



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH  
*PO Box 47852 • Olympia, Washington 98504-7852*

December 15, 2017

CERTIFIED MAIL # 7016 3010 0001 0575 0709

Martina Sze, EVP  
US HealthVest, LLC  
32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor  
New York, New York 10022

RE: Certificate of Need 1580

Dear Ms. Sze:

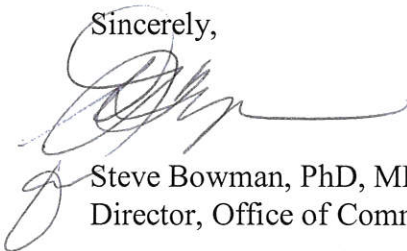
Enclosed is Certificate of Need #1580A issued to US Health Vest, LLC proposing to establish a new 75 bed psychiatric hospital in Lacey within Thurston County based on Mediation Settlement Agreement dated December 11, 2017.

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.

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

Sincerely,



Steve Bowman, PhD, MHA  
Director, Office of Community Health Systems

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 #1580A is issued to:**

**Legal Name of Applicant:** US HealthVest, LLC  
**Address of Applicant:** 32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor, New York, New York 10022  
**Type of Service:** Psychiatric Hospital  
**Facility Name:** Vest Thurston, LLC dba South Sound Behavioral Health Hospital  
**Facility Address:** 605 Woodland Square SE, Lacey WA 98503

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD, EVALUATION DATED JULY 5, 2016 (CN App #16-23), AND MEDIATED SETTLEMENT AGREEMENT DATED DECEMBER 11, 2017**

**Project Description**

This certificate approves the construction of a 75-bed psychiatric hospital to be located in Lacey, within Thurston County. The hospital would provide a full range of psychiatric services for patients five years of age and older. These services include inpatient services, involuntary treatment services, day hospital/partial hospitalization, and intensive outpatient services as well as substance abuse treatment. Programs to be provided include adult psychiatric, active-duty military, extra mile veteran care, women’s, dual diagnosis, geriatric, faith-based mental health and chemical dependency, child/adolescent, pain management, and mother-infant. The number of approved beds is summarized below.

	<b>Number of Beds</b>
Beds dedicated for patients ages 5 to 17 (child/adolescent)	10
Beds dedicated to patients age 18 and older (adult) beds	65
<b>Total Licensed Beds</b>	<b>75</b>

**Service Area**

Thurston

**Conditions**

Conditions identified on pages two and three

**Approved Capital Expenditure**

The approved estimated capital expenditure for this project is \$18,391,800

This Certificate authorizes commencement of the project from July 13, 2016 to July 13, 2018 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: December 15, 2017

Steve Bowman, PhD, MHA  
Director, Office of Community Health Systems

**This Certificate is not transferable**

**Certificate of Need #1580A- Page 2**  
**Conditions**

1. Approval of the project description as stated above. US HealthVest, LLC further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Prior to providing services at the hospital, US HealthVest, LLC will submit a copy of the adopted and approved Admission Policy for review and approval.
3. Prior to providing services at the hospital, US HealthVest, LLC will submit a copy of the adopted Charity Care Policy approved by the Department of Health's Charity Care Program in the Office of Community Health Systems.
4. The new 75-bed psychiatric hospital will provide charity care in compliance with its final charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. The new 75-bed psychiatric hospital 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 Southwest Region. Currently, this amount is 3.42% of gross revenue and 8.62% of adjusted revenue. The psychiatric hospital will maintain records documenting the amount of charity care provided and demonstrating its compliance with its charity care policies.
5. Annual budgets, as required by WAC 246-454-030, submitted by the new 75-bed psychiatric hospital must include budgeted charity care amounts of at least the regional average amount of charity care provided by hospitals in the Southwest Region.
6. US HealthVest, LLC will finance this project using corporation reserves.
7. Prior to commencement of the project, US HealthVest, LLC will submit to the department for review and approval an executed Lease Agreement between Vest Thurston Realty, LLC and DM Ventures Woodland, LLC for the site. The executed lease must be consistent with the draft reviewed by the department.
8. Prior to providing services, US HealthVest, LLC will provide a copy of the executed intercompany "lease" between Vest Thurston Realty, LLC and Vest Thurston, LLC. No intercompany lease fees are to be included.
9. Prior to providing services at the hospital, US HealthVest, LLC will submit to the department for review and approval a listing of key staff for the hospital. Key staff includes all credentialed or licensed management staff, including the director of nursing and medical director.
10. Prior to providing services at the hospital, US HealthVest, LLC will submit to the department for review and approval a final listing of ancillary and support vendors for the 75-bed psychiatric hospital.
11. Prior to commencement of the project, US HealthVest, LLC will submit to the department for review and approval an executed Transfer Agreement. The executed Transfer Agreement must be consistent with the draft reviewed by the department.
12. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, US HealthVest, LLC will contract with the state to provide that care. An ITA referral may only be rejected if there are no beds available at US HealthVest, LLC at the time of referral or if such referral is clinically inappropriate.
13. On an annual, calendar year basis, at least of 20% of the hospital's inpatient admissions shall be ITA patients. The Department of Health may hereinafter set a lower percentage of ITA admissions on a statewide basis.

**Certificate of Need #1580A- Page 3**  
**Conditions**

14. The hospital will maintain records documenting the following patient referral statistics:

- Number of ITA patient referrals;
- Number of ITA patients accepted;
- Annual ITA admissions as a percentage of total hospital admissions; and,
- Reason for not accepting each declined ITA patient.

These records must be provided to the department on a semi-annual basis.



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH  
*PO Box 47852 • Olympia, Washington 98504-7852*

December 18, 2017

CERTIFIED MAIL # 7016 3010 0001 0575 0761

Martina Sze, EVP  
US HealthVest, LLC  
32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor  
New York, New York 10022

RE: Certificate of Need Application #17-22-CORRECTED

Dear Ms. Sze:

We have completed review of the Certificate of Need application submitted by US Health Vest, LLC proposing to add 40 beds to its previously approved 75 bed psychiatric hospital in Lacey within Thurston County. Enclosed is a written evaluation of the application.

The department concludes the application submitted by US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital proposing to add 40 beds to its previously approved 75-bed psychiatric hospital located in Lacey, within Thurston County, is consistent with applicable criteria of the Certificate of Need Program. Based on the mediated settlement agreement signed December 11, 2017 the total number of additional beds approved is 33 provided Vest Thurston, LLC agrees with the following in their entirety.

**Project Description:**

This certificate approves the addition of 33 psychiatric beds to the 75-bed by US HealthVest at its Vest Thurston, LLC dba South Sound Behavioral Health Hospital located in Lacey, within Thurston County. The hospital will provide a full range of psychiatric services for patients five years of age and older. These services include inpatient services, involuntary treatment services, day hospital/partial hospitalization, and intensive outpatient services as well as substance abuse treatment. Programs will include adult psychiatric, active-duty military, extra mile veteran care, women's, dual diagnosis, geriatric, faith-based mental health and chemical dependency, child/adolescent, pain management, and mother-infant. The number of approved beds is summarized below.

	<b>Number of Beds</b>
Beds dedicated for patients ages 5 to 17 (child/adolescent)	10
Beds dedicated to patients age 18 and older (adult) beds	98
<b>Total Licensed Beds</b>	<b>108</b>

**Conditions:**

1. Approval of the project description as stated above. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Prior to providing services US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit copies of the following adopted documents for the department review and approval
  - Admission Policy
  - After Care Policy
  - Discharge Policy
  - Emergency Assessment Policy
  - Involuntary Treatment Admission Policy
  - Medical Director Job Description
3. Prior to providing services US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit a copy of the adopted Charity Care Policy approved by the Department of Health's Charity Care Program in the Office of Community Health Systems.
4. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will provide charity care in compliance with its final charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital 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 Southwest Region. Currently, this amount is 2.72% of gross revenue and 7.26% of adjusted revenue. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will maintain records documenting the amount of charity care provided and demonstrating its compliance with its charity care policies.
5. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will finance this project using corporation reserves as described in the application.
6. Prior to providing services at the hospital, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval a listing of key staff for the hospital. Key staff includes all credentialed or licensed management staff, including the director of nursing and medical director.
7. Prior to providing services at the hospital, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval a final listing of ancillary and support vendors for the 108-bed psychiatric hospital.

8. Prior to commencement of the project, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval an executed Transfer Agreement. The executed Transfer Agreement must be consistent with the draft reviewed by the department.
9. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, US HealthVest, LLC will contract with the state to provide that care. An ITA referral may only be rejected if there are no beds available at US HealthVest, LLC at the time of referral or if such referral is clinically inappropriate.
10. On an annual, calendar year basis, at least 20% of the hospital's inpatient admissions shall be ITA patients. The Department may hereinafter set a lower percentage of ITA patients admissions on a statewide basis.
11. The hospital shall maintain records documenting the following:
  - Number of ITA patient referrals;
  - Number of ITA patients admitted;
  - Annual ITA admissions as a percentage of total hospital admissions; and,
  - Reason for not accepting each declined ITA patient.

These records shall be provided to the department on a semi-annual basis.

**Approved Costs:**

The estimated capital expenditure for this project \$4,339,976.

Please notify the Department of Health within 20 days of the date of this letter whether you accept the above project description, conditions, and capital costs for your project. If you accept these in their entirety, your application will be approved and a Certificate of Need sent to you.

If you reject any of the above provisions, your application will be denied. The department will send you a letter denying your application and provide you information about your appeal rights.

Send your written response to the Certificate of Need Program, at one of the following addresses.


Mailing Address:  
Department of Health  
Certificate of Need Program  
Mail Stop 47852  
Olympia, WA 98504-7852

Physical Address:  
Department of Health  
Certificate of Need Program  
111 Israel Road SE  
Tumwater, WA 98501

Martina Sze, EVP  
US HealthVest, LLC  
CN Application #17-22  
December 18, 2017  
Page 4 of 4

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

Sincerely,



Steve Bowman, PhD, MHA  
Director, Community Health Systems

Enclosure



**CORRECTED EVALUATION AND MEDIATED SETTLEMENT DATED DECEMBER 15, 2017 FOR THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY US HEALTHVEST, VEST THURSTON, LLC PROPOSING TO ADD FORTY PSYCHIATRIC BEDS TO SOUTH SOUND BEHAVIORAL HOSPITAL IN THURSTON COUNTY**

**APPLICANT DESCRIPTION**

US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Hospital is registered with the state of Delaware as a limited liability company and is registered with the state of Washington as a corporation.<sup>1</sup> US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Hospital is a wholly owned subsidiary of US HealthVest, LLC. According to Certificate of Need historical record, US HealthVest, LLC is led by the former management team of Ascend Health Corporation. Ascend Health Corporation was established in 2005 and in 2012, the corporation was purchased by Universal Health Services. [Source: Certificate of Need record and Application Page 4 and 17] The management team for US HealthVest, LLC is listed below.

<b>Name</b>	<b>Role</b>
Richard A. Kresch, MD	President and Chief Executive Officer <sup>2</sup>
Neal Cury	Chief Operating Officer
Martina Sze	Vice President
Stacie York	Vice President
Stephen Brady	Vice President Financial Operations

**BACKGROUND INFORMATION**

On July 13, 2016, US HealthVest, Vest Thurston, LLC was issued Certificate of Need #1580 approving South Sound Behavioral Hospital, a 75-bed psychiatric hospital to be located in the city of Lacey within Thurston County. The psychiatric hospital was approved to provide a full range of psychiatric services for patients five years and older. Services to be provided include inpatient services, involuntary treatment services, day hospital/partial hospitalization, and intensive outpatient services as well as substance abuse treatment. Programs to be provided include adult psychiatric, active-duty military, extra mile veteran care, women’s, dual diagnosis, geriatric, faith-based mental health and chemical dependency, child/adolescent, pain management, and mother-infant. A breakdown of the beds approved under CN#1580 is summarized below.

<b>Bed Type</b>	<b>Number of Beds</b>
Beds dedicated for patients ages 5 to 17 (child/adolescent)	10
Beds dedicated to patients age 18 and older (adult) beds	65
<b>Total Licensed Beds</b>	<b>75</b>

For ease of reference the department will refer to the applicant parent company US HealthVest, LLC as “US HealthVest” and the psychiatric hospital as “South Sound Behavioral Hospital.”

<sup>1</sup> Established on May 16, 2013 with the Washington State Secretary of State office and Department of Revenue under UBI #603-574-125.

<sup>2</sup> Richard Kresch is the President and Chief Executive officer of US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Hospital and US HealthVest, LLC.

## **PROJECT DESCRIPTION**

This application proposed to add 40 beds to the 75-bed South Sound Behavioral Hospital. South Sound Behavioral Hospital's service area includes Thurston, Lewis, Mason, and Grays Harbor counties. [Source: Application, p5] Services to be provided by South Sound Behavioral Hospital includes a full range of psychiatric services consisting of inpatient services, involuntary treatment services, day hospital/partial hospitalization, and intensive outpatient services as well as substance abuse treatment. Programs to be provided include adult psychiatric, active-duty military, extra mile veteran care, women's, dual diagnosis, geriatric, faith-based mental health and chemical dependency, child/adolescent, pain management, and mother infant. [Source: Application, page 7-9] If approved, as submitted, at completion South Sound Behavioral Hospital would be a 115-bed psychiatric hospital.

## **APPLICABILITY OF CERTIFICATE OF NEED LAW**

US HealthVest, LLC application is subject to review as a change in bed capacity of a health care facility under Revised Code of Washington (RCW) 70.38.105(4)(e) and Washington Administrative Code 246-310-020(1)(c).

## **EVALUATION CRITERIA**

WAC 246-310-200(1)(a)-(d) identifies the four determinations that the department must make for each application. WAC 246-310-200(2) provides additional direction in how the department is to make its determinations. It states:

*"Criteria contained in this section and in WAC 246-310-210, 246-310-220, 246-310-230, and 246-310-240 shall be used by the department in making the required determinations.*

*(a) In the use of criteria for making the required determinations, the department shall consider:*

- (i) The consistency of the proposed project with service or facility standards contained in this chapter;*
- (ii) In the event the standards contained in this chapter do not address in sufficient detail for a required determination the services or facilities for health services proposed, the department may consider standards not in conflict with those standards in accordance with subsection (2)(b) of this section; and*
- (iii) The relationship of the proposed project to the long-range plan (if any) of the person proposing the project."*

In the event WAC 246-310 does not contain service or facility standards in sufficient detail to make the required determinations, WAC 246-310-200(2)(b) identifies the types of standards the department may consider in making its required determinations. Specifically WAC 246-310-200(2)(b) states:

*"The department may consider any of the following in its use of criteria for making the required determinations:*

- (i) Nationally recognized standards from professional organizations;*
- (ii) Standards developed by professional organizations in Washington State;*
- (iii) Federal Medicare and Medicaid certification requirements;*
- (iv) State licensing requirements;*
- (v) Applicable standards developed by other individuals, groups, or organizations with recognized expertise related to a proposed undertaking; and*
- (vi) The written findings and recommendations of individuals, groups, or organizations with recognized expertise related to a proposed undertaking, with whom the department consults during the review of an application."*

To obtain Certificate of Need approval, the applicant must demonstrate compliance with the criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); and 246-310-240 (cost containment).

**TYPE OF REVIEW**

This application was reviewed under the regular review timeline outlined in WAC 246-310-160, which is summarized below.

**APPLICATION CHRONOLOGY**

Action	US HealthVest
Letter of Intent Submitted <sup>3</sup>	December 23, 2016
Application Submitted	January 23, 2017
Department’s Pre-review Activities <ul style="list-style-type: none"> <li>• Department’s 1st Screening Letter</li> <li>• Applicant’s Responses 1st Screening Letter Received</li> <li>• Department’s 2nd Screening Letter</li> <li>• Applicant’s Responses 2nd Screening Letter Received</li> </ul>	February 13, 2017 March 30, 2017 N/A - US HealthVest requested the department begin formal review of the application
Beginning of Review	March 6, 2017
End of Public Comment <ul style="list-style-type: none"> <li>• Public comments accepted through the end of Public comment period</li> <li>• Public hearing conducted</li> </ul>	May 18, 2017 May 18, 2017
Rebuttal Comments Received	June 5, 2017
Department's Anticipated Decision Date	January 2, 2018
Department Declares Pivotal Unresolved Issue (PUI) <sup>4</sup>	October 6, 2017
End Public Comments on PUI Documents	November 6, 2017
Rebuttal Comments Submitted for PUI Document	November 30, 2017
Mediation between Department of Health, US HealthVest, BHC Fairfax, and Providence Health & Services dba St. Peter Hospital	December 4, 2017
Mediated Settlement Agreement Executed	December 11, 2017
Department's Anticipated Decision Date	January 2, 2018
Department's Actual Decision Date	December 15, 2017

**AFFECTED PERSONS**

Washington Administrative Code 246-310-010(2) defines “affected person” as:

“...an “interested person” who:

- (a) Is located or resides in the applicant's health service area;
- (b) Testified at a public hearing or submitted written evidence; and
- (c) Requested in writing to be informed of the department's decision.”

<sup>3</sup> US HealthVest submitted the application without a letter of intent; therefore the application was held for the 30 day letter of intent period. The application was considered submitted on the 31<sup>st</sup> day or January 23, 2017. (WAC 246-310-090(2)(c).

<sup>4</sup> On October 6, 2017, the department declared Pivotal Unresolved Issue (PUI) regarding this application because of the conditions approving South Sound Behavioral Hospital to be located in the City of Lacey, appears to limit access to involuntary patients seeking treatments at the hospital.

WAC 246-310-010(2) requires an affected person to first meet the definition of an “interested person.” WAC 246-310-010(34) defines “interested person” as:

- (a) *The applicant;*
- (b) *Health care facilities and health maintenance organizations providing services similar to the services under review and located in the health service area;*
- (c) *Third-party payers reimbursing health care facilities in the health service area;*
- (d) *Any agency establishing rates for health care facilities and health maintenance organizations in the health service area where the proposed project is to be located;*
- (e) *Health care facilities and health maintenance organizations which, in the twelve months prior to receipt of the application, have submitted a letter of intent to provide similar services in the same planning area;*
- (f) *Any person residing within the geographic area to be served by the applicant; and*
- (g) *Any person regularly using health care facilities within the geographic area to be served by the applicant.*

For this application four entities sought interested and/or affected person status. The following individuals or entities are listed below.

- BHC Fairfax Hospital
- Fairfax Behavioral Health and Providence Health & Services
- Providence Health & Services
- MultiCare Health System

A brief description of each of the entities is below.

BHC Fairfax Hospital, Inc.

On April 19, 2017, BHC Fairfax requested to be considered an interested and affected person and to be informed of the department’s decision. Fairfax Behavioral Health provides psychiatric services similar to the services proposed to be provided by US HealthVest. However, Fairfax Behavioral Health is not located in the Thurston, Lewis, Mason, or Grays Harbor counties. Fairfax Behavioral Health submitted both written and oral comments at the May 18, 2017, public hearing on US HealthVest’s application. However, Fairfax Behavioral Health as a single organization does not qualify as an “interested” or “affected” person

Olympia Behavioral Health, LLC (joint venture between Fairfax Behavioral Health and Providence Health & Services dba Providence St. Peter Hospital)

On February 9, 2017 OBH requested to be an interested person and to be informed of the department’s decision. On June 21, 2016 OBH submitted an application to establish an 85-bed psychiatric hospital in Thurston County. OBH submitted both written and oral comments at the May 18, 2017, public hearing on the HealthVest application. Therefore, Olympia Behavioral Health, LLC (Joint venture between Fairfax Behavioral Health and Providence Health & Services dba Providence St. Peter Hospital) qualifies both as an interested and affected person.

Providence Health & Services-dba St. Peter Hospital

On February 9, 2017 requested to be an interested person and to be informed of the department’s decision. Providence St. Peter Hospital is a licensed acute care hospital located in Olympia and provides inpatient psychiatric services. Providence St. Peter Hospital meets the definition of an “interested person” under WAC 246-310-010(34)(b). Providence Health & Services dba St. Peter Hospital provided

written and oral comments at the public hearing conducted on May 18, 2017. Providence Health & Services dba St. Peter Hospital qualifies as an “interested” and “affected”.

### MultiCare Health Systems

On February 24, 2017, MultiCare Health Systems requested interested person status and to be informed of the department’s decision. MultiCare Health Systems does not operate a healthcare facility in Thurston County that provides services similar to the services proposed to be provided by US HealthVest. MultiCare Health Systems did not provide written or oral comment on this application. Therefore, MultiCare does not meet the definition of an “interested person” under WAC 246-310-010(34) and does not qualify as “affected person.”

### **SOURCE INFORMATION CONSIDERED**

- US HealthVest’s Certificate of Need application submitted January 23, 2017
- US HealthVest’s screening responses received March 30, 2017
- City of Lacey Community Development staff report received May 17, 2017 at the City of Lacey Land use hearing
- City of Lacey Community Development Hearing Examiner Recommendation to Lacey City Council obtained from the website at:  
[http://www.ci.lacey.wa.us/Portals/0/docs/community\\_development/planning\\_and\\_zoning/projects\\_under\\_review/hearings\\_examiner\\_recommendation\\_SSBH\\_CUP.pdf](http://www.ci.lacey.wa.us/Portals/0/docs/community_development/planning_and_zoning/projects_under_review/hearings_examiner_recommendation_SSBH_CUP.pdf)
- BHC Fairfax Hospital public comment received May 18, , 2017-Withdrawn
- Fairfax Behavioral Health and Providence Health & Services public comment received May 18, 2017-Withdrawn
- Providence Health & Services public comment received on May 18, 6, 2017-Withdrawn
- Public comments received at the Certificate of Need Program by 5:00pm on May 18, 2017
- Public comments received at the public hearing conducted on May 18, 2017
- US HealthVest’s rebuttal documents received on June 5, 2017
- Fairfax Behavioral Health’s rebuttal documents received on June 5, 2017-Withdrawn
- Fairfax Behavioral Health and Providence Health & Services joint rebuttal documents received June 5, 2017-Withdrawn
- Providence Health & Services rebuttal documents received on June 5, 2017-Withdrawn
- Office of Financial Management-Population data-Washington State Growth Management Population Projections for Counties 2010-2040 (2012 County age and sex projections, five-year intervals and age groups-Medium series
- Comprehensive Hospital Abstract Reporting System (CHARS) data obtained from the Department of Health’s Office of Hospital and Patient Data Systems
- Department of Health Office of Community Health Systems, Charity Care and Hospital Financial Data Program financial feasibility and cost containment analysis received June 29, 2017
- Historical charity care data for years 2013, 2014, and 2015 obtained from Department of Health Office of Community Health Systems, Charity Care and Hospital Financial Data Program
- Certificate of Need historical file.
- PUI public comment received at the Certificate of Need Program by 5:00pm on November 6, 2017
- BHC Fairfax Hospital PUI public comment received November 6, 2017-Withdrawn
- Fairfax Behavioral Health and Providence Health & Services PUI public comment received November 6, 2017-Withdrawn
- Providence Health & Services PUI public comment received on November 6, 2017-Withdrawn

- US HealthVest rebuttal PUI public comment received on November 30, 2017

**CONCLUSIONS**

The department concludes the application submitted by US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital proposing to add 40 beds to its previously approved 75-bed psychiatric hospital located in Lacey, within Thurston County, is consistent with applicable criteria of the Certificate of Need Program. Based on the mediated settlement agreement signed December 11, 2017 the total number of additional beds approved is 33 provided Vest Thurston, LLC agrees with the following in their entirety.

**Project Description:**

This certificate approves the addition of 33 psychiatric beds to the 75-bed by US HealthVest at its Vest Thurston, LLC dba South Sound Behavioral Health Hospital located in Lacey, within Thurston County. The hospital will provide a full range of psychiatric services for patients five years of age and older. These services include inpatient services, involuntary treatment services, day hospital/partial hospitalization, and intensive outpatient services as well as substance abuse treatment. Programs will include adult psychiatric, active-duty military, extra mile veteran care, women’s, dual diagnosis, geriatric, faith-based mental health and chemical dependency, child/adolescent, pain management, and mother-infant. The number of approved beds is summarized below.

	<b>Number of Beds</b>
Beds dedicated for patients ages 5 to 17 (child/adolescent)	10
Beds dedicated to patients age 18 and older (adult) beds	98
<b>Total Licensed Beds</b>	<b>108</b>

**Conditions:**

1. Approval of the project description as stated above. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Prior to providing services US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit copies of the following adopted documents for the department review and approval
  - Admission Policy
  - After Care Policy
  - Discharge Policy
  - Emergency Assessment Policy
  - Involuntary Treatment Admission Policy
  - Medical Director Job Description
3. Prior to providing services US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit a copy of the adopted Charity Care Policy approved by the Department of Health’s Charity Care Program in the Office of Community Health Systems.
4. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will provide charity care in compliance with its final charity care policies reviewed and approved by the

Department of Health, or any subsequent polices reviewed and approved by the Department of Health. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital 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 Southwest Region. Currently, this amount is 2.72% of gross revenue and 7.26% of adjusted revenue. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will maintain records documenting the amount of charity care provided and demonstrating its compliance with its charity care policies.

5. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will finance this project using corporation reserves as described in the application.
6. Prior to providing services at the hospital, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval a listing of key staff for the hospital. Key staff includes all credentialed or licensed management staff, including the director of nursing and medical director.
7. Prior to providing services at the hospital, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval a final listing of ancillary and support vendors for the 108-bed psychiatric hospital.
8. Prior to commencement of the project, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval an executed Transfer Agreement. The executed Transfer Agreement must be consistent with the draft reviewed by the department.
9. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, US HealthVest, LLC will contract with the state to provide that care. An ITA referral may only be rejected if there are no beds available at US HealthVest, LLC at the time of referral or if such referral is clinically inappropriate.
10. On an annual, calendar year basis, at least 20% of the hospital's inpatient admissions shall be ITA patients. The Department may hereinafter set a lower percentage of ITA patients admissions on a statewide basis.
11. The hospital shall maintain records documenting the following:
  - Number of ITA patient referrals;
  - Number of ITA patients admitted;
  - Annual ITA admissions as a percentage of total hospital admissions; and,
  - Reason for not accepting each declined ITA patient.

These records shall be provided to the department on a semi-annual basis.

**Approved Costs:**

The estimated capital expenditure for this project \$4,339,976.



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH  
*PO Box 47852 • Olympia, Washington 98504-7852*

December 20, 2017

CERTIFIED MAIL # 7016 3010 0001 0575 0808

Martina Sze, EVP  
US HealthVest, LLC  
32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor  
New York, New York 10022

RE: Certificate of Need Application #17-22

Dear Ms. Sze:

Thank you for your letter dated December 20, 2017 agreeing to the conditions. Enclosed is Certificate of Need #1624 issued to US Health Vest, LLC to add 33 beds to your psychiatric hospital in Lacey within Thurston County based on Mediation Settlement Agreement dated December 11, 2017.

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.

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

Sincerely,

Steve Bowman, PhD, MHA  
Director, Office of Community Health Systems

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 #1624 is issued to:**

**Legal Name of Applicant:** US HealthVest, LLC  
**Address of Applicant:** 32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor, New York, New York 10022  
**Type of Service:** Psychiatric Hospital  
**Facility Name:** Vest Thurston, LLC dba South Sound Behavioral Health Hospital  
**Facility Address:** 605 Woodland Square SE, Lacey WA 98503

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD, EVALUATION DATED DECEMBER 15,2017 (CN App #17-22), AND MEDIATED SETTLEMENT AGREEMENT DATED DECEMBER 11, 2017**

**Project Description**

**Project Description:**

This certificate approves the addition of 33 psychiatric beds to the 75-bed by US HealthVest at its Vest Thurston, LLC dba South Sound Behavioral Health Hospital located in Lacey, within Thurston County. The hospital will provide a full range of psychiatric services for patients five years of age and older. These services include inpatient services, involuntary treatment services, day hospital/partial hospitalization, and intensive outpatient services as well as substance abuse treatment. Programs will include adult psychiatric, active-duty military, extra mile veteran care, women’s, dual diagnosis, geriatric, faith-based mental health and chemical dependency, child/adolescent, pain management, and mother-infant. The number of approved beds is summarized below.

	<b>Number of Beds</b>
Beds dedicated for patients ages 5 to 17 (child/adolescent)	10
Beds dedicated to patients age 18 and older (adult) beds	98
<b>Total Licensed Beds</b>	<b>108</b>


**Service Area**  
Thurston

**Conditions**  
Conditions identified on pages two and three

**Approved Capital Expenditure**  
The approved estimated capital expenditure for this project is \$18,391,800

**This Certificate authorizes commencement of the project from December 20, 2017 to December 20, 2019 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.**

**Date Certificate Issued: December 20, 2017**

  
Steve Bowman, PhD, MHA  
Director, Office of Community Health Systems

**This Certificate is not transferable**

**Certificate of Need #1624- Page 2**  
**Conditions**

1. Approval of the project description as stated above. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Prior to providing services US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit copies of the following adopted documents for the department review and approval
  - Admission Policy
  - After Care Policy
  - Discharge Policy
  - Emergency Assessment Policy
  - Involuntary Treatment Admission Policy
  - Medical Director Job Description
3. Prior to providing services US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit a copy of the adopted Charity Care Policy approved by the Department of Health's Charity Care Program in the Office of Community Health Systems.
4. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will provide charity care in compliance with its final charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital 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 Southwest Region. Currently, this amount is 2.72% of gross revenue and 7.26% of adjusted revenue. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will maintain records documenting the amount of charity care provided and demonstrating its compliance with its charity care policies.
5. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will finance this project using corporation reserves as described in the application.
6. Prior to providing services at the hospital, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval a listing of key staff for the hospital. Key staff includes all credentialed or licensed management staff, including the director of nursing and medical director.
7. Prior to providing services at the hospital, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval a final listing of ancillary and support vendors for the 108-bed psychiatric hospital.
8. Prior to commencement of the project, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval an executed Transfer Agreement. The executed Transfer Agreement must be consistent with the draft reviewed by the department.
9. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, US HealthVest, LLC will contract with the state to provide that

**Certificate of Need #1624- Page 3**  
**Conditions**

care. An ITA referral may only be rejected if there are no beds available at US HealthVest, LLC at the time of referral or if such referral is clinically inappropriate.

10. On an annual, calendar year basis, at least 20% of the hospital's inpatient admissions shall be ITA patients. The Department may hereinafter set a lower percentage of ITA admissions on a statewide basis.

11. The hospital shall maintain records documenting the following:

- Number of ITA patient referrals;
- Number of ITA patients admitted;
- Annual ITA admissions as a percentage of total hospital admissions; and,
- Reason for not accepting each declined ITA patient.

These records shall be provided to the department on a semi-annual basis.



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH  
*PO Box 47852 • Olympia, Washington 98504-7852*

January 5, 2018

CERTIFIED MAIL # 7016 3010 0001 0575 0860

Martina Sze, EVP  
Us HealthVest, LLC  
32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor  
New York, New York 10022

RE: Certificate of Need Application #17-22

Dear Ms. Sze:

It has been brought to my attention that CN#1624 contained an error in the dollar amount approved for the Thurston County bed addition project. CN#1624 stated the approved capital expenditure was \$18,391,800 instead of \$4,339,976. Enclosed is CN#1624R with the correct approved capital expenditure dollar figure. Please destroy CN#1624 as CN#1624R replaces it.

As a reminder 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.

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 questions, please contact me at (360) 236-2955.

Sincerely,

Janis R. Sigman  
Manager, Certificate of Need Program

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 #1624R is issued to:**

**Legal Name of Applicant:** US HealthVest, LLC  
**Address of Applicant:** 32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor, New York, New York 10022  
**Type of Service:** Psychiatric Hospital  
**Facility Name:** Vest Thurston, LLC dba South Sound Behavioral Health Hospital  
**Facility Address:** 605 Woodland Square SE, Lacey WA 98503

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD, EVALUATION DATED DECEMBER 15,2017 (CN App #17-22), AND MEDIATED SETTLEMENT AGREEMENT DATED DECEMBER 11, 2017**

**Project Description**

**Project Description:**

This certificate approves the addition of 33 psychiatric beds to the 75-bed by US HealthVest at its Vest Thurston, LLC dba South Sound Behavioral Health Hospital located in Lacey, within Thurston County. The hospital will provide a full range of psychiatric services for patients five years of age and older. These services include inpatient services, involuntary treatment services, day hospital/partial hospitalization, and intensive outpatient services as well as substance abuse treatment. Programs will include adult psychiatric, active-duty military, extra mile veteran care, women’s, dual diagnosis, geriatric, faith-based mental health and chemical dependency, child/adolescent, pain management, and mother-infant. The number of approved beds is summarized below.

	<b>Number of Beds</b>
Beds dedicated for patients ages 5 to 17 (child/adolescent)	10
Beds dedicated to patients age 18 and older (adult) beds	98
<b>Total Licensed Beds</b>	<b>108</b>

**Service Area**

Thurston

**Conditions**

Conditions identified on pages two and three

**Approved Capital Expenditure**

The approved estimated capital expenditure for this project is \$4,339,976

This Certificate authorizes commencement of the project from December 20, 2017 to December 20, 2019 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

**Date Certificate Issued: January 5, 2018**

Steve Bowman, PhD, MHA  
Director, Office of Community Health Systems

**This Certificate is not transferable**

**Certificate of Need #1624R- Page 2**  
**Conditions**

1. Approval of the project description as stated above. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Prior to providing services US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit copies of the following adopted documents for the department review and approval
  - Admission Policy
  - After Care Policy
  - Discharge Policy
  - Emergency Assessment Policy
  - Involuntary Treatment Admission Policy
  - Medical Director Job Description
3. Prior to providing services US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit a copy of the adopted Charity Care Policy approved by the Department of Health's Charity Care Program in the Office of Community Health Systems.
4. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will provide charity care in compliance with its final charity care policies reviewed and approved by the Department of Health, or any subsequent polices reviewed and approved by the Department of Health. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital 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 Southwest Region. Currently, this amount is 2.72% of gross revenue and 7.26% of adjusted revenue. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will maintain records documenting the amount of charity care provided and demonstrating its compliance with its charity care policies.
5. US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will finance this project using corporation reserves as described in the application.
6. Prior to providing services at the hospital, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval a listing of key staff for the hospital. Key staff includes all credentialed or licensed management staff, including the director of nursing and medical director.
7. Prior to providing services at the hospital, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval a final listing of ancillary and support vendors for the 108-bed psychiatric hospital.
8. Prior to commencement of the project, US HealthVest, Vest Thurston, LLC dba South Sound Behavioral Health Hospital will submit to the department for review and approval an executed Transfer Agreement. The executed Transfer Agreement must be consistent with the draft reviewed by the department.
9. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, US HealthVest, LLC will contract with the state to provide that

**Certificate of Need #1624R- Page 3**  
**Conditions**

care. An ITA referral may only be rejected if there are no beds available at US HealthVest, LLC at the time of referral or if such referral is clinically inappropriate.

10. On an annual, calendar year basis, at least 20% of the hospital's inpatient admissions shall be ITA patients. The Department may hereinafter set a lower percentage of ITA admissions on a statewide basis.

11. The hospital shall maintain records documenting the following:

- Number of ITA patient referrals;
- Number of ITA patients admitted;
- Annual ITA admissions as a percentage of total hospital admissions; and,
- Reason for not accepting each declined ITA patient.

These records shall be provided to the department on a semi-annual basis.

**SETTLEMENT AND RELEASE OF ALL CLAIMS  
RELATED TO CERTIFICATE OF NEED APPLICATIONS**

**I. INTRODUCTION**

**1.1** This Settlement Agreement (Agreement) is entered into by the following Parties:

- (a) Washington State Department of Health (the Department);
- (b) US HealthVest, LLC, a Delaware limited liability company;
- (c) Vest Thurston, LLC, a Delaware limited liability company and fully-owned subsidiary of US HealthVest, LLC;
- (d) Universal Health Services, Inc. (UHS), a Delaware corporation;
- (e) BHC Fairfax Hospital, Inc. (Fairfax), a Tennessee corporation owned by Universal Health Services, Inc.;
- (f) Providence Health & Services–Washington (Providence), a Washington nonprofit corporation; and,
- (g) Olympia Behavioral Health LLC (OBH), a Washington limited liability company operated as a joint venture between BHC Fairfax Hospital, Inc. and Providence Health and Services–Washington.

**1.2** US HealthVest, LLC and Vest Thurston, LLC are collectively referred to as HealthVest. HealthVest, Fairfax, Providence, UHS, OBH and the Department are referred to collectively as “the Parties”.

**II. RECITALS**

**2.1** Whereas, on July 13, 2016, the Department issued CN # 1580 to HealthVest to establish a 75-bed psychiatric hospital in Lacey, Washington (herein called the “HealthVest 75 Bed CN”). Providence requested an adjudicative proceeding to contest the issuance of the 75 Bed CN. An adjudicative hearing was held on December 5, 6, and 7, 2016. The issuance of the 75 Bed CN was upheld in an Initial Order issued May 9, 2017; and again in the Department’s Final Order issued October 31, 2017. On November 29, 2017, Providence petitioned for judicial review of the Final Order in Thurston County Superior Court at Docket Number 17-2-06272-34 (herein called the “Superior Court Action”);

**2.2** Whereas, on December 22, 2016, HealthVest filed an application for a certificate of need to expand by 40 beds its approved psychiatric hospital in Lacey, Washington, for a total of 115 beds, designated application CN17-22 (herein called the “HealthVest 40 Bed Application”). On October 6, 2017, the Department declared a pivotal unresolved issue in that application. Fairfax, Providence, and OBH each submitted public comments, both before and after the Department’s declaration of a pivotal unresolved issue, in opposition to the 40-Bed Application;

**2.3** Whereas, on June 21, 2016, Fairfax, Providence, and OBH filed an application for a certificate of need to establish an 85-bed psychiatric hospital in Lacey, Washington, designated application CN16-40 (herein called the “OBH 85 Bed Application”). A portion of the beds for the proposed new hospital would replace the inpatient psychiatric beds currently operated by



Providence at Providence St. Peter Hospital in Olympia. On April 24, 2017, the Department issued an evaluation denying the 85 Bed Application. OBH requested a public hearing on reconsideration, which was denied. OBH requested adjudicative proceedings to contest both the initial application denial and the denial of reconsideration; the two hearing requests were consolidated, and HealthVest was permitted to intervene;

**2.4** Whereas, the Parties wish to come to agreement regarding the objections and appeals now pending concerning the HealthVest 75 Bed CN, the HealthVest 40 Bed Application and the OBH 85 Bed Application, in an effort to expedite the construction of desperately needed in-patient psychiatric hospital beds in the planning area; and,

**2.5** Whereas the Parties now desire to resolve all matters between them relating in any way to CN # 1580, CN # 1580A (as described in Section 3.1(d) below), CN16-40, and/or CN17-22; all appeals resulting from those certificates and applications; and any other legal or regulatory matter related to the construction and/or establishment of the OBH hospital in Lacey and/or the HealthVest hospital in Lacey;

The Parties now enter into the following Agreement.

### **III. AGREEMENT**

**3.1** In consideration of HealthVest's agreement to reduce from 40 to 33 the number of psychiatric beds requested in the HealthVest 40 Bed Application; in consideration of the Department's agreement to grant a certificate of need for the establishment of an 85 bed psychiatric hospital in the OBH 85 Bed Application; in consideration of HealthVest's agreement to withdraw its objections to the OBH 85 Bed Application, to cooperate in the settlement and dismissal of Master Case Nos. M2017-544 and M2017-740, and not to bring any related actions or appeals; and to avoid the uncertainty, burden, inconvenience, distraction and expense of further legal or other proceedings in connection with or related to these matters, **Providence** will:

- a)** Permanently close its existing 20 psychiatric hospital beds at Providence St. Peter Hospital in Olympia upon the opening of the new 85-bed OBH hospital;
- b)** Voluntarily dismiss with prejudice its appeal in the Superior Court Action;
- c)** Waive and forego any further proceedings contesting the issuance of the HealthVest 75-Bed CN;
- d)** Waive and forego any proceedings contesting the Department's issuance of amended CN # 1580A eliminating the condition for HealthVest to partially fund its project with the now-expired Department of Commerce grant;
- e)** Withdraw its objections and waive any further proceedings contesting the HealthVest 40 Bed Application and the issuance of a 33-bed certificate of need to HealthVest;

f) Waive any opportunity to comment on the proposed settlement between the Department and HealthVest under RCW 70.38.115(10)(c) and WAC 246-310-610(4); and,

g) Otherwise waive and forego any other legal objection, appeal, or other interference with any permit, license, or other approval by any government entity or accreditation group in connection with HealthVest's construction and establishment of a 108-bed psychiatric hospital in Lacey, Washington, pursuant to the terms of this Agreement.

**3.2** In consideration of HealthVest's agreement to reduce from 40 to 33 the number of psychiatric beds requested in the HealthVest 40 Bed Application; in consideration of the Department's agreement to grant a certificate of need for the establishment of an 85 bed psychiatric hospital in the OBH 85 Bed Application; in consideration of HealthVest's agreement to withdraw its objections to the OBH 85 Bed Application, to cooperate in the settlement and dismissal of Master Case Nos. M2017-544 and M2017-740, and not to bring any related actions or appeals; and to avoid the uncertainty, burden, inconvenience, distraction and expense of further legal or other proceedings in connection with or related to these matters, **UHS and Fairfax** will:

a) Waive and forego any objection or appeal contesting the issuance of the HealthVest 75 Bed CN or Providence's settlement of its claims regarding that issuance;

b) Waive and forego any proceedings contesting the Department's issuance of amended CN # 1580A eliminating the condition for HealthVest to partially fund its project with the now-expired Department of Commerce grant;

c) Withdraw its objections and waive any further proceedings contesting the HealthVest 40 Bed Application and the issuance of a 33-bed certificate of need to HealthVest;

d) Waive any opportunity to comment on the proposed settlement between the Department and HealthVest under RCW 70.38.115(10)(c) and WAC 246-310-610(4); and,

e) Otherwise waive and forego any other objection, appeal, or other interference with any permit, license, or other approval by any government entity or accreditation group in connection with HealthVest's construction and establishment of a 108-bed psychiatric hospital in Lacey, Washington, pursuant to the terms of this Agreement.

**3.3** In consideration of HealthVest's agreement to reduce from 40 to 33 the number of psychiatric beds requested in the HealthVest 40 Bed Application; in consideration of the Department's agreement to grant a certificate of need for the establishment of an 85 bed psychiatric hospital in the OBH 85 Bed Application; in consideration of HealthVest's agreement to withdraw its objections to the OBH 85 Bed Application, to cooperate in the settlement and dismissal of Master Case Nos. M2017-544 and M2017-740, and not to bring any related actions

or appeals; and to avoid the uncertainty, burden, inconvenience, distraction and expense of further legal or other proceedings in connection with or related to these matters, **OBH** will:

- a) Submit to the Department information necessary to clarify the OBH 85 Bed Application, as set forth in Paragraph 3.7;
- b) Not admit any patient to its new psychiatric hospital in Lacey, Washington earlier than sixteen months after the date of this Agreement;
- c) Waive and forego any objection or appeal contesting the issuance of the HealthVest 75 Bed CN or Providence's settlement of its claims regarding that issuance;
- d) Waive and forego any proceedings contesting the Department's issuance of amended CN # 1580A eliminating the condition for HealthVest to partially fund its project with the now-expired Department of Commerce grant;
- e) Withdraw its objections and waive any further proceedings contesting the HealthVest 40 Bed Application and the issuance of a 33-bed certificate of need to HealthVest;
- f) Waive any opportunity to comment on the proposed settlement between the Department and HealthVest under RCW 70.38.115(10)(c) and WAC 246-310-610(4); and,
- g) Otherwise waive and forego any other objection, appeal, or other interference with any permit, license, or other approval by any government entity or accreditation group in connection with HealthVest's construction and establishment of a 108-bed psychiatric hospital in Lacey, Washington, pursuant to the terms of this Agreement.

**3.4** In consideration of the Department's agreement to grant a certificate of need for 33 psychiatric beds in the HealthVest 40 Bed Application; in consideration of the Department's agreement to issue an amended CN # 1580A eliminating the condition for HealthVest to partially fund its project with the now-expired Department of Commerce grant, and the agreement of Providence, Fairfax, and OBH to bring no objection or appeal to CN # 1580A; in consideration of Providence's agreement to permanently close its existing psychiatric hospital beds at Providence St. Peter Hospital in Olympia upon the opening of the new 85-bed OBH hospital; in consideration of Providence's agreement to withdraw and dismiss its appeal of the HealthVest 75 Bed CN and not to bring any related actions or appeals; in consideration of the individual and collective agreements of Providence, Fairfax, and OBH to withdraw all objections to the HealthVest 40 Bed Application and not to bring any related actions or appeals; and to avoid the uncertainty, burden, inconvenience, distraction and expense of further legal or other proceedings in connection with or related to these matters, **HealthVest** will:

- a) Withdraw its objections and waive any further proceedings contesting the OBH 85 Bed Application and the issuance of an 85-bed certificate of need to OBH;
- b) Cooperate in the dismissal of Master Case Nos. M2017-544 and M2017-740;

c) Waive any opportunity to comment on the proposed settlement between the Department and Providence, Fairfax, and/or OBH under RCW 70.38.115(10)(c) and WAC 246-310-610(4); and,

d) Otherwise waive and forego any other objection, appeal, or other interference with any permit, license, or other approval by any government entity or accreditation group in connection with OBH's construction and establishment of an 85-bed psychiatric hospital in Lacey, Washington, pursuant to the terms of this Agreement.

**3.5** To avoid the uncertainty, burden, inconvenience, distraction and expense of further legal or other proceedings in connection with or related to these matters, and to ensure the public interest is served through the timely development and operation of inpatient psychiatric hospital services in Thurston County, **the Department** will support, approve and accept the decisions of Providence, Fairfax, OBH, and HealthVest to dismiss their respective appeals and withdraw their respective objections pursuant to the terms of this Agreement; and take the actions set forth below.

**3.6** The Parties agree that each of the certificates of need issued to OBH and HealthVest in Thurston County will contain the following conditions regarding patients civilly detained under the Involuntary Treatment Act:

So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, [the CN holder] will contract with the state to provide that care. An ITA referral may only be rejected if there are no beds available at [the facility] at the time of referral or if such referral is clinically inappropriate.

On an annual, calendar year basis, at least 20% of the hospital's inpatient admissions shall be ITA patients. The Department of Health may hereinafter set a lower percentage of ITA admissions on a statewide basis.

The hospital shall maintain records documenting the following:

- Number of ITA patient referrals;
- Number of ITA patients admitted;
- Annual ITA admissions as a percentage of total hospital admissions; and,
- Reason for not accepting each declined ITA patient.

These records shall be provided to the Department on a semi-annual basis.

**3.7** As of the execution of this Agreement, OBH has submitted to the Department information necessary to clarify the OBH 85 Bed Application.

**3.8** Within seven business days from the execution of this Agreement, the Department agrees to complete its review of the information referenced in Paragraph 3.7. Following such review and by no later than January 2, 2018, the Department will issue a conditional approval of the OBH 85 Bed Application in the amount of 85 psychiatric beds. Upon OBH's acceptance of all conditions, the Department will issue an "Intent to Issue" a certificate of need to OBH for the establishment of an 85 bed psychiatric hospital. Provided, however, that issuance of an "Intent to

Issue” a certificate of need and subsequent certificate of need under this Agreement is not relevant to or a basis for any future certificate of need decisions or settlements.

**3.9** Concurrent with the issuance of the conditional approval described in Paragraph 3.8, the Department agrees to issue amended CN # 1580A affirming HealthVest’s 75 bed certificate of need, eliminating the condition for HealthVest to partially fund its project with the now-expired Department of Commerce grant and incorporating the condition regarding Involuntary Treatment Act patients as set forth in Paragraph 3.6. A draft of CN # 1580A is attached to this Agreement as Attachment 1. The Parties agree that the issuance of CN # 1580A will render null and void CN # 1580. Provided, however, that issuance of an amended certificate of need under this agreement is not relevant to or a basis for any future certificate of need decisions or settlements.

**3.10** Concurrent with the issuance of the conditional approval described in Paragraph 3.8, the Department agrees to issue an evaluation conditionally approving the HealthVest 40 Bed Application in the amount of 33 inpatient psychiatric beds, on conditions substantially similar to those imposed in CN # 1580A. Upon HealthVest’s acceptance of all conditions, the Department will issue a new certificate of need to HealthVest for 33 additional inpatient psychiatric beds at its previously-approved South Sound Behavioral Hospital. The Department agrees that it shall not be a condition of HealthVest’s 33-bed certificate of need that those 33 beds be commenced, constructed, or opened on a phased basis separate from the commencement, construction, and opening of HealthVest’s 75-bed certificate of need. Provided, however, that issuance of a certificate of need under this Agreement is not relevant to or a basis for any future certificate of need decisions or settlements.

**3.11** HealthVest agrees to accept the Department’s reduction from 40 to 33 of the number of beds to be approved under its application CN17-22.

**3.12** Within five business days following the Department’s issuance of the Intent to Issue described in Paragraph 3.8, Providence, Fairfax, and OBH individually and collectively agree to move to dismiss with prejudice the following proceedings challenging the Department’s denial of CN16-40:

*In re: Certificate of Need Application of Providence Health & Services—WA d/b/a/ Providence St. Peter Hospital and BHC Fairfax Hospital Inc. to Establish a Psychiatric Hospital in Thurston County, Olympia Behavior Health LLC, BHC Fairfax Hospital, Inc., and Providence Health and Services—WA, Petitioners.*  
Adjudicative Service Unit Nos. M2017-544 and M2017-740 (consolidated)

**3.13** Within five business days following the dismissal of the proceedings identified in Paragraph 3.12, Providence agrees to move to dismiss with prejudice the following case challenging the Department’s approval of CN #1580:

*Providence Health & Services—Washington d/b/a Providence St. Peter Hospital v. Department of Health of the State of Washington, et al.*  
Thurston County Superior Court No. 17-2-06272-34

**3.14** The Parties each agree to bear their own attorneys' fees and costs, and the Parties each agree not to seek costs or attorneys' fees incurred in any of the above-mentioned matters.

**3.15** Following dismissal of the cases identified in Paragraphs 3.12 and 3.13 of this Agreement, HealthVest, Providence, UHS, Fairfax, and OBH each agree not to dispute, either through litigation or otherwise, any of the determinations made by the Department in the evaluation and approval of CN # 1580, CN # 1580A, CN16-40, and/or CN17-22.

**3.16** Following dismissal of the cases identified in Paragraphs 3.12 and 3.13 of this Agreement, HealthVest further agrees not to dispute, either through litigation or otherwise, any additional legal or regulatory review or approval sought and/or received by OBH in relation to the establishment of an 85-bed psychiatric hospital in Lacey under the certificate of need issued on application CN16-40, including but not limited to land use, environmental review, building permits and/or other entitlements, licensure, and/or certification issues.

**3.17** Following dismissal of the cases identified in Paragraphs 3.12 and 3.13 of this Agreement, Providence, UHS, Fairfax, and OBH further agree, individually and collectively, not to dispute, either through litigation or otherwise, any additional legal or regulatory review or approval sought and/or received by HealthVest in relation to the establishment of a 108-bed psychiatric hospital in Lacey under CN # 1580A and the certificate of need issued on application CN17-22, including but not limited to land use, environmental review, building permits and/or other entitlements, licensure, and/or certification issues.

**3.18** Settlement of these matters shall not be construed as an admission on the part of any of the Parties as to the relative merits of any other Party's position in these matters.

**3.19** This Agreement is proposed by the Parties and shall not be construed in favor of, or against, any party.

**3.20** This Agreement represents the entire understanding of the Parties with regard to the subject matter addressed by this Agreement, and fully and finally settles all disputes, claims, and allegations among the Parties regarding the HealthVest project to establish a psychiatric hospital in Lacey, Washington, and regarding the OBH project to establish a psychiatric hospital in Lacey, Washington.

**3.21** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

**3.22** This Agreement shall be construed, governed, and enforced in accordance with the laws of the State of Washington.

**3.23** The individuals signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

**3.24** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

**3.25** The Parties agree that in the event of a disagreement over the terms or conditions of this Agreement, the parties shall arbitrate the dispute. Judicial Dispute Resolution, LLC and Larry Jordan shall serve as the arbitrator in the event of an arbitration. The Department will not be responsible for any of the costs of the arbitration.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IV. SIGNATURES

Each individual signing this document on behalf of each respective Party represents that he or she is authorized to bind that respective Party to this Agreement.

Dated this 11th day of December, 2017.

US HEALTHVEST, LLC  
a Delaware limited liability company

UNIVERSAL HEALTH SERVICES, INC.  
a Delaware corporation

By: \_\_\_\_\_  
Dr. Richard Kresch  
Chief Executive Officer

By: \_\_\_\_\_  
Debra K. Osteen  
Executive Vice President and President  
Behavioral Health Division

VEST THURSTON, LLC  
a Delaware limited liability company

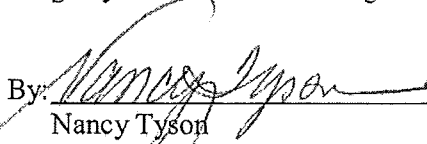
BHC FAIRFAX HOSPITAL, INC.  
a Tennessee corporation

By: \_\_\_\_\_  
Its Sole Member, US HealthVest, LLC  
Dr. Richard Kresch  
Managing Member

By: \_\_\_\_\_  
Ron Escarda  
Chief Executive Officer

WASHINGTON STATE DEPARTMENT OF  
HEALTH  
an agency of the State of Washington

PROVIDENCE HEALTH & SERVICES-  
WASHINGTON  
a Washington corporation

By:  \_\_\_\_\_  
Nancy Tyson  
Executive Director, Health and Facilities  
and Certificate of Need

By: \_\_\_\_\_  
Medrice Coluccio  
Chief Executive, Providence Health &  
Services-Southwest Washington

OLYMPIA BEHAVIORAL HEALTH LLC  
a Washington limited liability company

By: \_\_\_\_\_  
Its Sole Member, BHC Fairfax Hospital, Inc.  
Ron Escarda  
Chief Executive Officer



IV. SIGNATURES

Each individual signing this document on behalf of each respective Party represents that he or she is authorized to bind that respective Party to this Agreement.

Dated this 11th day of December, 2017.

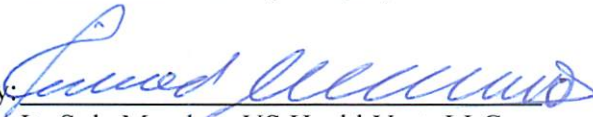
US HEALTHVEST, LLC  
a Delaware limited liability company

By:   
Dr. Richard Kresch  
Chief Executive Officer

UNIVERSAL HEALTH SERVICES, INC.  
a Delaware corporation

By: \_\_\_\_\_  
Debra K. Osteen  
Executive Vice President and President  
Behavioral Health Division

VEST THURSTON, LLC  
a Delaware limited liability company

By:   
Its Sole Member, US HealthVest, LLC  
Dr. Richard Kresch  
Managing Member

BHC FAIRFAX HOSPITAL, INC.  
a Tennessee corporation

By: \_\_\_\_\_  
Ron Escarda  
Chief Executive Officer

WASHINGTON STATE DEPARTMENT OF  
HEALTH  
an agency of the State of Washington

By: \_\_\_\_\_  
Nancy Tyson  
Executive Director, Health and Facilities  
and Certificate of Need

PROVIDENCE HEALTH & SERVICES-  
WASHINGTON  
a Washington corporation

By: \_\_\_\_\_  
Medrice Coluccio  
Chief Executive, Providence Health &  
Services-Southwest Washington

OLYMPIA BEHAVIORAL HEALTH LLC  
a Washington limited liability company

By: \_\_\_\_\_  
Its Sole Member, BHC Fairfax Hospital, Inc.  
Ron Escarda  
Chief Executive Officer

**IV. SIGNATURES**


Each individual signing this document on behalf of each respective Party represents that he or she is authorized to bind that respective Party to this Agreement.

Dated this 11th day of December, 2017.

US HEALTHVEST, LLC  
a Delaware limited liability company

By: \_\_\_\_\_  
Dr. Richard Kresch  
Chief Executive Officer

UNIVERSAL HEALTH SERVICES, INC.  
a Delaware corporation

By:  \_\_\_\_\_  
Debra Osteen  
Executive Vice President and President  
Behavioral Health Division

VEST THURSTON, LLC  
a Delaware limited liability company  
By: US HealthVest, LLC, its sole member

By: \_\_\_\_\_  
Dr. Richard Kresch  
Managing Member

BHC FAIRFAX HOSPITAL, INC.  
a Tennessee corporation

By: \_\_\_\_\_  
Ron Escarda  
Chief Executive Officer

WASHINGTON STATE DEPARTMENT OF  
HEALTH  
an agency of the State of Washington

By: \_\_\_\_\_  
Nancy Tyson  
Executive Director, Health and Facilities  
and Certificate of Need

PROVIDENCE HEALTH & SERVICES-  
WASHINGTON  
a Washington corporation

By: \_\_\_\_\_  
Medrice Coluccio  
Chief Executive, Providence Health &  
Services-Southwest Washington

OLYMPIA BEHAVIORAL HEALTH LLC  
a Washington limited liability company

By: \_\_\_\_\_  
Its Sole Member, BHC Fairfax Hospital, Inc.  
Ron Escarda  
Chief Executive Officer

**IV. SIGNATURES**

Each individual signing this document on behalf of each respective Party represents that he or she is authorized to bind that respective Party to this Agreement.

Dated this 11th day of December, 2017.

**US HEALTHVEST, LLC**  
a Delaware limited liability company

**UNIVERSAL HEALTH SERVICES, INC.**  
a Delaware corporation


By: \_\_\_\_\_  
Dr. Richard Kresch  
Chief Executive Officer

By: \_\_\_\_\_  
Debra K. Osteen  
Executive Vice President and President  
Behavioral Health Division

**VEST THURSTON, LLC**  
a Delaware limited liability company

**BHC FAIRFAX HOSPITAL, INC.**  
a Tennessee corporation

By: \_\_\_\_\_  
Its Sole Member, US HealthVest, LLC  
Dr. Richard Kresch  
Managing Member

By:   
Ron Escarda  
Chief Executive Officer

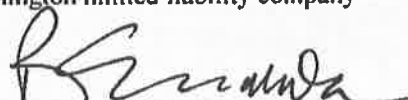
**WASHINGTON STATE DEPARTMENT OF HEALTH**  
an agency of the State of Washington

**PROVIDENCE HEALTH & SERVICES- WASHINGTON**  
a Washington corporation

By: \_\_\_\_\_  
Nancy Tyson  
Executive Director, Health and Facilities  
and Certificate of Need

By: \_\_\_\_\_  
Medrice Coluccio  
Chief Executive, Providence Health &  
Services-Southwest Washington

**OLYMPIA BEHAVIORAL HEALTH LLC**  
a Washington limited liability company

By:   
Its Sole Member, BHC Fairfax Hospital, Inc.  
Ron Escarda  
Chief Executive Officer

**IV. SIGNATURES**

Each individual signing this document on behalf of each respective Party represents that he or she is authorized to bind that respective Party to this Agreement.

Dated this 11th day of December, 2017.

US HEALTHVEST, LLC  
a Delaware limited liability company

By: \_\_\_\_\_  
Dr. Richard Kresch  
Chief Executive Officer

UNIVERSAL HEALTH SERVICES, INC.  
a Delaware corporation

By: \_\_\_\_\_  
Debra K. Osteen  
Executive Vice President and President  
Behavioral Health Division

VEST THURSTON, LLC  
a Delaware limited liability company

By: \_\_\_\_\_  
Its Sole Member, US HealthVest, LLC  
Dr. Richard Kresch  
Managing Member

BHC FAIRFAX HOSPITAL, INC.  
a Tennessee corporation

By: \_\_\_\_\_  
Ron Escarda  
Chief Executive Officer

WASHINGTON STATE DEPARTMENT OF  
HEALTH  
an agency of the State of Washington

By: \_\_\_\_\_  
Nancy Tyson  
Executive Director, Health and Facilities  
and Certificate of Need

PROVIDENCE HEALTH & SERVICES-  
WASHINGTON  
a Washington corporation

By: Medrice Coluccio  
Medrice Coluccio  
Chief Executive, Providence Health &  
Services-Southwest Washington

OLYMPIA BEHAVIORAL HEALTH LLC  
a Washington limited liability company

By: \_\_\_\_\_  
Its Sole Member, BHC Fairfax Hospital, Inc.  
Ron Escarda  
Chief Executive Officer



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 #1580A is issued to:**

**Legal Name of Applicant:** US HealthVest, LLC  
**Address of Applicant:** 32 East 57<sup>th</sup> Street, 17<sup>th</sup> Floor, New York, New York 10022  
**Type of Service:** Psychiatric Hospital  
**Facility Name:** Vest Thurston, LLC dba South Sound Behavioral Health Hospital  
**Facility Address:** 605 Woodland Square SE, Lacey WA 98503

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT’S RECORD, EVALUATION DATED JULY 5, 2016 (CN App #16-23), AND SETTLEMENT AGREEMENT DATED , 2017**

**Project Description**

This certificate approves the construction of a 75-bed psychiatric hospital to be located in Lacey, within Thurston County. The hospital would provide a full range of psychiatric services for patients five years of age and older. These services include inpatient services, involuntary treatment services, day hospital/partial hospitalization, and intensive outpatient services as well as substance abuse treatment. Programs to be provided include adult psychiatric, active-duty military, extra mile veteran care, women’s, dual diagnosis, geriatric, faith-based mental health and chemical dependency, child/adolescent, pain management, and mother-infant. The number of approved beds is summarized below.

	<b>Number of Beds</b>
Beds dedicated for patients ages 5 to 17 (child/adolescent)	10
Beds dedicated to patients age 18 and older (adult) beds	65
<b>Total Licensed Beds</b>	<b>75</b>

**Service Area**  
Thurston

**Conditions**

Conditions identified on pages two and three

**Approved Capital Expenditure**

The approved estimated capital expenditure for this project is \$18,391,800

This Certificate authorizes commencement of the project from **July 13, 2016** to **July 13, 2018** unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: , 2017

\_\_\_\_\_  
Steve Bowman, PhD, MHA  
Director, Office of Community Health Systems

**This Certificate is not transferable**

**Certificate of Need #1580A- Page 2**  
**Conditions**

1. Approval of the project description as stated above. US HealthVest, LLC further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Prior to providing services at the hospital, US HealthVest, LLC will submit a copy of the adopted and approved Admission Policy for review and approval.
3. Prior to providing services at the hospital, US HealthVest, LLC will submit a copy of the adopted Charity Care Policy approved by the Department of Health's Charity Care Program in the Office of Community Health Systems.
4. The new 75-bed psychiatric hospital will provide charity care in compliance with its final charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. The new 75-bed psychiatric hospital 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 Southwest Region. Currently, this amount is 3.42% of gross revenue and 8.62% of adjusted revenue. The psychiatric hospital will maintain records documenting the amount of charity care provided and demonstrating its compliance with its charity care policies.
5. Annual budgets, as required by WAC 246-454-030, submitted by the new 75-bed psychiatric hospital must include budgeted charity care amounts of at least the regional average amount of charity care provided by hospitals in the Southwest Region.
6. US HealthVest, LLC will finance this project using corporation reserves.
7. Prior to commencement of the project, US HealthVest, LLC will submit to the department for review and approval an executed Lease Agreement between Vest Thurston Realty, LLC and DM Ventures Woodland, LLC for the site. The executed lease must be consistent with the draft reviewed by the department.
8. Prior to providing services, US HealthVest, LLC will provide a copy of the executed intercompany "lease" between Vest Thurston Realty, LLC and Vest Thurston, LLC. No intercompany lease fees are to be included.
9. Prior to providing services at the hospital, US HealthVest, LLC will submit to the department for review and approval a listing of key staff for the hospital. Key staff includes all credentialed or licensed management staff, including the director of nursing and medical director.
10. Prior to providing services at the hospital, US HealthVest, LLC will submit to the department for review and approval a final listing of ancillary and support vendors for the 75-bed psychiatric hospital.
11. Prior to commencement of the project, US HealthVest, LLC will submit to the department for review and approval an executed Transfer Agreement. The executed Transfer Agreement must be consistent with the draft reviewed by the department.
12. So long as the state desires to contract with the facility for providing care to Involuntary Treatment Act (ITA) patients, US HealthVest, LLC will contract with the state to provide that care. An ITA referral may only be rejected if there are no beds available at US HealthVest, LLC at the time of referral or if such referral is clinically inappropriate.
13. On an annual, calendar year basis, at least 20% of the hospital's inpatient admissions shall be ITA patients. The Department may hereinafter set a lower percentage of ITA admissions on a statewide basis.

**Certificate of Need #1580A- Page 3**  
**Conditions**

14. The hospital shall maintain records documenting the following:

- Number of ITA patient referrals;
- Number of ITA patients admitted;
- Annual ITA admissions as a percentage of total hospital admissions; and,
- Reason for not accepting each declined ITA patient.

These records shall be provided to the department on a semi-annual basis.

DRAFT