



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

September 11, 2012

CERTIFIED MAIL # 7011 1570 0002 7808 7280

Kristopher Kitz, Director
Strategic Planning and Business Development
MultiCare Health System
Post Office Box 5299
Mailstop: 315-L4-SBD
Tacoma, Washington 98415

Re: CN #12-40

Dear Mr. Kitz:

Enclosed is Certificate of Need #1486 issued to MultiCare Health System approving the purchase of the hospital facility assets of Auburn Regional Medical Center located in Auburn, within 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. Any affected 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

Other Than By Mail

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

Kristopher Kitz
MultiCare Health System
September 11, 2012
Page 2 of 2

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 question, please contact Janis Sigman, Manager of the Certificate of Need Program at (360) 236-2955.

Sincerely,



Steven M. Saxe, FACHE
Director, Health Professions and Facilities

Enclosure

cc: Department of Health, Investigations and Inspections Office
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 #1486 is issued to:

Legal Name of Applicant: MultiCare Health System
Address of Applicant: 315 Martin Luther King Jr. Way, Tacoma, Washington 98405
Type of Service: Purchase of an Acute Care Hospital
Facility Name: Auburn Regional Medical Center
Facility Address: 202 North Division Street, Auburn, Washington 98001

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION DATED AUGUST 31, 2012 (App #12-40)

Project Description:

This certificate approves the purchase of Auburn Regional Medical Center by MultiCare Health System. Auburn Regional Medical Center provides general medical surgical services, intermediate obstetric services level II, rehabilitation services level II, and psychiatric services. Auburn Regional Medical Center also operates a joint PCI program with St. Francis Hospital, a Franciscan Health System hospital located in Federal Way. Auburn Regional Medical Center is currently a Medicare and Medicaid provider and holds a three-year accreditation from the Joint Commission. Auburn Regional Medical Center will continue participation in both the Medicare and Medicaid programs, and maintain services currently offered by the hospital after the purchase. At the time of purchase, Auburn Regional Medical Center is licensed for 195 acute care beds. The type of license and number of beds are below.

Type	# of Beds
Medical/Surgical	137
Level II Rehabilitation unit	14
PPS Exempt-Psychiatric	38
Level II-ICN	6
Total	195

Service Area
King County

Conditions
Conditions Identified on Page 2

Approved Capital Expenditure
The approved capital expenditure for the purchase of Auburn Regional Medical Center and its operations is \$95,000,000.

This Certificate authorizes commencement of the project from September 11, 2012, to September 11, 2014, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: September 11, 2012

Steven Saxe
Director, Health Professions and Facilities

This Certificate is not transferable.

CN #1486 Conditions

1. Approval of the project description as stated above. MultiCare 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. Under the MultiCare Health System ownership, Auburn Regional Medical Center will provide charity care in compliance with the charity care policies provided in this Certificate of Need application, or any subsequent policies reviewed and approved by the Department of Health. MultiCare Health System will use reasonable efforts to provide charity care at the Auburn Regional Medical Center in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the King County Region. Currently, this amount is 1.51% for gross revenue and 2.69% for adjusted revenue. Auburn Regional Medical Center will maintain records documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.
3. By September 30, 2012, MultiCare Health System will provide to the department for review and approval copies of the signed exhibits listed below. The signed exhibit must be generally consistent with the draft exhibits attached to the Asset Purchase Agreement provided in the application.

Exhibit #	Name of Exhibit
Exhibit 1.3	Escrow Agreements
Exhibit 8(d)	Bill of Sale
Exhibit 8(e)	Assignment of Contracts and Assumption of Liabilities
Exhibit 8(f)	Assignment and Assumption of Real Estate Leases
Exhibit 8(g)	Assignment and Assumption of Personal Property Leases
Exhibit 8(l)	UHS Guaranty
Exhibit 8(m)	Environmental Disclosure Statement