August 12, 2019

CERTIFIED MAIL # 7016 3010 0001 0575 0037

Theresa Boyle, SVP
MultiCare Health System
820 A Street
Tacoma, Washington 98402

RE: Certificate of Need Application #19-30

Dear Ms. Boyle:

Enclosed is Certificate of Need #1563A issued to Alliance for South Sound Health for the construction of a new 120 bed psychiatric hospital in Tacoma, within Pierce 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:

<table>
<thead>
<tr>
<th>Mailing Address</th>
<th>Physical Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Health</td>
<td>Department of Health</td>
</tr>
<tr>
<td>Certificate of Need Program</td>
<td>Certificate of Need Program</td>
</tr>
<tr>
<td>Mail Stop 47852</td>
<td>111 Israel Road SE</td>
</tr>
<tr>
<td>Olympia, WA 98504-7852</td>
<td>Tumwater, WA 98501</td>
</tr>
</tbody>
</table>
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 the Certificate of Need Program at (360) 236-2955.

Sincerely,

[Signature]

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 #1563A is issued to
Legal Name of Applicant: Alliance for South Sound Health
Address of Applicant: 820 A Street, Tacoma, Washington 98402
Type of Service: Psychiatric Hospital
Facility Name: Wellfound Behavioral Health Hospital
Facility Address: 3402 South 19th Street, Tacoma, Washington 98405

ISSUANCE OF THIS AMENDED CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD AND EVALUATION DATED AUGUST 1, 2019 (CN App #19-30)

Project Description
This Amended Certificate of Need approves the construction of a 120 bed psychiatric hospital that will provide crisis stabilization, inpatient, outpatient, and partial hospitalization for patients 18 and over. The number of approved beds is shown below.

<table>
<thead>
<tr>
<th></th>
<th>Number of Beds</th>
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</thead>
<tbody>
<tr>
<td>Beds dedicated to patients age 18 and older (Adult)</td>
<td>120</td>
</tr>
<tr>
<td>Total Licensed Adult Psychiatric Beds</td>
<td>120</td>
</tr>
</tbody>
</table>

Service Area
Pierce County and surrounding communities

Conditions are on page two

Approved Capital Expenditure
The approved capital expenditure for this amendment project is $47,420,924.

This Amended Certificate of Need recognizes that the project commenced on June 30, 2017. On April 30, 2019, Alliance for South Sound Health was issued psychiatric hospital license #HPSY.FS.60919628.

Date Amended Certificate of Need Issued: August 12, 2019

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

This Certificate is not transferable.
Conditions:

1. Approval of the project description as stated above. Alliance for South Sound 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. [condition met on 02/01/16 and is ongoing]

2. Prior to providing services at the hospital, Alliance for South Sound Health 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. [condition met on 02/20/19]

3. Prior to providing services at the hospital, Alliance for South Sound Health will submit a copy of the adopted Charity Care Policy approved by the Department of Health’s Hospital and Patient Data System’s office. [condition met on 02/20/19]

4. The new 120 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 120 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 2.88% of gross revenue and 6.85% 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. [condition met on 02/01/16 and is ongoing]

5. Annual budgets, as required by WAC 246-454-030, submitted by the new 120 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. [condition met on 02/01/16 and is ongoing]

6. Prior to providing services at the hospital, Alliance for South Sound Health 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. [condition met on 02/20/19]

7. Prior to providing services at the hospital, Alliance for South Sound Health will submit to the department’s Certificate of Need program for review and approval a final listing of ancillary and support vendors for the 120 bed psychiatric hospital. [condition met on 02/20/19]

8. Prior to providing services at the hospital, Alliance for South Sound Health will submit to the department for review and approval an executed member agreement between MultiCare Health System and Catholic Health Initiative-Franciscan Health. The executed agreement must be consistent with the draft agreement provided in the application. [condition met on 11/26/18 – submitted with amendment application]

9. Prior to providing services at the hospital, Alliance for South Sound Health will submit to the department for review and approval an executed Management Services Agreement between Alliance for South Sound Health ("Company") and MultiCare Health System (MultiCare or "Manager"). The executed agreement must be consistent with the draft agreement provided in the application. [condition met on 11/26/18 – submitted with amendment application]

10. Alliance for South Sound Health will submit to the department for review and approval an executed Lease Agreement between Alliance for South Sound Health and MultiCare Health System. The executed agreement must be consistent with the draft agreement provided in the amendment application. [condition met on 08/08/19 – submitted with agreement to conditions]

11. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, Alliance for South Sound Health will contract with the state to provide that care. An ITA referral may only be rejected if there are no beds available at Alliance at the time of referral or if such referral is clinically inappropriate. [condition met on 02/01/16 and is ongoing]