June 12, 2019

CERTIFIED MAIL # 7018 0680 0000 4720 8160

Medrice Coluccio, Chief Executive
Providence Health & Services – Washington
dba Providence St Peter Hospital
413 Lilly Road NE
Olympia, WA 98506-5166

RE: Certificate of Need Application #18-34

Dear Ms. Coluccio:

Enclosed is Certificate of Need #1780 issued to Providence Health & Services-Washington approving the addition of 52 acute care beds to Providence St Peter Hospital.

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:

<table>
<thead>
<tr>
<th>Mailing Address:</th>
<th>Physical Address:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Health</td>
<td>Certificate of Need Program</td>
</tr>
<tr>
<td>Certificate of Need Program</td>
<td>111 Israel Road SE</td>
</tr>
<tr>
<td>Mail Stop 47852</td>
<td>Tumwater, WA 98501</td>
</tr>
<tr>
<td>Olympia, WA 98504-7852</td>
<td></td>
</tr>
</tbody>
</table>
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 #1780 is issued to:

Applicant’s Legal Name: Providence Health & Services-Washington
Applicant’s Address: 7515 Terminal Street SW Tumwater, Washington 98501
Facility Type: Acute Care Hospital
Project Type: Acute Care Hospital
Facility Name: Providence St Peter Hospital
Facility Address: 413 Lilly Road Northeast, Olympia, Washington 98506

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD AND EVALUATION DATED JUNE 6, 2019 (CN APP # 18-34)

Project Description
This certificate approves the addition of 52 general medical/surgical acute care beds to Providence St Peter Hospital located in Olympia. The project will be completed in two phases. Below is the number of beds by phase, as well as a configuration of acute care beds at completion of this project.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Number of Beds</th>
<th>Timeline for Occupancy</th>
<th>Location of Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4</td>
<td>Immediately following approval</td>
<td>4th Floor – Main Tower</td>
</tr>
<tr>
<td>2</td>
<td>24</td>
<td>July 2021</td>
<td>2nd Floor – Emilie Gamelin Pavilion</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td></td>
<td>3rd Floor – Emilie Gamelin Pavilion</td>
</tr>
<tr>
<td>TOTAL</td>
<td>52</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services Provided</th>
<th>Total Beds-Current</th>
<th>Total Beds-Following Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Medical Surgical</td>
<td>285</td>
<td>337</td>
</tr>
<tr>
<td>Intermediate Care Nursery - Level II</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Alcohol and Chemical Dependency</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Psychiatric [dedicated]</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>368</td>
<td>420</td>
</tr>
</tbody>
</table>

Service Area
Thurston County

Conditions
The conditions are identified on page 2 of this certificate

Approved Capital Expenditure
The approved capital expenditure for this project is $34,484,554

This Certificate authorizes commencement of the project from June 12, 2019 to June 12, 2021 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: June 12, 2019

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

This Certificate is not transferable
Certificate of Need #1780
Page Two

Conditions

1. Providence Health & Services – Washington agrees with the project description as stated above. Providence Health & Services – Washington 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. Providence Health & Services – Washington will provide charity care in compliance with its charity care policy for Providence St Peter Hospital. Providence Health & Services – Washington will use reasonable efforts to provide charity care consistent with the regional average or the amount identified in the application – whichever is higher. The regional charity care average from 2015-2017 was 1.03% of gross revenue and 3.27% of adjusted revenue. Providence Health & Services – Washington will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires that these records be available upon request.

3. Providence Health & Services – Washington will finance the project using cash reserves as stated in the application

4. Providence Health & Services – Washington agrees that the hospital will maintain Medicare and Medicaid certification, regardless of facility ownership.