Provided:

This certificate approves the establishment of a 175-bed hospital.

Service Area

The location of the hospital is Issaquah, within East King County.

Conditions

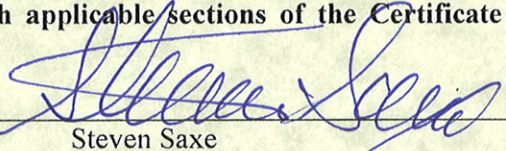
1. Swedish Health Services' new Issaquah hospital must provide charity care in compliance with the charity care policies provided in this Certificate of Need application and the requirements of the applicable law. Specifically, Swedish Health Services will use reasonable efforts to provide charity care in an amount comparable to the average amount of charity care provided by all hospitals in the King County Region (less Harborview) during the three most recent years as of the writing of the department's original evaluation. For historical years 2001-2003, these amounts are 0.82% gross revenue and 1.44% adjusted revenue. Swedish Health Services will maintain records at the facility documenting the amount of charity care it provides and demonstrating compliance with its charity care policies and applicable law.
2. Construction of the facility is to be in three phases. Phase one shall consist of 80 beds. Phase two shall consist of 40 beds. Phase three shall consist of 55 beds. If phase three is not completed within seven years of the completion of phase one, any remaining bed authorization not meeting licensing requirements shall be forfeited. If construction of phase three consists of any amount less than the 55, the bed capacity meeting the licensing requirements at that time shall be the facility's final Certificate of Need authorized bed count.

Approved Capital Expenditure

With the change in financing from cash reserves to tax exempt bond financing, the capital expenditure increased from \$197,129,572 to \$210,944,529. This increase of \$13,814,957 is solely related to the costs for securing financing and interim interest. The approved capital expenditure for this project is \$210,944,529.

This Certificate authorizes commencement of the project from July 31, 2008, to July 31, 2010, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: November 29, 2010


Steven Saxe
Director, Health Professions and Facilities

This Certificate is not transferable.