



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

September 20, 2013

CERTIFIED MAIL #7011 1570 0002 7802 6531

Christopher L. Howard
Vice President and Secretary
Acadia Healthcare
830 Crescent Centre Drive, Suite 610
Franklin, Tennessee 37067

Dear Mr. Howard:

Enclosed is Certificate of Need #1513 issued to Cascade Behavioral Hospital, LLC¹ for the establishment of a new 135-bed adult psychiatric facility in Tukwila 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:

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

¹ Effective July 22, 2013 SW Behavioral, LLC changed its name.



Christopher L. Howard
Acadia Healthcare
September 19, 2013
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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,

A handwritten signature in blue ink, appearing to read "Steven Saxe". The signature is fluid and cursive, written over the word "Sincerely,".

Steven M. Saxe, FACHE
Director

Enclosure

cc: Shannon Walker, Office of Investigations and Inspection
Karen Stricklett, Department of Health, Customer Service Office



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 #1513 is issued to:

Legal Name of Applicant: Cascade Behavioral Hospital, LLC¹
Address of Applicant: 12844 Military Road S, Tukwila, Washington 98168
Type of Service: Psychiatric Hospital
Facility Name: SW Behavioral
Facility Address: 12844 Military Road S, Tukwila, Washington 98168

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION OF SEPTEMBER 6, 2013, (App #13-39).

Project Description:

SW Behavioral proposes to establish a 135 bed inpatient psychiatric hospital in King County. This will be accomplished in three phases as follows.

Phase 1

SW Behavioral will acquire Highline Medical Center's Specialty Campus. Highline currently operates a 21 bed geropsychiatric unit, a 24 bed chemical dependency stabilization unit and an 18 bed detox unit for a total of 63 beds at its Specialty Campus. In phase 1, projected for January 1, 2014, SW Behavioral will establish its hospital by securing licensure under RCW 71.12 and operate the same three programs currently operated by Highline.

Phase 2

After the renovation of a vacant nursing unit, SW Behavioral will add 22 psychiatric beds, for a total of 85 beds. Phase 2 is expected to be operational by July 2014.

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Service Area
King County

Approved Capital Expenditure

The approved capital expenditure associated with this project is \$43,323,000.

This Certificate authorizes commencement of the project from September 20, 2013, to September 20, 2015, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: September 20, 2013


Steven Saxe
Director

This Certificate is not transferable.

¹ Effective July 22, 2013 SW Behavioral, LLC changed its name

Project Description (Continued)

Phase 3

After remodeling and renovating two nursing units that are anticipated to be occupied by Regional Hospital (a tenant) until late 2014, SW Behavioral will add another 50 psychiatric beds and will be licensed for a total of 135 beds. Phase 3 is projected to be operational by July 2015.

The number of beds is summarized below.

	Phase 1	Phase 2	Phase 3
Chemical Dependency Beds	42	42	42
Adult Psychiatric beds	21	43	93
Total # of Licensed Beds	63	85	135

Conditions

1. Approval of the project description as stated above. SW Behavioral, LLC 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. SW Behavioral LLC 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. SW Behavioral LLC will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in King County. Currently, this amount is 1.68 % of gross revenue and 3.07% of adjusted revenue. SW Behavioral LLC will maintain records documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.
3. Prior to providing services, SW Behavioral will provide a Department of Health approved Charity Care policy consistent with the draft policy provided in the application.
4. SW Behavioral Health will allow Regional Hospital for Respiratory and Complex Care to continue to occupy their existing space in Specialty Campus until December 2014.
5. Highline Medical Center must reduce its licensed beds from 269 to 154 within 30 days of finalizing the sale of its Specialty Campus to SW Behavioral.