



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
PO Box 47852 • Olympia, Washington 98504-7852

February 23, 2016

CERTIFIED MAIL # 7015 0640 0000 6441 5904

Elaine Couture, Regional CEO
Providence Health Care
101 West Eighth Avenue
Spokane, Washington 99204

Ron Escarda, CEO
Fairfax Behavioral Health
10200 Northeast 132nd Street
Kirkland, Washington 98034

RE: Certificate of Need Application #15-32

Dear Ms. Couture and Mr. Escarda:

Enclosed is Certificate of Need #1564 issued to co-applicants Providence Health Care and Universal Health Services proposing to construct a 100-bed psychiatric hospital located in Spokane 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

Elaine Couture, Providence Health Care
Ron Escarda, Fairfax Behavioral Health
CN Application #15-32
February 23, 2016
Page 2 of 2

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 #1564 is issued to

Legal Name and Address of co-Applicant: Providence Health Care
101 West Eighth Avenue, Spokane, Washington 99204

Legal Name and Address of co-Applicant: Universal Health Services Fairfax Behavioral Health
10200 Northeast 132nd Street, Kirkland, Washington 98034

Type of Service: Psychiatric Hospital

Facility Name: Spokane Behavioral Health

Property Address: 104 West Fifth Avenue, Spokane, Washington 99204

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD AND EVALUATION DATED FEBRUARY 8, 2016, (CN App #15-32)

PROJECT DESCRIPTION:

This Certificate of Need approves the construction of a 100-bed psychiatric hospital that will provide a full range of psychiatric services, including inpatient services, voluntary and involuntary treatment services, and detoxification services for patients 18 and older. The hospital would also include a child and adolescent treatment program for patients ages 5 through 17, and geriatric services for patients aged 65 and older. Of the 100 psychiatric beds, 28 will be relocated from Sacred Heart Medical Center and Children’s Hospital. The two tables below show the number of beds at each facility at project completion.

Spokane Behavioral Health	Number of Beds
Beds dedicated to patients age 5 to 17	24
Beds dedicated to patients age 18 and older	76
Total Licensed Adult Psychiatric Beds	100

Sacred Heart Medical Center and Children’s Hospital	Number of Beds
Medical Surgical	586
Psychiatric Beds [child-adolescent (24) / adult (20)]	44
Level II Intermediate Care Nursery	21
Level III Neonatal Intensive Care Nursery Beds	40
Total Licensed Beds	691

Service Area

Spokane County and surrounding communities

Conditions:

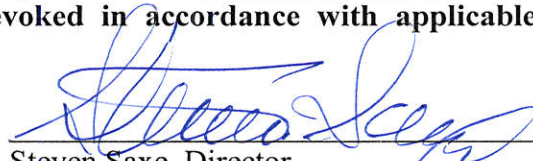
See page #2

Approved Capital Expenditure

The approved capital expenditure for this project is \$37,484,755.

This Certificate authorizes commencement of the project from February 23, 2016 to February 23, 2018, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: February 23, 2016


Steven Saxe, Director
Community Health Systems

This Certificate is not transferable.

Certificate of Need #1564

Page Two

Conditions

1. Approval of the project description as stated above. Co-applicants Providence Health & Services and Universal Health Services further agree 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, co-applicants Providence Health & Services and Universal Health Services will submit a copy of executed Operating Agreement for review and approval. The executed agreement must be consistent with the draft provided in the application.
3. Prior to providing services at the hospital, co-applicants Providence Health & Services and Universal Health Services 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.
4. Prior to providing services at the hospital, co-applicants Providence Health & Services and Universal Health Services will submit a copy of the adopted Charity Care Policy approved by the Department of Health's Hospital and Patient Data System's office.
5. The new 100 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 100-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 Eastern Region. Currently, this amount is 2.34% of gross revenue and 6.07% 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.
6. Prior to providing services at the hospital, co-applicants Providence Health & Services and Universal Health Services will submit a copy of the adopted and approved Discharge Planning Policy for review and approval. The final policy must be consistent with the draft provided in the application.
7. Annual budgets, as required by WAC 246-454-030, submitted by the new 100 bed psychiatric hospital must include budgeted charity care amounts of at least the regional average amount of charity care provided by hospitals in the Eastern Region.
8. Prior to providing services at the hospital, co-applicants Providence Health & Services and Universal Health Services 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.
9. Prior to providing services at the hospital, co-applicants Providence Health & Services and Universal Health Services will submit to the department's Certificate of Need program for review and approval a final listing of ancillary and support vendors for the 100-bed psychiatric hospital.
10. Prior to providing services at the hospital, co-applicants Providence Health & Services and Universal Health Services will submit to the department's Certificate of Need program for review and approval an executed Transfer Agreement for the 100-bed psychiatric hospital.
11. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, co-applicants Providence Health & Services and Universal Health Services will contract with the state to provide that care. An ITA referral may only be rejected if there are no beds available at Spokane Behavioral Health at the time of referral or if such referral is clinically inappropriate.
12. Within 60 days of Spokane Behavioral Health becoming operational, Providence Health & Services will provide documentation to the Certificate of Need Program demonstrating it has delicensed 28 adult psychiatric beds at Sacred Heart Medical Center and Children's Hospital.