



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

August 21, 2018

CERTIFIED MAIL # 7016 3010 0001 0575 1157

Howard Wall, Secretary  
Capella Healthcare, Inc.  
103 Continental Place, #200  
Brentwood, Tennessee 37027

Dear Mr. Wall:

RE: CN Application #17-38 – Lourdes Medical Center

Enclosed is Certificate of Need #1742 issued to RCCH/Capella Healthcare approving the purchase of Lourdes Medical Center, located in Pasco within Franklin County.

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:

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,



Nancy Tyson, Executive Director  
Health Facilities and Certificate of Need  
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 #1742 is issued to:**

**Applicant's Legal Name:** RCCH/Capella Healthcare, LLC  
**Applicant's Address:** 103 Continental Place, #200, Brentwood, Tennessee 37027  
**Facility Type** Acute Care Hospital  
**Project Type** Sale/Purchase/Lease  
**Facility Name:** Lourdes Medical Center  
**Facility Address:** 520 North 4th Avenue, Pasco, Washington 99301

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION DATED AUGUST 6, 2018 (CN APP # 17-38 )**

**Project Description**

This certificate approves the purchase of Lourdes Medical Center by RCCH/Capella. There is no change in the number of approved beds. A breakdown of beds by type is shown below:

Bed Type	Current	Proposed
24 hr. assigned and set-up (General Medical/Surgical)	25	25
24 hr. assignable-not set-up (General Medical/Surgical). <i>These are spaces that meet licensure standards and the hospital has ready access to required movable equipment.</i>	60	60
Dedicated or PPS exempt Rehabilitation	10	10
Total Licensed Beds	95	95

**Service Area**  
Franklin County

**Conditions**


The conditions are identified on pages 2 and 3 of this certificate

**Approved Capital Expenditure**

The approved capital expenditure for this project is \$17,564,400

**This Certificate authorizes commencement of the project from August 21, 2018 to August 21, 2020 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.**

**Date Certificate Issued: August 21, 2018**

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

**This Certificate is not transferable**



# Certificate of Need #1742

## Page Two

### Conditions

1. Approval of the project description as stated above. RCCH/Capella 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. RCCH/Capella will maintain its participation in the Medicare and Medicaid programs at Lourdes Medical Center.
3. RCCH/Capella will continue providing the services identified in the application at Lourdes Medical Center for a minimum of ten years. These services are restated below:

Acute Rehabilitation	Laboratory
Critical Care	Occupational Therapy
Diagnostic/Therapeutic Endoscopy	Pediatric Care
Dialysis (Acute)	Physical Therapy
Emergency Care	Speech Pathology
Imaging	Surgical Services – Inpatient and Outpatient
4. Within 30 days of the acquisition, RCCH/Capella will submit to the department for review and approval the adopted copies of its admissions policy, non-discrimination policy, end-of-life policy, and reproductive health policy for Lourdes Medical Center. Each of these policies must be consistent with the drafts provided in the application.
5. Within 30 days of the acquisition, RCCH/Capella will submit to the Certificate of Need Program a copy of the adopted charity care policy for Lourdes Medical Center that has been reviewed and approved by the Charity Care Program within the Department of Health.
6. RCCH/Capella will provide charity care at Lourdes Medical Center in compliance with its charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. Lourdes Medical Center will use reasonable efforts to provide charity care in an amount identified in the application or comparable to the average amount of charity care provided by hospitals in the Central Region – whichever is greater. The amount identified in the application was 1.54% of gross revenue and 3.84% of adjusted revenue. Currently, the regional average is 1.08% gross revenue and 2.73% of adjusted revenue. RCCH/Capella will maintain records of charity care applications received at Lourdes Medical Center and the dollar amount of charity care discounts granted. The department requires these records to be available upon request.
7. Within 30 days of the acquisition, RCCH/Capella will submit to the department for review and approval the executed copy of the Asset Purchase Agreement. The executed copy must be consistent with the draft agreement provided in the application.
8. Within 30 days of the acquisition, RCCH/Capella will submit to the department for review and approval the executed copy of the Amended and Restated Master Lease Agreement. The executed copy must be consistent with the draft agreement provided in the application.
9. Within 30 days of the acquisition, RCCH/Capella will submit to the department for review and approval the executed copy of the Joinder Agreement. The executed copy must be consistent with the draft agreement provided in the application.

**Certificate of Need #1742**  
**Page Three**

**Conditions**

10. RCCH/Capella shall finance the project as described in the application.
11. RCCH/Capella must agree to the conditions outlined in the Non-Profit Conversion evaluation.