July 2, 2010

CERTIFIED MAIL # 7007 3020 0000 3056 2124

Rand Wortman, CEO
Kadlec Regional Medical Center
888 Swift Boulevard
Richland, WA  99352-3542

Dear Mr. Wortman:

Enclosed is Certificate of Need Certificate of Need #1424 issued to Kadlec Regional Medical Center approving the operation of 15 level III and 12 level II bassinets at the hospital in Richland, within Benton 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 during which time you must start the project. 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:
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:

<table>
<thead>
<tr>
<th>Mailing Address:</th>
<th>Other Than By Mail</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>310 Israel Road SE</td>
</tr>
<tr>
<td>Olympia, WA 98504-7852</td>
<td>Tumwater, WA 98501</td>
</tr>
</tbody>
</table>
Rand Wortman, CEO  
Kadlec Regional Medical Center  
Certificate of Need App #09-28A  
July 2, 2010  
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**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:

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

- **Other Than By Mail:**  
  Adjudicative Clerk Office  
  310 Israel Road SE, Building 6  
  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: Linda Foss, Department of Health, Investigations and Inspections Office  
Karen Stricklett, Department of Health, Customer Service 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 #1424 is issued to:

Legal Name of Applicant: Kadlec Regional Medical Center
Address of Applicant: 888 Swift Boulevard, Richland, Washington 99352
Type of Service: ICN level II and NICU level III bassinettes
Facility Name: Kadlec Regional Medical Center
Facility Address: 888 Swift Boulevard, Richland, Washington 99352

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION OF JUNE 18, 2010 (CN App #09-28A)

Description/Services To Be Provided:
This certificate approves the operation of 15 level III and 12 level II bassinettes within the hospital. At project completions, the hospital will have a total of 215 Licensed beds.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Licensed Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute Care</td>
<td>188</td>
</tr>
<tr>
<td>ICN level II</td>
<td>12</td>
</tr>
<tr>
<td>NICU level III</td>
<td>15</td>
</tr>
</tbody>
</table>

Terms:
1. Kadlec will provide a copy of the Perinatal Written policy and procedure for neonatal transport required as part of the Washington State Perinatal Levels of Care guidelines.
2. Kadlec will provide a copy of the guidelines for continued care during transport required as part of the Washington State Perinatal Levels of Care guidelines.
3. Kadlec will provide confirmation of the collaboration for coordinating outreach education between hospitals required as part of the Washington State Perinatal Levels of Care guidelines.

Service Area
Benton & Franklin County

Approved Capital Expenditure
The approved capital expenditure associated with this project is $10,809,797

This Certificate authorizes commencement of the project from July 2, 2010, to July 2, 2012, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: July 2, 2010

This Certificate is not transferable.