July 1, 2013

CERTIFIED MAIL #7011 1570 0002 7808 8348

Trisha West, Director of Strategic Planning
Evergreen Healthcare
12040 Northeast 128th Street, MS-100
Kirkland, Washington 98034

Dear Ms. West:

Enclosed is Certificate of Need #1505 issued to Evergreen Healthcare approving the addition of 43 acute care beds to Evergreen Hospital and Medical Center.

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 two appeal options are listed below.

Appeal Option 1:
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:

<table>
<thead>
<tr>
<th>Mailing Address:</th>
<th>Other Than By Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Janis Sigman, Manager</td>
<td>Janis Sigman, Manager</td>
</tr>
<tr>
<td>Certificate of Need Program</td>
<td>Certificate of Need Program</td>
</tr>
<tr>
<td>Department of Health</td>
<td>Department of Health</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 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:

Mailing Address:
Adjudicative Service Unit
Mail Stop 47879
Olympia, WA 98504-7879

Other Than By Mail
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 question, 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: Department of Health, Investigations and Inspections Office
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 #1505 is issued to:

Legal Name of Applicant: Evergreen Healthcare
Address of Applicant: 12040 Northeast 128th Street, MS-100, Kirkland, Washington 98034
Type of Service: Acute Care Bed Addition
Facility Name: Evergreen Hospital Medical Center
Facility Address: 12040 Northeast 128th Street, MS-100, Kirkland, Washington 98034


Project Description:
Evergreen Hospital Medical Center is approved to increase the hospital’s acute care licensed bed capacity by 43 beds. A breakdown of the acute care beds at project completion is shown below. The licensed capacity of the hospital will increase to 318 total licensed beds.

<table>
<thead>
<tr>
<th>Bed Classification</th>
<th>New Bed Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Medical Surgical</td>
<td>261</td>
</tr>
<tr>
<td>Acute Rehabilitation</td>
<td>14</td>
</tr>
<tr>
<td>ICN level II</td>
<td>29</td>
</tr>
<tr>
<td>NICU level III</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>318</strong></td>
</tr>
</tbody>
</table>

Service Area
East King County and surrounding communities

Conditions Listed on Page Two

Approved Capital Expenditure:
There is no capital expenditure associated with this project.

This Certificate authorizes commencement of the project from July 1, 2013, to July 1, 2015, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: July 1, 2013

Steven Saxe
Director, Health Professions and Facilities

This Certificate is not transferable.
1. King County Public Hospital District #2-Evergreen Healthcare agrees with the project description as stated above. King County Public Hospital District #2-Evergreen Healthcare 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. King County Public Hospital District #2-Evergreen Healthcare will provide charity care at Evergreen Hospital Medical Center in compliance with the charity care policies provided in this Certificate of Need application. Evergreen Hospital 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 King County Region. Currently, this amount is 1.42% for gross revenue and 2.51% for adjusted revenue. Evergreen Hospital Medical Center will maintain records documenting the amount of charity care it provides and demonstrating compliance with its charity care policies.