

February 14, 2025

Thomas A. Kruse, Senior Vice President and Chief Strategy Officer
Virginia Mason Franciscan Health
1145 Broadway Plaza, Suite 1200
Tacoma, WA 98402

Sent via email: thomaskruse@chifranciscan.org

RE: Certificate of Need Application #24-20 – Department’s Decision

Dear Mr. Kruse:

We have completed our review of the Certificate of Need application submitted by Franciscan Health System (Franciscan), dba CHI Franciscan Health. The application proposes to establish an adult elective PCI program at St Francis Hospital (St. Francis). Below is our evaluation of the application.

Franciscan submitted this application on February 2, 2024, during the 2024 PCI concurrent review cycle. The application seeks to establish a PCI program at St. Francis that is not dependent on the terms of CN#1407, issued November 13, 2009, that authorized a joint PCI program to be housed at and administered by both St Francis Hospital and Auburn Regional Medical Center (now known as MultiCare Auburn Medical Center, hereafter referred to as “Auburn”).

On August 2, 2023, prior to CN application #24-20 being submitted, the Notice of Intent to Revoke CN#1407 was issued by the department to enforce the terms of CN#1407 and the hospital volume standards identified in WAC 246-310-720. The department issued the notice in response to Auburn’s failure to meet those volume standards. Because CN#1407 was issued to both hospitals, an enforcement action against one hospital’s PCI program is an action against both, and each hospital’s CN would be in jeopardy if the department prevailed. Franciscan submitted the current application as an effort to preserve its ability to provide PCI services if the resolution of the department’s enforcement action invalidated CN#1407.

In response to the department’s notice, both Franciscan and MultiCare requested adjudicative hearings to contest the department’s planned actions, and both cases were consolidated in December 2023. Following settlement negotiations among the parties, MultiCare, Franciscan and the department agreed on terms to end the dispute. Among the terms of the October 28, 2024,

settlement agreement, the department agreed to withdraw its revocation notice and issue independent CNs to St. Francis and Auburn, establishing programs at each hospital subject to conditions not listed here. The settlement agreement contained no reference to this application.

On January 10, 2025, the department issued CN#2016 to Franciscan, authorizing the PCI program at St Francis, and on January 13, 2025, the department issued CN#2017 to MultiCare, authorizing the PCI program at Auburn.

Issuance of a certificate of need is an agency action that grants a non-exclusive license to an applicant to engage in a range of healthcare activities such as the establishment of various healthcare facilities or the offering of certain tertiary health care services, such as PCI. The agency's issuance of CN#2016 to Franciscan on January 10, 2025, renders CN application #24-20 unnecessary in that St. Francis already has an uncontested CN to provide the services for which it is seeking authorization to provide. Were the department to approve this application, a second CN issued to St Francis would be of no value – Franciscan would gain no authority or privileges it does not already possess. Conversely, denial of this application would render the terms of the October 28, 2024, settlement agreement and CN#2016 meaningless. As a result, any evaluation by the department of the merits of this application would be moot. The department respectfully declines to issue such a decision.

This decision may be appealed. The two appeal options are listed below.

Appeal Option 1:

You or 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:

<u>Mailing Address:</u>	<u>Physical Address</u>
Department of Health	Department of Health
Certificate of Need Program	Certificate of Need Program
Mail Stop 47852	111 Israel Road SE
Olympia, WA 98504-7852	Tumwater, WA 98501

Appeal Option 2:

You or 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:

<u>Mailing Address:</u>	<u>Physical Address</u>
Department of Health	Department of Health
Adjudicative Service Unit	Adjudicative Service Unit
Mail Stop 47879	111 Israel Road SE
Olympia, WA 98504-7879	Tumwater, WA 98501

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If you have any questions or would like to arrange for a meeting to discuss our decision, please contact the Certificate of Need Program at (360) 236-2955.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Hernandez", with a long horizontal stroke extending to the right.

Eric Hernandez, Program Manager
Certificate of Need
Office of Community Health Systems