



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

September 15, 2010

CERTIFIED MAIL # 7007 3020 0000 3056 2285

Calvin Knight, President & COO
Swedish Health Services
747 Broadway
Seattle, Washington 98122

Dear Mr. Knight:

Thank you for your letter and documentation dated September 3, 2010, regarding the stated project description on Certificate of Need #1426. Enclosed is a replacement certificate, Certificate of Need #1426R, for that project. Everything else remains the same. Please destroy Certificate of Need #1426.

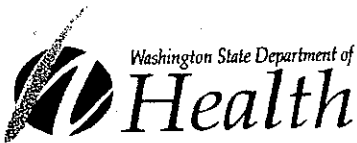
Please contact me at (360) 236-2955 if you have any questions or concerns as you proceed with your project.

Sincerely,

Janis R. Sigman, Manager
Certificate of Need Program
Office of Certification & Technical Support

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 #1426 is issued to:

Legal Name of Applicant: Swedish Health Services, Swedish Edmonds
Address of Applicant: 747 Broadway
Seattle, Washington 98122
Type of Service: Lease of an Acute Care Hospital
Facility Name: Public Hospital District #2-Snohomish County, Stevens Hospital
Facility Address: 21601 – 76h Avenue West
Edmonds, Washington 98026-7506

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD
AND EVALUATION OF AUGUST 17, 2010 (CN App #10-32)**

Description/Services To Be Provided:

This certificate approves the long-term lease of Stevens Hospital by Swedish Edmonds. The lease agreement is for 30 years, with two 10-year options to renew. Under the lease agreement, Stevens Hospital will continue participation in both the Medicare and Medicaid programs, and maintain all essential services currently offered by the hospital. Swedish Health Services indicates that the name of the hospital may change; however, a new name has not been identified. For this project, Swedish Health Services is the lessee, even though a new corporation was created for this project, and the hospital district is the lessor.

Terms and Condition:

This Certificate is issued with five terms and five conditions stated on the attached page.

Service Area

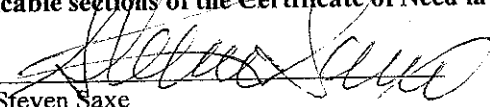
Stevens Hospital is located in Snohomish County

Approved Capital Expenditure

The capital expenditure associated with this approval is \$2,898,000. Swedish Health Services identified this amount to include legal and consulting fees for the project, assigned costs to Swedish Health Services for Stevens Hospital's capital ventures, and the estimated value of Steven's Hospital's joint ventures assigned to Swedish Health Services.

This Certificate authorizes commencement of the project from August 26, 2010, to August 26, 2012, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: August 26, 2010


Steven Saxe
Director, Health Professions and Facilities

This Certificate is not transferable.

Certificate of Need #1426R
Page Two

TERMS:

1. Within 20 days of finalizing the lease of Stevens Hospital, Swedish Health Services will submit to the Certificate of Need Program for review and approval a final, executed Agreement to Lease and Operate the Hospital, including all finalized exhibit attached to the lease. The executed Agreement to Lease and Operate the Hospital must be consistent with the draft lease provided in the application.
2. Within 45 days of finalizing the lease of Stevens Hospital, Swedish Health Services will submit to the Certificate of Need Program for review and approval a final, adopted Swedish Edmonds Admission Policy. The final Admission Policy must be consistent with the draft policy provided in the application.
3. Within 45 days of finalizing the lease of Stevens Hospital, Swedish Health Services will submit to the Certificate of Need Program for review and approval a final, adopted Swedish Edmonds Case Management Assessment and Discharge Planning Policy. The final Case Management Assessment and Discharge Planning Policy must be consistent with the draft policy provided in the application.
4. Within 45 days of finalizing the lease of Stevens Hospital, Swedish Health Services will submit to the Certificate of Need Program for review and approval a final, adopted Swedish Edmonds Community Service Policy. The final Community Service Policy must be consistent with the draft policy provided in the application.
5. Within 60 days of finalizing the lease of Stevens Hospital, Swedish Health Services will submit to the Certificate of Need Program an adopted copy of Swedish Edmonds Charity Care Policy approved by the Department of Health's Hospital and Patient Data Systems Program.

CONDITIONS

1. Swedish Edmonds will provide charity care in compliance with the charity care policies provided in this Certificate of Need application, and any subsequent policies will be reviewed and approved by the Department of Health. Swedish Edmonds 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 Puget Sound Region. Currently, this amount is 4.23% for adjusted revenue. Swedish Edmonds will maintain records documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.
2. Stevens Hospital is currently licensed for 217 acute care beds broken down below. Any change in this bed configuration requires prior Certificate of Need review and approval.

Type of Service	# of Beds
General Medical/Surgical	183
Level 2 intermediate care nursery	9
Dedicated Psychiatric	25
Total	217

3. SHS and the district must submit an applicability determination as outlined in WAC 246-310-050 prior to implementing changes approved through the exception process identified in the 'Agreement to Lease and Operate the Hospital' section 4.9 for subsections (d), (e), (f), (i), and (j). The specific subsections are referenced on page 20 of the department's August 17, 2010, evaluation as numbers 4, 5, 6, 9, and 10, respectively.
4. SHS and the district must submit an applicability determination as outlined in WAC 246-310-050 prior to eliminating any service listed in Exhibit E of the 'Agreement to Lease and Operate the Hospital' for a period of 10 years following the issue date of the Certificate of Need.
5. Any modification to the exception list outlined in the 'Agreement to Lease and Operate the Hospital' above requires an amendment to this approval.