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LICENSED IN
OREGON
AND
IDAHO

October 24, 2016

Jana Fussell
Certificate of Need Coordinator
OHA – Public Health Division
800 NE Oregon St., Suite 305
Portland, OR 97232

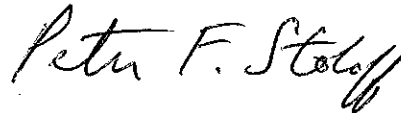
Re: Filing of Lifeways Letter of Intent

Dear Ms. Fussell:

Enclosed for immediate filing is the Letter of Intent of Lifeways, Inc. for a 16 bed specialty psychiatric hospital in Hermiston, Oregon.

Thank you for your attention to this matter.

Sincerely,



PETER F. STOLOFF

PFS:es
Enclosures

LETTER OF INTENT

Date: October 24, 2016

1. Name of entity which would implement the proposed project: Lifeways, Inc.

Address: 702 Sunset Drive

City, State, and Zip: Ontario, OR 97914

Phone Number: 514-823-9064

Contact Person: Judy A. Cordeniz, CEO

2. Person filling out letter of intent if other than the entity listed above:

Name: Peter F. Stoloff, P.C.

Address: 5285 Meadows Road, Suite 235

City, State, and Zip: Lake Oswego, OR 97035

Phone Number: 503-992-6463

3. Include a general project description:

Construct and operate a 16 bed specialty psychiatric hospital in Hermiston, Oregon for adolescents 18 years of age or older, and adults, including geriatric patients, both voluntary and involuntary. The specialty psychiatric hospital will include psychiatric subspecialty beds, including without limitation holding rooms, secure beds, adolescent, and geriatric. Aspen Springs Hospital will accept Medicaid and Medicare patients.

4. (a) Estimate the capital expenditure, not including interest.

\$5,187,750

(b) If the project is to be financed:

Term of the financing, in years: 20

Rate of interest: 4.2% to 4.8%

Total interest expenses: a range of \$1,663,721 to \$1,762,418 on \$3.4 million to \$3,467,750 to be financed

5. For New Hospital Services

Fill out this section *only* if you are proposing to initiate a *new* service at an *existing* hospital. This section does not need to be completed for proposed new facilities.

If a *new hospital service* as defined in OAR 333-550-0010(4) is proposed:

(a) Indicate the projected annual operating cost for the first fiscal year in which the service will operate at normal levels of utilization and with normal allocations for ongoing expense items, including all direct and indirect expenses with sufficient budgetary information to support projections.

(b) Attach a budget forecast, by affected service, for the first 3 years of operation. Please note that this information need not be filled out if your proposal is not for a new health service. However, in some cases, the purchase of major medical equipment may also constitute a new health service. Include at least the following information:

(A) Gross revenues;

(B) Direct expenses, including a breakdown into salaries, payroll taxes and fringe benefits, supplies, depreciation and interest;

(C) Indirect expenses, identified by categories which may include but are not limited to operation and maintenance of plant, housekeeping, billing, insurance;

(D) Deductions from revenue;

(E) Net operating income (or loss) after the allocation of indirect expenses from non-revenue producing departments.

(c) For the first 3 years of operation, provide the number of full-time equivalent staff for the particular service.

Year 1 _____

Year 2 _____

Year 3 _____

(d) (A) For the first 3 years of operation, provide units of service per year.

Year 1 _____

Year 2 _____

Year 3 _____

(B) Define units of service:

6. For Long-term Care Facility Projects

Only entities who are *long-term care facilities (nursing homes)* or who propose long-term care services need to fill out this section. If your project involves long-term care, please indicate which of the following apply:

- | | <u>YES</u> | <u>NO</u> |
|--|--------------------------|--------------------------|
| (a) The project proposes to initiate a new long-term care facility or service. | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) The project proposes an increase in the skilled nursing or intermediate care bed capacity of an existing facility of more than 10 beds or more than 10 percent of the current long-term care bed capacity whichever is less. | <input type="checkbox"/> | <input type="checkbox"/> |
| (A) If "Yes", what is the current long-term-term care bed capacity of the facility; and | _____ | |
| (B) How many additional long-term care beds are proposed? | | |
| (c) The project proposes to rebuild an existing long-term care facility. | <input type="checkbox"/> | <input type="checkbox"/> |
| (d) The project involves relocation of an existing long-term care facility building to a new site. | <input type="checkbox"/> | <input type="checkbox"/> |
| (e) The project involves relocation of existing long-term care beds from one licensed health care facility to another. | <input type="checkbox"/> | <input type="checkbox"/> |
7. When a new facility or different service delivery site is planned, indicate the approximate location under consideration by town or zip code and nearest road intersections.

1212 West Linda Avenue, Hermiston, OR 97838

8. Please indicate whether the project involves any of the following:

- | | <u>YES</u> | <u>NO</u> |
|--|--------------------------|-----------|
| (a) Does the project involve the establishment of a new service or facility which will predominantly serve medically indigent patients? | <input type="checkbox"/> | X |
| (b) Does the project involve the initiation of new residential care or treatment services for the elderly? | <input type="checkbox"/> | X |
| (c) Is the entity filing the letter of intent an existing closed system long-term care facility (i.e., a nursing home operated by a continuing care retirement community)? | <input type="checkbox"/> | X |

9. Will capital projects, equipment purchases or acquisitions, other than those covered by the letter of intent, occur within one year of the start or completion date of the proposal?

None are anticipated

If so, identify them when a health service related linkage exists. A health service linkage exists between any projects which affect a single health service, patient care unit or area within the facility; or between any series of projects which cannot be independently constructed.

10. Indicate:

(a) The approximate time at which an application, if any, is expected to be filed:

December 1, 2016

(b) The date planned for substantial implementation:

Operations start up April 1, 2017 or as soon thereafter as permitted by regulatory authorities.

11. Describe the project's relationship, if any, to an HMO: The project will serve in part the acute psychiatric inpatient care needs and psychiatric subspecialty bed needs of members, subscribers and enrollees of institutions, HMOs or health care plans as described in OAR 333-545-0020(14) that will support the specialty psychiatric hospital for the purpose of rendering health care to such members, subscribers and enrollees. See, OAR 333-590-0060(10).

Signature:

Peter F. Stodoff

Date: October 24, 2016

Position:

Attorney; outside counsel for Lifeways, Inc.