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September 5, 2018

R E C E I V E D

Ms. Janis Sigman, Manager  
Certificate of Need Program  
Washington State Department of Health  
PO Box 47852  
Olympia, WA 98504-7852

SEP 05 2018

CERTIFICATE OF NEED PROGRAM  
DEPARTMENT OF HEALTH

**RE: Revised Letter of Intent, Amendment to The Alliance for South Sound Health Certificate of Need #1563**

Dear Ms. Sigman:

The Alliance for South Sound Health ("the Alliance") was approved by the Department, January 15, 2016, to establish a 120-bed psychiatric hospital in Tacoma in Pierce County (Certificate of Need ("CN") #1563).<sup>1</sup> That approval included Conditions, which included an executed Real Estate Purchase and Sale Agreement and an executed Condominium Agreement.<sup>2</sup> The project has been modified such that the Alliance will, instead, lease its space within a larger building owned by MultiCare. It is our understanding this change necessitates an Amendment to the Certificate of Need issued to the Alliance. Further, CN #1563 also included a Condition related to a Management Services Agreement between MultiCare Health System and the Alliance.<sup>3</sup> This is no longer planned. In addition, as the project reaches completion, capital expenditures have increased to \$47,500,000, which we understand also necessitates an Amendment.

In accordance with WAC 246-310-080, the following information is provided:

**1. Description of the Services**

No change to approved services as described in Certificate of Need #1563. However, as stated above, the Alliance will lease space as a tenant, not own it, as stated in CN APP

<sup>1</sup> Letter from Mr. Saxe, February 1, 2016, which included Certificate of Need #1563.

<sup>2</sup> Ibid., p. 3. These two provisions were listed as #9 and #11 in Mr. Saxe's approval letter.

<sup>3</sup> Ibid., p. 3. This was included as Condition #10.

**MultiCare Health System**

Mary Bridge Children's Hospital & Clinics ~ MultiCare Allenmore Hospital ~ MultiCare Auburn Medical Center  
MultiCare Covington Medical Center ~ MultiCare Deaconess Hospital ~ MultiCare Good Samaritan Hospital  
MultiCare Tacoma General Hospital ~ MultiCare Valley Hospital ~ MultiCare Connected Care ~ MultiCare Clinics  
MultiCare Indigo Urgent Care ~ MultiCare Rockwood Clinic ~ Immediate Clinic ~ Navos ~ Pulse Heart Institute



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#15-19. Required documentation related to the Alliance space lease and revised financial projections will be provided as part of the Amendment.

Further, CN #1563, Condition # 10, references a Management Services Agreement between the Alliance and MultiCare. Subsequent to the department's approval, the two parties determined there would not be such an agreement. Instead, at or just before operational start-up, the Alliance will negotiate and contract for needed services through purchased service agreements with local and regional service providers such as MultiCare and CHI-Franciscan do now with their acute care facilities. Thus, the Alliance requests that Condition #10 be removed from Certificate of Need #1563.

**2. Estimated Cost of the Proposed Project**

Capital expenditures are expected to increase to \$47,500,000 from the approved figure of \$40,642,925 in CN #1563.

**3. Description of the Service Area**

No change to approved Service Area.

It is our understanding this Amendment will receive an expedited review.

If you have any questions, please feel free to contact me directly at 253.403.8770 or [Theresa.Boyle@multicare.org](mailto:Theresa.Boyle@multicare.org).

Sincerely,

Theresa Boyle  
Senior Vice President  
MultiCare Health System

**MultiCare Health System**

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MultiCare Covington Medical Center ~ MultiCare Deaconess Hospital ~ MultiCare Good Samaritan Hospital  
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