



STATE OF WASHINGTON

DEPARTMENT OF HEALTH

*PO Box 47852 • Olympia, Washington 98504-7852*

February 1, 2016

CERTIFIED MAIL # 7015 0640 0000 6441 5898

William Robertson, Director  
Alliance for South Sound Health  
c/o MultiCare Health System  
315 Martin Luther King Jr. Way  
Tacoma, Washington 98405

RE: Certificate of Need Application #15-19

Dear Mr. Robertson:

Enclosed is Certificate of Need #1563 issued to Alliance for South Sound Health for the construction of a new 120 bed psychiatric hospital.

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:

Mailing Address:  
Department of Health  
Certificate of Need Program  
Mail Stop 47852  
Olympia, WA 98504-7852

Physical Address:  
Department of Health  
Certificate of Need Program  
111 Israel Road SE  
Tumwater, WA 98501

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 Janis Sigman, Manager of the Certificate of Need Program at (360) 236-2955.

Sincerely,



Steven M. Saxe, FACHE  
Director, Office of 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 #1563 is issued to**

**Legal Name of Applicant:** Alliance for South Sound Health  
**Address of Applicant:** 315 Martin Luther King Jr. Way, Tacoma , Washington 98405  
**Type of Service:** Psychiatric Hospital  
**Facility Name:** Behavioral Health Hospital  
**Facility Address:** 1901 South Union Avenue, Tacoma, Washington 98405

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD AND EVALUATION DATED JANUARY 15, 2016, (CN App #15-19)**

**PROJECT DESCRIPTION:**

This 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.

	<b>Number of Beds</b>
Beds dedicated to patients age 18 and older (Adult)	120
<b>Total Licensed Adult Psychiatric Beds</b>	<b>120</b>

**Service Area**

Pierce County and surrounding communities

**Conditions:**

See page #2

**Approved Capital Expenditure**

The approved capital expenditure for this project is \$40,642,925.

This Certificate authorizes commencement of the project from February 1, 2016 to February 1, 2018, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

**Date Certificate Issued:** February 1, 2016

  
Steven Saxe, Director

**This Certificate is not transferable.**

**Certificate of Need #1563**  
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**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.
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.
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.
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.
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.
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.
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.
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.

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9. Prior to providing services at the hospital, Alliance for South Sound Health will submit to the department for review and approval an executed Real Estate Purchase and Sale Agreement between MultiCare Health System as Seller and Alliance for South Sound Health as Buyer. The executed agreement must be consistent with the draft agreement provided in the application.
10. 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.
11. 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 an executed condominium agreement. The executed agreement must be consistent with the draft agreement provided in the application.
12. 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.