



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

October 9, 2014

CERTIFIED MAIL # 7011 1570 0002 7808 8300

Richard Petrich, Vice President
Planning and Business Development
Franciscan Health System
Post Office Box 2197
Tacoma, Washington 98401

RE: CN 14-14A2

Dear Mr. Petrich:

Enclosed is Certificate of Need #1535 approving the relocation of Regional Hospital for Respiratory and Complex Care into space at Highline Medical Center located in King 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 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:

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

Physical Address:

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, Community Health Systems

Enclosure

cc: Department of Health, Office of Investigations and Inspections
Department of Health, Office of Customer Service
Department of Health, Construction Review Services



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 #1535 is issued to:

Legal Name of Applicant: Franciscan Health System
Address of Applicant: 1717 South J Street, Tacoma, Washington 98401
Type of Service: Long Term Acute Care Hospital
Facility Name: Regional Hospital for Respiratory and Complex Care
Facility Address: 16251 Sylvester Road, Burien, Washington 98166

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD AND EVALUATION DATED SEPTEMBER 22, 2014, (CN App #14-14A2)

Project Description:

This certificate approves the relocation of Regional Hospital for Respiratory and Complex Care. The hospital is currently located in southwest King County at 12844 Military Road South in Tukwila [98168]. This project approves the relocation of Regional Hospital for Respiratory and Complex Care to 16251 Sylvester Road in Burien [98166], also within southwest King County. Regional Hospital for Respiratory and Complex Care will remain a 40-bed long term acute care hospital after the relocation. The relocation project will be completed in two phases. A brief description of each phase and the number of beds added is shown below.

- Phase One
RHRCC will relocate 26 of its 40 beds to the fifth floor of Highline in space known as '5 Cedar.' The space will house all 26 beds in single patient rooms, with 3 isolation rooms. This unit will operate primarily as ventilator unit. If approved, RHRCC expects to be operating all 26 beds in the new space by the end of year 2014.
- Phase Two
This phase includes the construction of a new patient tower at Highline. The space is known as the Birch Tower. RHRCC would add the remaining 14 beds within 12,000 square feet on the eighth floor of the tower [8 Birch]. This unit will provide primarily wound care and other services consistent with an LTACH. Since this phase includes construction, RHRCC expects to be operating the remaining 14 additional beds—for a license total of 40—by the end of year 2017.

Phase	RHRCC Number of Beds	Highline Number of Beds
One	26	123 general med/surgical 5 level II ICN
Two	14	Same as above
Total	40	128

Service Area

King County and surrounding areas

Conditions

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This Certificate authorizes commencement of the project from October 9, 2014, to October 9, 2016, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: October 9, 2014

Steven Saxe, Director

This Certificate is not transferable

Certificate of Need #1535

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Conditions:

1. Approval of the project description as stated above. Franciscan Health System 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. Although Regional Hospital for Respiratory and Complex Care will be located within space at Highline Medical Center, Regional Hospital for Respiratory and Complex Care must remain licensed separately from Highline Medical Center or any other healthcare facility.
3. Before Regional Hospital for Respiratory and Complex Care relocates into the propose space, Franciscan Health System must provide documentation demonstrating that the space has been removed from Highline Medical Center's acute care license.
4. Under this approval, the total number of beds to be licensed at Regional Hospital for Respiratory and Complex Care shall be 40 at completion of phase two. Any number of beds not licensed by June 30, 2018, shall be forfeited.
5. Under the Franciscan Health System ownership, Regional Hospital for Respiratory and Complex Care will provide charity care in compliance with the charity care policy provided in the application or any subsequent polices reviewed and approved by the Department of Health. Franciscan Health System will use reasonable efforts to provide charity care at Regional Hospital for Respiratory and Complex Care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the King County Region, less Harborview. Currently, this amount is 1.67% for gross revenue and 3.05% for adjusted revenue. Regional Hospital for Respiratory and Complex Care will maintain records documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.
6. Annual budgets, as required by WAC 246-454-030, submitted by Franciscan Health System for Regional Hospital for Respiratory and Complex Care must include budgeted charity care amounts of at least the regional average amount of charity care provided by hospitals in the King County Region, less Harborview.

Approved Costs:

The approved capital expenditure associated with the relocation is \$1,479,668.