



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH

May 22, 2012

CERTIFIED MAIL # 7011 1570 000 7802 6067

Mike Fitzgerald, CFO  
Franciscan Health System  
1145 Broadway Plaza, #1200  
Tacoma, Washington 98402

Re: CN #12-02

Dear Mr. Fitzgerald:

Enclosed is Certificate of Need #1472 issued to Franciscan Health System approving the purchase of the existing exempt ambulatory surgery center known as Tacoma Endoscopy Center.

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. Any affected 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:  
Adjudicative Service Unit  
Mail Stop 47879  
Olympia, WA 98504-7879


Other Than By Mail  
Adjudicative Clerk Office  
310 Israel Road SE, Building 6  
Tumwater, WA 98501

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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 question, please contact Janis Sigman, Manager of the Certificate of Need Program at (360) 236-2955.

Sincerely,



<sup>for</sup> Steven M. Saxe, FACHE  
Director, Health Professions and Facilities

Enclosure

cc: Linda Foss, Department of Health, Investigations and Inspections Office  
Karen Stricklett, Customer Service Office



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 #1472 is issued to:**

**Legal Name of Applicant:** Franciscan Health System  
**Address of Applicant:** 1717 South J Street, Tacoma, Washington 98401  
**Type of Service:** Ambulatory Surgery Center  
**Facility Name:** Tacoma Endoscopy Center  
**Facility Address:** 1112 Sixth Avenue, #200, Tacoma, Washington 98405

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION DATED MAY 10, 2012 (App #12-02)**

**Project Description:**

Franciscan Health System will operate Tacoma Endoscopy Center in Tacoma as an outpatient department of St. Francis Hospital which is located at 34515 Ninth Avenue South in Federal Way. Currently, only endoscopy and gastroenterology services are provided at the ASC. After completion of this transaction, the facility will have five operating rooms and three procedure rooms. FHS states that there would be no changes in the following: the site of the ASC; the services currently provided at the ASC; and physicians access to the ASC.

**Service Area**  
Central Pierce County

**Conditions**

The four conditions are identified on page 2 of this Certificate of Need.

**Approved Capital Expenditure**

The approved capital expenditure associated with this project is \$12,503,463, and is broken down below.

Item	Cost
Acquisition Costs	\$ 10,790,000
Construction	\$ 1,338,370
Fixed/Moveable Equipment	\$ 229,300
Architect/Engineering Fees	\$ 145,793
Total Project Cost	\$ 12,503,463

This Certificate authorizes commencement of the project from May 22, 2012, to May 22, 2014, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: May 22, 2012

  
Steven Saxe

Director, Health Professions and Facilities

**This Certificate is not transferable.**

## **CN #1472 Conditions**

1. Franciscan Health System agrees with the project description above.
2. Franciscan Health System will limit the services to endoscopy and gastroenterology services as described within the application.
3. Tacoma Endoscopy Center will provide charity care in compliance with the charity care policies reviewed and approved by the Department of Health. Franciscan Health System will use reasonable efforts to provide charity care at Tacoma Endoscopy Center in an amount comparable to or exceeding the regional average amount of charity care provided by hospitals in the Puget Sound Region. Currently, this amount is 2.18% of gross revenue and 4.71% of adjusted revenue. Tacoma Endoscopy Center will maintain records documenting the amount of charity care it provides and demonstrating compliance with its charity care policies.
4. Franciscan Health System will provide a copy of the written approval from Tacoma Medical Center Associates, the landlord identified in the lease agreement, demonstrating approval of the assignment or sub-lease of the premises to the new owner of Tacoma Endoscopy Center.