



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

August 31, 2017

CERTIFIED MAIL # 7016 3010 0001 0575 1478

John Gallagher, CEO
Sunnyside Healthcare
1016 Tacoma Avenue
Post Office Box 719
Sunnyside, Washington 98944

RE: Certificate of Need Application #17-25

Dear Mr. Gallagher:

Enclosed is Certificate of Need #1612 issued to Regional Health approving the purchase of Toppenish Community Hospital from Community Health Systems/CHS.

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,



Steve Bowman, PhD, MHA
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 #1612 is issued to:

Legal Name of Applicant: Regional Health
Address of Applicant: 1016 Tacoma Avenue, Sunnyside Washington 98944
Type of Service: Acute Care Hospital
Facility Name: Toppenish Community Hospital
Facility Address: 502 West Fourth, Toppenish, Washington 98948

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION DATED AUGUST 22, 2017 (CN App #17-25)

Project Description

This certificate approves the purchase of Toppenish Community Hospital by Regional Health. There is no change in the number of approved beds. A breakdown of beds by type is shown below:

Bed Type	Number of Licensed Beds
General Medical/Surgical	63
Total Licensed Beds	63

Service Area

Yakima County and surrounding communities

Conditions

Conditions Identified on Page Two

Approved Capital Expenditure

The estimated capital expenditure for the purchase of Toppenish Community Hospital is \$8,556,800.

This Certificate authorizes commencement of the project from August 31, 2017 to August 31, 2019 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: August 31, 2017

Steve Bowman, PhD, MHA
Director, Office of Community Health Systems

This Certificate is not transferable

Certificate of Need #1612

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Conditions

1. Approval of the project description as stated above. Regional 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 issuance of a Certificate of Need for this project, Regional Health shall submit the documentation referenced in section 2.1 of the Asset Purchase Agreement that identifies a revised closure date for the transaction. [condition met 08/30/17]
3. Regional Health shall finance the project as described in the application.
4. Within 30 days of the acquisition, Regional Health will submit to the department for review and approval the executed copy of the System Benefit Agreement. The executed copy must be consistent with the draft agreement provided in the application.
5. Within 30 days of the acquisition, Regional Health 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. Each of these policies must be consistent with the drafts provided in the application.
6. Within 30 days of the acquisition, Regional Health will submit to the Certificate of Need Program a copy of the charity care policy that has been reviewed and approved by the Charity Care Program within the Department of Health.
7. Toppenish Community Hospital will provide charity care 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. Toppenish Community Hospital 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 0.86% of gross revenue and 3.26% of adjusted revenue. Currently, the regional average is 1.50% gross revenue and 3.67% of adjusted revenue. Toppenish Community Hospital will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires these records to be available upon request.
8. Toppenish Community Hospital will submit annual budgets (required under WAC 246-454-030) that include budgeted charity care of at least the amount identified in the application or comparable to the average amount of charity care provided by hospitals in the Central Region – whichever is greater.
9. Regional Health will continue providing the essential services identified in the application for a minimum of ten years. These services are restated below:
 - Perinatal/Obstetrical Services, including C-Section and LDRP
 - Critical Care
 - Pediatric Care
 - 24-hour Emergency Care
 - Diagnostic Services (except cardiac cath)
 - Electrocardiography
 - Pulmonary Function Services
 - Gastro-intestinal Laboratory
 - Pulmonary Function Services
 - Respiratory Therapy
 - Inpatient and Outpatient Surgical Services
 - Therapeutic Services, including gastro-intestinal laboratory, pulmonary function, respiratory therapy, and stress testing
 - Outpatient Services, including diabetes, hypertension, metabolic, wound care, and IV therapy
 - Contracted Therapy Services (except occupational)
 - Pharmacy
 - Toxicology/Antidote Information