



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

January 12, 2012

CERTIFIED MAIL #7009 2250 0001 8668 6057

Lawrence Lopardo, General Counsel/Secretary
Highlands Rehab, LLC
25117 Southwest Parkway, #F
Wilsonville, Oregon 97070

Dear Mr. Lopardo:

The Department of Health has completed its review of your application to amend Replacement Authorization (RA) #067E. As you know RA #067 was issued on August 3, 2009, approving the replacement of Avamere Highlands Memory Care and Rehabilitation in Tacoma, within Pierce County, to a new site in DuPont, also within Pierce County. RA #067E was issued on April 21, 2011, extending the validity of RA #067 from August 3, 2011, to February 3, 2012. RA #067EA issued today approves the replacement at a new site in Pierce County.

The RA 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.

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 following addresses:

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
310 Israel Road SE
Tumwater, WA 98501



Appeal Option 2:

You or 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:

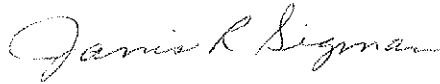
Adjudicative Service Unit
Mail Stop 47879
Olympia, WA 98504-7879

Other Than By Mail

Adjudicative Clerk Office
310 Israel Road SE, Building 6
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 me at (360) 236-2955.

Sincerely,



Janis Sigman, Manager
Certificate of Need Program
Office of Certification and Technical Support

Enclosure

cc: Department of Social and Health Services
Department of Health, Construction Review Services
CRS project #60120582
George Stephan, Careage, Inc.



In accordance with RCW 70.38 and implementing rules and regulations, 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.

Replacement Authorization #067EA is issued to:

Existing Licensee: Highlands Rehab, LLC
Current Facility Name: Avamere Highlands Memory Care and Rehabilitation
Current Facility Address: 5954 North 26th, Tacoma, Washington 98407
Current County Location: Pierce
Current Number of Licensed Beds: 86 licensed and zero banked

Replacement Facility Information

Replacement Facility Licensee: Highlands Rehab, LLC
Replacement Facility Name: To Be Determined
Replacement Facility Address: 1600 Marshall Circle, Dupont, Washington 98327
Replacement Facility County Location: Pierce
Replacement Facility Number of Beds: 48
Capital Expenditure of Project: \$7,000,000

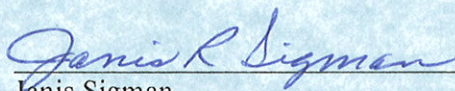
Description of Approved Project

Highlands Rehab, LLC is the existing licensee of Avamere Highlands Memory Care and Rehabilitation located in Tacoma, within Pierce County. Avamere Highlands Properties, LLC (Realco) is the building owner of Avamere Highlands Memory Care and Rehabilitation. Currently Avamere Highlands Memory Care and Rehabilitation is licensed for 86 skilled nursing beds and has zero beds banked under the alternate use section of Revised Code of Washington 70.38.111(8) and Washington Administrative Code 246-310-395.

This Amended Replacement Authorization approves the replacement of 48 of 86 nursing home beds from Avamere Highlands Memory Care and Rehabilitation to a new site in DuPont, within Pierce County. The name of the new facility is unknown as of the issuance of this Replacement Authorization. Avamere Highlands Properties, LLC (Realco) provided documentation demonstrating approval of the replacement of Avamere Highlands Memory Care and Rehabilitation from Tacoma to DuPont. At project completion, the maximum number of beds at the new facility will be 48. Highlands Rehab, LLC has relinquished the remaining 38 beds.

This Extended and Amended Replacement Authorization is effective from August 3, 2011, through February 3, 2012, unless withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Issued: January 12, 2012



Janis Sigman
Manager, Certificate of Need Program
Office of Certification and Technical Support

This Extended and Amended Replacement Authorization is not transferable.