



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

July 13, 2016

CERTIFIED MAIL # 7009 0960 0000 5564 6522

Martina Sze, EVP  
US HealthVest, LLC  
32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor  
New York, New York 10022

RE: Certificate of Need Application #16-23

Dear Ms. Sze:

Enclosed is Certificate of Need #1580 issued to US Health Vest, LLC proposing to establish a new 75 bed psychiatric hospital in Lacey within Thurston 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. 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

Martina Sze, EVP  
US HealthVest, LLC  
CN16-23  
July 13, 2016  
Page 2 of 2

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,



Bart Eggen, Acting 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 #1580 is issued to:**

**Legal Name of Applicant:** US HealthVest, LLC  
**Address of Applicant:** 32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor, New York, New York 10022  
**Type of Service:** Psychiatric Hospital  
**Facility Name:** Vest Thurston, LLC dba South Sound Behavioral Health Hospital  
**Facility Address:** 605 Woodland Square SE, Lacey WA 98503

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD AND EVALUATION DATED JULY 5, 2016 (CN App #16-23)**

**Project Description**

This certificate approves the construction of a 75-bed psychiatric hospital to be located in Lacey, within Thurston County. The hospital would provide a full range of psychiatric services for patients five years of age and older. These services include inpatient services, involuntary treatment services, day hospital/partial hospitalization, and intensive outpatient services as well as substance abuse treatment. Programs to be provided include adult psychiatric, active-duty military, extra mile veteran care, women’s, dual diagnosis, geriatric, faith-based mental health and chemical dependency, child/adolescent, pain management, and mother-infant. The number of approved beds is summarized below.

	Number of Beds
Beds dedicated for patients ages 5 to 17 (child/adolescent)	10
Beds dedicated to patients age 18 and older (adult) beds	65
<b>Total Licensed Beds</b>	<b>75</b>

**Service Area**

Thurston

**Conditions**

Conditions identified on page two

**Approved Capital Expenditure**

The approved estimated capital expenditure for this project is \$18,391,800

**This Certificate authorizes commencement of the project from July 13, 2016 to July 13, 2018 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.**

**Date Certificate Issued:** July 13, 2016

Bart Eggen, Acting Director  
Office of Community Health Systems

**This Certificate is not transferable**

**Certificate of Need #1580- Page 2**  
**Conditions**

1. Approval of the project description as stated above. US HealthVest, 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. Prior to providing services at the hospital, US HealthVest, LLC will submit a copy of the adopted and approved Admission Policy for review and approval.
3. Prior to providing services at the hospital, US HealthVest, LLC will submit a copy of the adopted Charity Care Policy approved by the Department of Health's Charity Care Program in the Office of Community Health Systems.
4. The new 75-bed psychiatric hospital will provide charity care in compliance with its final charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. The new 75-bed psychiatric hospital 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 the Southwest Region. Currently, this amount is 3.42% of gross revenue and 8.62% of adjusted revenue. The psychiatric hospital will maintain records documenting the amount of charity care provided and demonstrating its compliance with its charity care policies.
5. Annual budgets, as required by WAC 246-454-030, submitted by the new 75-bed psychiatric hospital must include budgeted charity care amounts of at least the regional average amount of charity care provided by hospitals in the Southwest Region.
6. US HealthVest, LLC will finance this project using corporation reserves minus the \$10,000 Department of Commerce grant.
7. Prior to commencement of the project, US HealthVest, LLC will submit to the department for review and approval an executed Lease Agreement between Vest Thurston Realty, LLC and DM Ventures Woodland, LLC for the site. The executed lease must be consistent with the draft reviewed by the department.
8. Prior to providing services, US HealthVest, LLC will provide a copy of the executed intercompany "lease" between Vest Thurston Realty, LLC and Vest Thurston, LLC. No intercompany lease fees are to be included.
9. Prior to providing services at the hospital, US HealthVest, LLC will submit to the department for review and approval a listing of key staff for the hospital. Key staff includes all credentialed or licensed management staff, including the director of nursing and medical director.
10. Prior to providing services at the hospital, US HealthVest, LLC will submit to the department for review and approval a final listing of ancillary and support vendors for the 75-bed psychiatric hospital.
11. Prior to commencement of the project, US HealthVest, LLC will submit to the department for review and approval an executed Transfer Agreement. The executed Transfer Agreement must be consistent with the draft reviewed by the department.
12. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, US HealthVest, LLC will contract with the state to provide that care. An ITA referral may only be rejected if there are no beds available at US HealthVest, LLC at the time of referral or if such referral is clinically inappropriate.