



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

December 20, 2013

Thomas Fritz, CEO
Inland Northwest Health Services
Post Office Box 469
Spokane, Washington 99210

DOR #14-17

Dear Mr. Fritz:

The department has completed its review of your November 6, 2013, determination of reviewability regarding the proposed internal restructure of Inland Northwest Health Services (INHS). St. Luke's Rehabilitation Institute, a rehabilitation hospital located in Spokane, is operated by INHS.

Below is the information considered and the facts relied upon by the department's Certificate of Need Program in reaching its conclusion regarding your project.

INFORMATION CONSIDERED

- INHS applicability determination submitted on November 7, 2013
- INHS supplemental information submitted on December 10, 2013
- Revised Code of Washington (RCW) 70.38
- Washington Administrative Code (WAC) 246-310
- Washington Secretary of State and Department of Revenue information obtained from the respective websites

FACTS CONSIDERED

- INHS is a Washington non-profit corporation based in Spokane County.
- INHS operates St. Luke's Rehabilitation Institute, a 102-bed rehabilitation hospital located at 711 South Cowley in Spokane [99202], within Spokane County.
- Currently, INHS has two corporate members—Providence Health & Services-Washington (Providence) and Empire Health Foundation (Empire).
- Providence appoints five of eight members to the INHS Board of Directors. Empire appoints the remaining three members to the board.
- Based on the Board of Director structure, Providence is INHS's controlling member with the majority of board members.

- The proposed restructure focuses on the Empire corporate membership. Empire requests withdrawal as a member of INHS. The restructure would be effective by December 31, 2013.
- INHS Board of Directors would be reduced to five, and all would be appointed by Providence.
- Under the restructure, INHS and St. Luke's Rehabilitation Institute, for all practical purposes, would continue to be owned, operated, and managed by Providence.
- For St. Luke's Rehabilitation Hospital, the number of beds (102) and types of services (inpatient and outpatient rehabilitation) would not change as a result of the internal restructure.

CONCLUSION

Based on the totality of information considered, the department concludes the proposed corporate restructure does not change the control of INHS and, therefore, does not require prior Certificate of Need review and approval.

APPEAL OPTIONS

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 addresses below.

Mailing Address:

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

Other Than By Mail

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

Appeal Option 2:

You 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 addresses below.

Mailing Address:

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

Other Than By Mail

Department of Health
Adjudicative Service Unit
111 Israel Road SE
Tumwater, WA 98501

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Please call me at (360) 236-2955 if you have any questions regarding this determination.

Sincerely,



Janis Sigman, Manager
Certificate of Need Program
Community Health Systems

cc: Department of Health, Investigations and Inspections Office