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AUG 17 2021

CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH

August 16, 2021

Via email fslcon@doh.wa.gov
Department of Health
Certificate of Need Program
P.O. Box 47852

DOR22-03

Olympia, Washington 98504-7852

RE: Notification of Transaction and Request for Determination of Reviewability

We are writing to provide notice of a transaction involving Kentucky Hospital Holdings JV, L.P. (the "Partnership") and LifePoint Health, Inc. ("LifePoint"). The Partnership is the great-great-great-grandparent of THC-Seattle, LLC ("THC-Seattle"). THC-Seattle owns and operates Kindred Hospital Seattle, an 80-bed long term acute care hospital located in Seattle, Washington.

This letter specifically requests a determination of reviewability ("DOR") with respect to Kindred Hospital Seattle finding that the transaction does not require the hospital to obtain a new Certificate of Need ("CON").

On June 18, 2021, LifePoint entered into an agreement (the "Agreement") with a group of sellers comprising affiliates of TPG Capital ("TPG"), Welsh, Carson, Anderson & Stowe ("WCAS"), Port-aux-Choix Private Investments ("PSP") and certain other holders, which will result in the acquisition of THC-Seattle by one or more affiliates under common ownership with LifePoint.

Pursuant to the Agreement, LifePoint will cause one or more of its affiliates (under common ownership with LifePoint) to acquire all of the outstanding equity of the Partnership resulting in an indirect change in control of THC-Seattle (the "Transaction"). At that point, the indirect change of control of THC-Seattle will be complete. This change is at the ultimate parent company level and will not result in a change in the direct or immediate/intermediate parent companies, tax identification numbers, provider identification numbers, or service areas of THC-Seattle. **The Transaction is anticipated to close on or about November 1, 2021.** For your quick reference, please see Attachments A and B, which show the corporate structure of THC-Seattle before and after the Transaction.

Based on the structure of this Transaction, we believe this is a change of control transaction and not a change of ownership under Washington law for purposes of CON review. As indicated above, the transaction is not the sale of a hospital; it is the sale of 100% of the great-great-great-grandparent of the company (THC-Seattle) which owns the hospital. There is no change in the ownership of THC-Seattle. However, we are respectfully requesting an official determination by the Washington State Department of Health that CON review is not required.

A Change in Control Transaction Does Not Require Certificate of Need Review.

The activities subject to CON review include the establishment of a new hospital, the sale, purchase or lease of a hospital and a change in the bed capacity of a hospital. The CON Program adopted regulations to require CON review of transactions resulting in a change in control of a hospital; however, the Washington Supreme Court subsequently held that those regulations were beyond the Program's authority and therefore invalid. Wash. State Hosp. Ass'n v. Wash. State Dep't of Health, 183 Wn.2d 590, 597 (2015). That decision was based in part on the long history of DORs in which the CON Program concluded that change of control transactions were not subject to CON review.

Examples of DORs in which the CON Program found that change in control transactions were not subject to CON review include: DOR #06-05, where Capella Healthcare acquired a controlling interest in Capital Medical Center; DOR #18-17 issued to Kindred Healthcare, where

Kindred Healthcare went from being a publicly traded company to being privately owned by a consortium of entities; DOR #21-24 issued to MultiCare Health System, whereby LifePoint sold a controlling interest in various holding companies that controlled Capital Medical Center to MultiCare Health System; DOR #13-24 issued to Franciscan Health System ("FHS") for a transaction in which an FHS-affiliated entity became the sole member of Harrison Medical Center; DOR dated March 12, 2007, for a transaction in which FHS become the sole corporate member of Enumclaw Regional Hospital Association; and DOR #06-34 issued to MultiCare Health System for a transaction in which MultiCare Health System became the sole corporate member of Good Samaritan Community Healthcare.

It is notable that in both the Kindred Healthcare DOR (#18-17) and the MultiCare/LifePoint DOR (#31-24), the for-profit parent entity that indirectly controlled the entities operating hospitals in Washington sold and/or reorganized holding companies, resulting in new parent entities having indirect control of the Washington hospitals. However, these DORs resulted in no other changes to the legal ownership, operations, licenses, services, or certifications of the subject hospitals. The Transaction is consistent with the facts of both of those DORs that were approved by the Certificate of Need Program, one of which was approved in March of this year.

Kindred Hospital Seattle is an existing hospital, and the Transaction does not contemplate any change in its bed capacity or a sale or lease of the hospital. The transaction will result in the great-great-great-grandparent entity of THC Seattle, LLC having new equity owners. We respectfully submit that, pursuant to the case law and past CON Program DORs, the transaction is not subject to CON review.

If you have any questions or need any additional information, please let me know at your earliest convenience. We have separately forwarded the \$1,925 fee for a DOR request to the address listed above on today's date, via Federal Express. The tracking number for the delivery is 282612360786.

Thanking you in advance for your prompt attention in this matter.

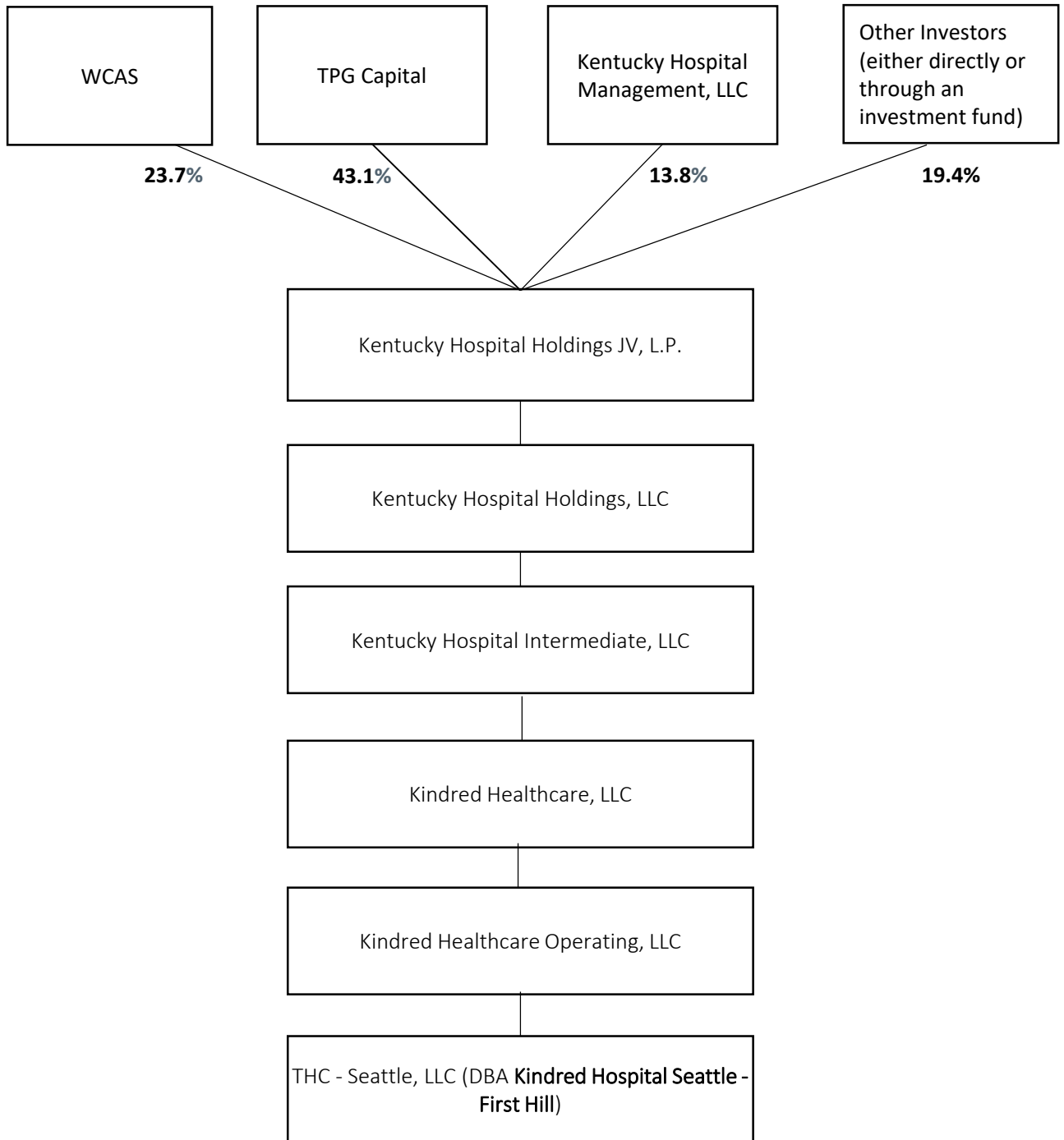
Best regards,



Barbara Lankford
Division Vice President, Market Development
Kindred Healthcare
Enclosures: Attachments A & B

Attachment A

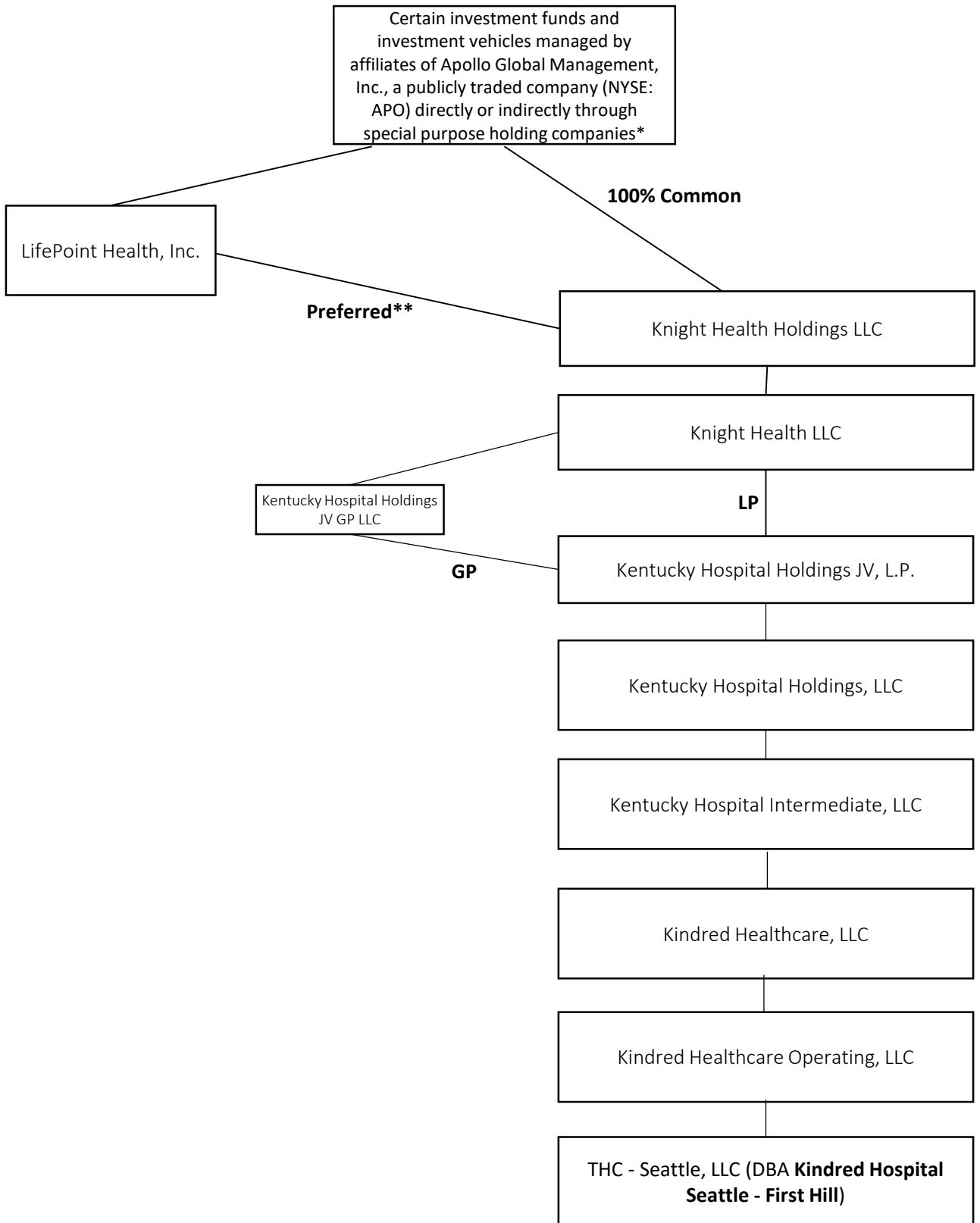
Pre-Transaction Structure
Kindred Hospital Seattle - First Hill



Note: All ownership percentages are 100% unless specifically noted otherwise.

Attachment B

Post-Transaction Structure
Kindred Hospital Seattle - First Hill



Note: All ownership percentages are 100% unless specifically noted otherwise.

***Officers, directors, employees and consultants hold less than 10% ownership interest in the aggregate, and no such individual holds more than 1% individually.**

****Represents a non-voting and non-participating preferred security interest.**