



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

August 18, 2016

CERTIFIED MAIL # 7009 0960 0000 5564 6539

Sittilerk Trikalsaransukh, MD
Tri-Cities Endoscopy Center
7114 W Hood Place
Kennewick, Washington 99336

RE: CN 16-24

Dear Dr. Trikalsaransukh:

We have completed review of the Certificate of Need application submitted by Tri-Cities Endoscopy Center proposing to convert an exempt ambulatory surgery center to a CN approved ambulatory surgery center located in Kennewick within Benton County

For the reasons stated in the enclosed decision, the application is consistent with the applicable criteria of the Certificate of Need Program, provided Tri-Cities Endoscopy Center agrees to the following in its entirety.

Project Description:

This certificate approves the establishment of a two-operating room endoscopy ambulatory surgery center in Kennewick, within the Benton and Franklin secondary health services planning area. Services to be provided include diagnostic esophagogastroduodenoscopy with and without biopsy, esophagogastroduodenoscopy with polypectomy, esophagogastroduodenoscopy with dilation, sigmoidoscopy, diagnostic colonoscopy, colonoscopy with biopsy, and colonoscopy with polypectomy. The endoscopy services will be provided to patients age 12 and older.

Conditions:

1. Tri-Cities Endoscopy Center, PLLC agrees with the project description as stated above. Tri-Cities Endoscopy Center, PLLC 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. Before commencement of the project, Tri-Cities Endoscopy Center, PLLC must provide to the department for review and approval, an executed copy of the Admission Policy for their ASF. The executed agreement must be consistent with the draft policy provided in the application.
3. The Tri-Cities Endoscopy Center, PLLC will provide charity care in compliance with the charity care policy provided in the application, or any subsequent policies reviewed and approved by the Department of Health. Tri-Cities Endoscopy Center, PLLC will use reasonable efforts to provide charity care at the ASF in an amount comparable to or exceeding the average amount provided by hospitals in the Central Region. Currently, this amount is 2.04% for gross revenue. Tri-Cities Endoscopy Center, PLLC will maintain records at Tri-Cities Endoscopy Center, PLLC documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.
4. If Tri-Cities Endoscopy Center, PLLC is sold in the future, the ambulatory surgery facility must obtain and maintain Medicare and Medicaid certification and comply with conditions one and three above.

Approved Costs:

The estimated capital expenditure for this project \$0.

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

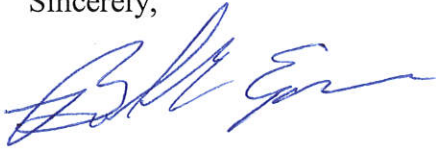
Physical Address:

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

Sittilerk Trikalsaransukh, MD
Tri-Cities Endoscopy Center
CN Application #16-24
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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,

A handwritten signature in blue ink, appearing to read "Bart Eggen". The signature is fluid and cursive, with a prominent initial "B" and "E".

Bart Eggen, Acting Director
Community Health Systems

Enclosure

**EVALUATION DATED AUGUST 18, 2016, OF THE CERTIFICATE OF NEED
APPLICATION SUBMITTED BY TRI-CITIES ENDOSCOPY CENTER PROPOSING TO
ESTABLISH A TWO OR AMBULATORY SURGERY FACILITY IN BENTON COUNTY**

APPLICANT DESCRIPTION AND BACKGROUND INFORMATION

On July 12, 2000, Tri-Cities Endoscopy Center, PLLC was granted an exemption from Certificate of Need review for the establishment of an ambulatory surgery facility (ASF). At that time the practice and ASF were located at 911 South Auburn Street in the city of Kennewick within Benton County. The applicant was proposing to build a new building and move the practice and ASF to 7114 West Hood Place in the city of Kennewick within Benton County. The ASF was relocated to the Hood Place site in 2004. The exempt ASF solely provided endoscopy procedures. When the ASF was established, only the owning physician Sittlerk Trikalsaransukh, MD performed surgeries at the ASF. The applicant acknowledged at that time that only any future partners or employees will be allowed to perform surgeries at the ASF.

PROJECT DESCRIPTION

This project requests CN approval for Tri-Cities Endoscopy Center, PLLC to convert its existing two operating room CN-exempt endoscopy center to an ASF to a two operating room CN-approved endoscopy center within the Benton-Franklin Secondary Health Services Planning Area.

CN approval will permit the continued operation of a highly utilized facility and make that facility available to greater numbers of patients ages 12+ who need the service in the planning area. The use of the ASF currently is restricted to the Doctor Trikalsaransukh and any physician employees he might hire in the future. A CN-approved Tri-Cities Endoscopy Center, PLLC will allow qualified, credentialed and privileged physicians in good standing to utilize the ASF's operational endoscopy center, without having to be employees of the ASF, thereby improving access to care, decreasing wait times for patients, and facilitating, more effective utilization of existing operating rooms.

The capital expenditure associated with this project is \$0.

If this project is approved, Tri-Cities Endoscopy Center, PLLC anticipates the ASF will be operating as a CN-approved ASF by mid-2016. Under this time line, year 2017 is the first full calendar year of operation and year 2019 is year three. [Source: Application, p10]

APPLICABILITY OF CERTIFICATE OF NEED LAW

Tri-City Endoscopy Center's application is subject to review as the construction, development, or other establishment of new health care facility under Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code 246-310-020(1)(a).

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). Additionally, WAC 246-310-270 (ambulatory surgery) contains service or facility specific criteria for ASC projects and must be used to make the required determinations for applicable criteria in WAC 246-310-210

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	Tri-Cities Endoscopy Center
Letter of Intent Submitted	September 2, 2015
Application Submitted	February 1, 2016
Department's Pre-review Activities <ul style="list-style-type: none"> • Department's 1st Screening Letter • Applicant's Responses Received to 1st Screening Letter • Department's 2nd Screening Letter • Applicant's Responses Received to 2nd Screening Letter 	February 23, 2016 April 5, 2016 April 25, 2016 May 16, 2016
Beginning of Review	May 27, 2016
End of Public Comment <ul style="list-style-type: none"> • Public comments accepted through the end of Public comment period • Public hearing conducted 	July 1, 2016 N/A ¹
Rebuttal Comments Received	July 19, 2016
Department's Anticipated Decision Date	September 2, 2016
Department's Actual Decision Date	August 18, 2016

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."*

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.*

Health Facilities Planning and Development (HFPD) located in Seattle requested interested person status and to be informed on the department's decision. HFPD is not located in the Benton/Franklin secondary service planning area associated with this application. HFPD does not offer any health

¹No public hearing was requested or conducted

services within Benton/Franklin counties. HFPD did not provide written or oral comments for the project. As a result, it does not qualify as an “affected person” as it relates to this application.

SOURCE INFORMATION CONSIDERED

- Tri-Cities Endoscopy Center’s Certificate of Need application submitted February 1, 2016
- Tri-Cities Endoscopy Center’s Screening Responses received April 5, 2016
- Tri-Cities Endoscopy Center’s Screening Responses received May 16, 2016
- No Public comments received by the department
- Licensing and/or survey data provided by the Department of Health’s Investigations and Inspections Office
- Historical charity care data for years 2012, 2013, and 2014 obtained from the Department of Health Hospital and Patient Data Systems office
- Compliance history for Staff and facility from the Department of Health internal database-Integrated Licensing & Regulatory System (ILRS)
- Year 2012 OFM population estimates medium series
- Year 2015 Annual Ambulatory surgery Provider Survey For Surgical, Procedures Performed During Calendar Year 2014 for hospitals, ambulatory surgery centers, or ambulatory surgical facilities located in Benton-Franklin counties
- Certificate of Need historical files

CONCLUSION

For the reasons stated in this evaluation, the application submitted by Tri-Cities Endoscopy Center, PLLC proposing to establish a Certificate of Need approved ambulatory surgery center in Kennewick, within the Benton/Franklin secondary health services planning area is consistent with applicable criteria of the Certificate of Need Program, provided Tri-Cities Endoscopy Center, PLLC agrees to the following in its entirety.

Project Description:

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Conditions:

1. Tri-Cities Endoscopy Center, PLLC agrees with the project description as stated above. Tri-Cities Endoscopy Center, PLLC 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. Before commencement of the project, Tri-Cities Endoscopy Center, PLLC must provide to the department for review and approval, an executed copy of the Admission Policy for their ASF. The executed agreement must be consistent with the draft policy provided in the application.
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4. If Tri-Cities Endoscopy Center, PLLC is sold in the future, the ambulatory surgery facility must obtain and maintain Medicare and Medicaid certification and comply with conditions one and three above.

Approved Costs:

The estimated capital expenditure for this project \$0.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

Based on the source information reviewed and Tri-Cities Endoscopy Center, PLLC's agreement to the conditions identified in the conclusion section of this evaluation, the department concludes Tri-Cities Endoscopy Center, PLLC's application has met the need criteria in WAC 246-310-210.

- (1) *The population served or to be served has need for the project and other services and facilities of the type proposed are not or will not be sufficiently available or accessible to meet that need.*

WAC 246-310-270(9)-Ambulatory Surgery Numeric Methodology

The Department of Health's Certificate of Need Program uses the numeric methodology outlined in WAC 246-310-270 for determining the numeric need for additional ASCs in Washington State. The numeric methodology provides a basis of comparison of existing operating room (OR) capacity for both outpatient and inpatient ORs in a planning area using the current utilization of existing providers. The methodology separates Washington State into 54 secondary health services planning areas. Tri-Cities Endoscopy Center, PLLC is located in the Benton/Franklin secondary health services planning area. The endoscopy surgery center will be located in a separate building on the hospital campus.

The methodology estimates OR need in a planning area using multiple steps as defined in WAC 246-310-270(9). This methodology relies on a variety of assumptions and initially determines existing capacity of dedicated outpatient and mixed-use operating rooms in the planning area, subtracts this capacity from the forecast number of surgeries expected in the planning area in the target year, and examines the difference to determine:

- a) Whether a surplus or shortage of ORs is predicted to exist in the target year; and
- b) If a shortage of ORs is predicted, the shortage of dedicated outpatient and mixed-use rooms are calculated.

Data used to make these projections specifically exclude special purpose and endoscopy rooms and procedures.

Tri-Cities Endoscopy Center, PLLC Numeric Methodology

Tri-Cities Endoscopy Center, PLLC determined existing capacity in the Benton/Franklin secondary health services planning area to be 10 dedicated outpatient ORs and 27 mixed use ORs. Based on 2014 utilization and 2015 population data, Tri-Cities Endoscopy Center, PLLC's methodology identified a use rate of 128.16/1,000 population. Focusing on year 2020, the applicant projected Benton-Franklin County's population to be 298,732. Applying the use rate to the projected population and subtracting the existing number of ORs in the planning area, Tri-Cities Endoscopy Center, PLLC projected a shortage of 8.6 mixed use ORs and 5 dedicated outpatient ORs in Benton-Franklin secondary health services area for 2020. [Source: Application, Exhibit 7]

Public Comments

None

Department Evaluation

The numeric portion of the methodology requires a calculation of the annual capacity of the existing providers' inpatient and outpatient ORs in a planning area. The planning area for this project is Benton and Franklin Counties.

According to the department’s historical records, there are 15 providers in the Benton-Franklin secondary health services planning area with OR capacity. Of the 15 providers four are hospital campuses and 11 are ASCs. Table 1 shows a listing of the four hospital campuses.

**Table 1
Benton-Franklin Secondary Health Planning Area Hospitals**

Hospitals	City	DOH License
Trios Health	Kennewick	HAC.FS.00000039
Lourdes Health Network	Pasco	HAC.FS.00000022
PMH Medical Center	Prosser	HAC.FS.00000046
Providence Kadlec	Richland	HAC.FS.00000161

Of the four hospitals listed above, all known OR capacity and inpatient/mixed use and outpatient procedures are included in the methodology calculation.

Because there is no mandatory reporting requirement for utilization of ASCs or hospital ORs, the department sends an annual utilization survey to all hospitals and known ASCs in the state. When this application was submitted in February 2016, the most recent utilization survey was mailed in 2015 and collected data for 2014. The data provided in the utilization survey is used if available. All four hospitals completed and submitted the 2015 annual ambulatory surgery provider survey.

Table 2 includes a listing of the 11 ASCs in the Benton-Franklin secondary health services planning area.

**Table 2
Benton-Franklin Secondary Health Planning Area
Ambulatory Surgery Centers/Facilities**

Ambulatory Surgery Centers/Facilities	City	Status
High Desert Surgery Center	Richland	CN Approved
Mid-Columbia Endoscopy Center	Kennewick	CN Exempt
Pacific Cataract & Laser Institute	Kennewick	CN Exempt
Tri-City Regional Surgery Center	Richland	CN Approved
Tri-Cities Endoscopy Center, PLLC	Kennewick	CN Exempt
Columbia River Eye Surgery Center	Richland	CN Exempt
Hoyeol Yang, MD, PS	Richland	CN Exempt
Northwest Ambulatory Physicians	Richland	CN Approved
The Surgery Center at Tri-City Orthopaedic	Richland	CN Exempt
The Surgery Center at Tri-City Orthopaedic	Kennewick	CN Exempt
Pediatric Dentistry ASC	Kennewick	CN Exempt

Source: DOH Historical Records

Of the 11 ASCs shown in Table 2, three are dedicated to endoscopy services (Mid-Columbia Endoscopy Center, Tri-Cities Endoscopy Center, PLLC, and Hoyeol Yang, MD PS. The department rules deliberately exclude endoscopy ORs and procedures from the numeric methodology. As a result, the ORs and procedures for these ASCs will not be counted.

For the remaining eight ASCs, five are located within a solo or group practice and the use of these ASCs is restricted to physicians that are employees or members of the clinical practices that

operate the facilities (considered an exempt ASC). Therefore, these five facilities do not meet the ASC definition in WAC 246-310-010(5). For exempt ASCs the utilization but not ORs is included in the methodology for the planning area.

Three of the remaining ASCs are CN approved and both the ORs and utilization for these facilities will be counted in the numeric methodology.

The data points used in the department’s numeric methodology are identified in Table 3. The methodology and supporting data used by the department is provided in Appendix A attached to this evaluation.

**Table 3
Department’s Methodology Assumptions and Data**

Assumption	Data Used
Planning Area	Benton/Franklin counties
Population Estimates and Forecasts	Age Group: 12 and older OFM Population Data released May 2012 Year 2014 – 214,289 Year 2019 – 235,210
Use Rate	Divide calculated surgical cases by 2014 population results in the service area, use rate of 152.392/1,000 population
Year 2014 Total Surgical Cases	Inpatient or mixed use – 16,545 Ambulatory (outpatient) - 12,702 Total=29,247
Percent of Surgery: Ambulatory (outpatient) and inpatient	Based on DOH survey and ILRS data Inpatient – 56.57% Ambulatory (outpatient) – 43.43%
Average minutes per case	Based on DOH survey and ILRS data Inpatient cases – 95.71 Ambulatory (outpatient) cases – 65.44
OR Annual capacity in minutes	68,850 outpatient surgery minutes; 94,250 inpatient or mixed-use surgery minutes (per methodology in rule)
Existing providers/ORs	Based on listing of Benton/Franklin providers Inpatient or mixed use – 27 Ambulatory (outpatient) - 10
Department’s Methodology Results	Surplus of 8.98 mixed use ORs

When comparing the applicant’s and department’s methodologies, the department notes differences in almost every data point identified in Table 3 above. Tri-Cities Endoscopy Center, PLLC provided a printed copy of the methodology used and the data points shown in the table below are shown in the printed methodology. Noted differences are in the data points are shown below.

Data Points
Population Estimates and Forecasts
Use Rate
2014 Surgical Cases
Percent of surgery: ambulatory vs inpatient
Average minutes per case
Existing Providers/ORs

These six data points are tightly connected. When the 2014 total number of surgical cases is divided by the year 2014 population, the result is a planning area use rate. The use rate is then applied to the projected population.

The percentage of ambulatory surgery is calculated by dividing the total number of ambulatory cases by the total number of cases in the planning area. Percentage of inpatient surgery is calculated using total number of inpatient cases. The percentages are then applied to the projected number of cases.

The average minutes per case is calculated by dividing the total number of minutes by the total number of surgical cases. Ambulatory and inpatient are calculated separately. The average minutes are applied to the projected number of cases.

Once the methodology projects the number of ORs needed in a planning area, the existing number of ORs is subtracted, resulting in the net need or surplus of ORs for a planning area.

Below is a comparison of the applicant's and department's methodologies.

Population Estimates/Forecasts

The source of the applicant's Benton/Franklin county's population is the same as the source used by the department (OFM May 2012). However, Tri-Cities Endoscopy Center, PLLC used 2015 historical population data and forecasted to year 2020. The department used 2014 historical population and forecasted to year 2019. Population figures are significantly different in the two methodologies. While not identified, it appears that the applicant used population for age group 0 - 85+. Since the application states that residents age 12 and older would be served, the department focused on the population for Benton/Franklin counties residents age 12 and older. This approach resulted in significant differences in the population figures used and it affected the calculated use rate. Below is the projected population figures used by both applicant and the department. The applicant's 2014 population is not shown in the table below because the applicant did not provide it.

	Applicant	Department
Year 2014-Current	-----	214,289
Year 2015	272,637	-----
Year 2019-Projected	-----	235,210
Year 2020 Projected	298,732	-----

It is unclear why the applicant used 2015 population data, since the department uses population and surgery data from the same year. The applicant used 2020 projected population consistent with the

factors used by the department to do its projections. Generally, the department bases its projection year on two factors: 1) the available historical utilization data and 2) the third year of operation for the project. For this project, available historical utilization data is 2014, collected in 2015. The third year of operation for the surgery center is year 2019. Given that a decision on this project would be completed in mid-year 2016, projecting to year 2019 is reasonable.

Use Rate

A use rate per 1,000 residents is calculated by dividing the total number of surgeries by the current year (2014) population and then dividing by 1,000. The applicant calculated a use rate of 128.416/1,000 based on all residents, regardless of age, for the Benton/Franklin secondary health services planning area. The department calculated a use rate of 136.484/1,000 residents of the Benton/Franklin secondary health services planning area age 12 and older. For this project, the department’s use rate is more accurate because it relies on a population base consistent with the services provided to the specific age group identified in the application.

2014 Surgical Cases and Average Minutes per Case

Tri-Cities Endoscopy Center, PLLC identified the year 2014 total number of surgical cases to be 35,011. The department identified the year 2014 total number of surgical cases to be 29,247. Below is a breakdown of total cases for inpatient and outpatient.

	Applicant	Department
Inpatient	16,545	16,545
Outpatient	18,466	12,702
Total	35,011	29,247

- Applicant’s inclusion of 2,555 cases associated with the surgery center at Tri-Cities Orthopaedic that was not operational in 2014.
- The department’s addition of 390 cases for the Columbia River Eye Surgery Center.
- Small differences in OR cases for the other surgery centers.

Both the applicant and the department divided the surgical minutes by the number of cases to calculate the average minutes per case. This is calculated for inpatient and outpatient separately. The result of the calculation is shown below.

	Applicant	Department
Inpatient	95.71	95.71
Outpatient	51.30	69.59

Percentage of Surgery: Inpatient and Outpatient

Once calculated, the applicant applied the percentages to the 2020 projected number of cases to determine the projected number inpatient and outpatient cases. The department applied the percentages to the 2019 projected number of cases to determine the projected number of inpatient and outpatient cases. The result of the calculations are shown below.

	Applicant	Department
Percentage Inpatient	52.74%	56.57%
Percentage Outpatient	47.26%	43.43%

Total Projected Number of Cases	38,362	32,102
Projected Number of Cases-Inpatient	18,129	18,160
Projected Number of Cases-Outpatient	20,233	13,492

As shown in the above table, the applicant projected 38,362 cases for 2020 and the department projected 32,102 for 2019.

Number of ORs Counted

Once the methodology projects the number of ORs needed in a planning area, the existing number of ORs is subtracted, resulting in the net need or surplus of ORs for a planning area. Below is the comparison breakdown of mixed use and outpatient ORs counted for the Benton-Franklin secondary health services planning area.

Facility	Applicant		Department	
	Mixed Use	Outpt.	Mixed Use	Outpt.
Trios Health	8	0	8	0
Lourdes Health Network	5	0	5	0
PMH Medical Center	2	0	2	0
Providence Kadlec	12	0	12	0
High Desert Surgery Center	0	2	0	2
Tri-City Regional Surgery Center	0	3	0	3
Northwest Ambulatory Physicians	0	5	0	5
Total OR Count	27	10	27	10

As shown above, the applicant and the department counted the same number of ORs for the planning area.

In summary, for the numeric methodology, the department will rely on its own methodology for this project. Based on the assumptions described above, the department’s application of the numeric methodology indicates a surplus of 8.98 mixed use ORs in year 2019.

Tri-Cities Endoscopy Center, PLLC also provided the following statements related to the numeric methodology and the continued need for the endoscopy services to be provided at their surgery center. [Source: Application, pp12-13]

According to the Department:

The methodology estimates OR need in a planning area using multiple steps as defined in WAC 246-310-270(9). The methodology relies on a variety of assumptions and initially determines existing capacity of dedicated outpatient and mixed use operating rooms in the planning area, subtracts this capacity from the forecast number of surgeries to be expected in the planning area in the target year, and examines the difference to determine:

- A) *Whether a surplus or shortage of ORs is predicted to exist in the target year, and*
- B) *If a shortage of ORs is predicted, the shortage of dedicated outpatient and mixed-use rooms are calculated.*

C) *Data used to make these projections specifically exclude special purpose rooms, such as open heart surgery rooms, delivery rooms, cystoscopic rooms, and endoscopic rooms.*

In the case of endoscopy or gastroenterology ASFs, after performing this Step 1 calculation, the department employs a Step 2, because:

The department recognizes that dedicated endoscopy ORs are deliberately excluded from the numerical methodology outlined in WAC 246-310-270(9).

The department will calculate need for all ASF types as part of the initial review of the application. However, in Step 2 the department recognizes that dedicated endoscopy operating rooms, including capacity and utilization are excluded from the methodology. Regardless of whether the methodology shows a need for additional rooms, the department focuses its remaining analysis on the specific need for the endoscopy and gastroenterology services proposed in the application.

To support this project as referenced above, Tri-Cities Endoscopy Center, PLLC also provided six years of historical data showing the outpatient procedures provided at their ASF. The historical data is summarized in Table 4. [Source: Application, p6]

**Table 4
Tri-Cities Endoscopy Center, PLLC
Historical Number of Procedures**

Year	Outpatient Procedures	Total Procedures
2010	1,936	1,936
2011	2,558	2,558
2012	2,502	2,502
2013	2,508	2,508
2014	2,516	2,516
2015*	1,748	1,748

*January-September

As shown in Table 4, the single physician currently using this ASC is performing 2,500+ procedures annually. The applicant reports only one OR is currently being utilized in the facility. This proposal is a cost-efficient way to add additional capacity for this planning area.

The applicant also provided letters from three local physicians willing to use the facility once the CN approval has been obtained by Tri-Cities Endoscopy Center, PLLC. These physicians report that wait times for patients to be scheduled for endoscopic procedures can be as much as three months.

Tri-Cities Endoscopy Center, PLLC also provided its patient origin data which is summarized in Table 5. [Source: Application, p15-16]

Table 5
Tri-Cities Endoscopy Center, PLLC
Year 2014 Patient Origin

Zip Code	City	% of Total
99336	Kennewick	51%
99301 & 99302	Pasco	18%
99352	Richland	14%
99353	West Richland	4%
99320	Benton	3%
99326	Connell	1%
99350	Prosser	1%
99330	Eltopia	<1%
99335	Kahlotus	<1%
99343	Mesa	<1%
99345	Patterson	<1%
99346	Plymouth	<1%

Table 5 shows that the majority of patients—approximately 51%—are from the applicant’s city of Kennewick. Based on its location in Kennewick, Tri-Cities Endoscopy Center, PLLC also draws a patients from Pasco, Richland, and West Richland.

Based on the applicant’s application of the numeric, historical number of procedures and patient origin data, Tri-Cities Endoscopy Center, PLLC concluded there is need for the dedicated ORs in the planning area and the ASC is needed to continue to provide much needed endoscopy services in the Benton/Franklin secondary health services planning area. Additional physicians will also allow for more efficient use of the ORs in the facility.

Department Evaluation

The department’s numeric methodology, does not show a need for additional operating room capacity in the Benton/Franklin secondary health services planning area. The department recognizes the numeric methodology deliberately excludes special purpose rooms, such as endoscopy ORs. As a result, the numeric methodology should not be solely relied on to determine need for dedicated endoscopy ORs such as those proposed in this project. If this project is not approved, more than 2500 endoscopic procedures would need to be performed in other facilities. No existing providers indicated they could absorb these procedures.

Based on the applicant’s supporting data demonstrating historical services and the exclusion of endoscopy facilities from the methodology, the department concludes **this sub-criterion is met.**

WAC 246-310-270(6)

WAC 246-310-270(6) requires a minimum of two ORs in an ASC. Tri-Cities Endoscopy Center, PLLC currently has two ORs for endoscopy procedures and no increase in ORs is planned. [Source: Application: p2 1]

Public Comments

None

Department Evaluation

WAC 246-310-270(6) requires a minimum of two ORs in an ASC. As Tri-Cities Endoscopy Center, PLLC has proposed that Their ASF will have two ORs, this standard is met.

Based on the applicant's ability to meet the standard under WAC 246-310-270(6), the department concludes **this sub-criterion is met.**

- (2) All residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.

To evaluate this sub-criterion, the department evaluates an applicant's Admission policies, willingness to serve Medicare patients, Medicaid patients, and to serve patients that cannot afford to pay for services.

The admission policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility and any assurances regarding access to treatment. The admission policy must also include language to ensure all residents of the planning area would have access to the proposed services. This is accomplished by providing an admission policy that states patients would be admitted without regard to race, ethnicity, national origin, age, sex, pre-existing condition, physical, or mental status.

Medicare certification is a measure of an agency's willingness to serve the elderly. With limited exceptions, Medicare is coverage for individuals age 65 and over. It is also well recognized that women live longer than men and therefore more likely to be on Medicare longer.

Medicaid certification is a measure of an agency's willingness to serve low income persons and may include individuals with disabilities.

A facility's charity care policy should show a willingness of a provider to provide services to patients who have exhausted any third-party sources, including Medicare, Medicaid, and other insurance, and whose income is equal to or below 200% of the federal poverty standards, adjusted for family size or is otherwise not sufficient to enable them to pay for the care or to pay deductibles or coinsurance amounts required by a third-party payer.² With the passage of the Affordable Care Act (ACA), the amount of charity care is expected to decrease, but not disappear. The policy should also include the process one must use to access charity care at the facility.

Tri-Cities Endoscopy Center, PLLC

Tri-Cities Endoscopy Center, PLLC provided copies of the following current policies used at their facility.

- Admission Policy
- Charity Care Policy

Medicare and Medicaid Programs

Tri-Cities Endoscopy Center, PLLC is currently Medicare and Medicaid certified. The applicant provided its projected source of revenues by payer for the ASF, shown in Table 6. [Source: Application p4]

² WAC 246-453-010(4)

**Table 6
Projected Payer Mix Percentages**

Source	Percent of Total
Medicare	50%
Medicaid	10%
Commercial	33%
Self-Pay/Uncompensated Care	7%
Total	100.0%

Source: Application p8-9

Public Comments

None

Department Evaluation

Tri-Cities Endoscopy Center, PLLC provided a draft copy of the existing Admission Policy to be used at the ASC. The policy outlines the criteria that it uses to admit patients for treatment at the ASC. If approved, since this is a draft admission policy, the department will require Tri-Cities Endoscopy Center, PLLC to submit an executed admission policy. [Source: May 13, 2016 Screening Response, p7]

The department uses Medicare certification to determine whether the elderly would have access, or continue to have access, to services. The department uses the facility’s Medicaid certification to determine whether low-income residents would have access, or continue to have access, to services.

Tri-Cities Endoscopy Center, PLLC stated that it currently provides services to Medicare and Medicaid patients and if this project is approved, the outpatient endoscopy services would continue to be accessible to these patients. To demonstrate compliance with this sub-criterion, Tri-Cities Endoscopy Center, PLLC provided its current and projected percentages of payer mix, for the endoscopy surgery center. The payer mix percentages are shown in Table 6. [Source: Application, p20]

As shown in Table 6, 60% of the endoscopy patients are expected to be Medicare or Medicaid patients. Financial documents provided in the application also demonstrate that endoscopy services will continue to be available to private pay and charity care patients. [Source: Application, p4 & 20]

To demonstrate compliance with this sub-criterion, Tri-Cities Endoscopy Center, PLLC provided a copy of its current executed Charity Care Policy. The policy provides the process one must use to access charity care. [Source: Application, Exhibit 9]

WAC 246-310-270(7)

WAC 246-310-270(7) requires that ASCs shall implement policies to provide access to individuals unable to pay consistent with charity care levels reported by the hospitals affected by the proposed ASC. For charity care reporting purposes, HPDS, divides Washington State into five regions: King County, Puget Sound (less King County), Southwest, Central, and Eastern. Tri-Cities Endoscopy Center, PLLC is located in Kennewick, within Benton County. Of the 21 hospitals, four are located in the Benton/Franklin secondary health services planning area and could be affected by approval of this project. The four hospitals are listed below.

- Trios Health (two hospitals in Kennewick)
- Lourdes Health Network in Pasco
- PMH Medical Center in Prosser
- Providence Kadlec in Richland

For this project, the department reviewed the most recent three years of charity care data for the 21 existing hospitals currently operating within the Central Region and focused on the four general acute care hospitals located in the Benton/Franklin secondary health services planning area. The three years reviewed are 2012, 2013, and 2014.³

Table 7 is a comparison of the historical average charity care for the Central Region as a whole. Since Tri-Cities Endoscopy Center, PLLC is not currently required to provide charity care there is no historical data for the ASF. Tri-Cities Endoscopy Center, PLLC has projected their charity care at two percent. [Source: Application, p 8-9 and 2012-2014 HPDS charity care summaries]

**Table 7
Charity Care Percentage Comparisons**

	% of Total Revenue
Historical Central Region	2.04%
Tri-Cities Endoscopy Center, PLLC Projected	2.00%

As shown in the table 7, Tri-Cities Endoscopy Center, PLLC is projecting a lower percentage than both the regional average and the data indicates a declining charity care for the Region.

Public Comments

None

The 2014 Report of Charity Care in Washington Hospitals offers the following analysis of decreased charity care across Washington State Hospitals with the introduction of the ACA:

“Implementation of the ACA is changing the landscape of charity care in Washington State. More patients have health coverage, either through Medicaid expansion or through purchase of private coverage. As a result, Washington saw the first decline in the amount of charity care reported by hospitals since the department began gathering these data...”

“As hospitals begin to report all data for calendar year 2014, the ACA becomes fully effective, and the number of insured stabilizes, we will likely see a continued decline in charity care in Washington over the next few years before it levels off again.” [Source: 2014 Washington State Charity Care in Washington Hospitals – January 2016]

The Certificate of Need program recognizes that charity care in Washington State is expected to continue to decline as more individuals receive healthcare coverage under the ACA, but charity care is not expected to reach zero.

³ As of the writing of this evaluation, year 2015 charity care data is not available.

To ensure that Tri-Cities Endoscopy Center, PLLC would provide charity care at the regional averages as a new CN approved provider, if this project is approved, the department would attach a condition related to the percentage of charity care to be provided at Tri-Cities Endoscopy Center, PLLC. The applicant will use reasonable efforts to provide charity care at the ASF in an amount comparable to or exceeding the average amount provided by hospitals in the Central Region. With the condition described above, the department concludes Tri-Cities Endoscopy Center, PLLC that all residents of the service area would have access to Tri-Cities Endoscopy Center, PLLC. **This sub-criterion is met.**

(3) The applicant has substantiated any of the following special needs and circumstances the proposed project is to serve.

(a) The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their services or resources, or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas.

Department Evaluation

This criterion is not applicable to this application.

(b) The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.

Department Evaluation

This criterion is not applicable to this application.

(c) The special needs and circumstances of osteopathic hospitals and non-allopathic services.

Department Evaluation

This criterion is not applicable to this application.

(4) The project will not have an adverse effect on health professional schools and training programs. The assessment of the conformance of a project with this criterion shall include consideration of:

(a) The effect of the means proposed for the delivery of health services on the clinical needs of health professional training programs in the area in which the services are to be provided.

Department Evaluation

This criterion is not applicable to this application.

(b) If proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools serving the area will have access to the services for training purposes.

Department Evaluation

This criterion is not applicable to this application.

(5) The project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization or proposed health

maintenance organization and the services proposed are not available from health maintenance organization providers or other health maintenance organizations in a reasonable and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.

Department Evaluation

This criterion is not applicable to this application.

B. Financial Feasibility (WAC 246-310-220)

Based on the source information reviewed and Tri-Cities Endoscopy Center, PLLC's agreement to the conditions identified in the conclusion section of this evaluation, the department concludes Tri-Cities Endoscopy Center, PLLC's application has met the financial feasibility criteria in WAC 246-310-220.

(1) The immediate and long-range capital and operating costs of the project can be met.

WAC 246-310 does not contain specific WAC 246-310-220(1) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what the operating revenues and expenses should be for a project of this type and size. Therefore, using its experience and expertise the department evaluates if the applicant's pro forma income statements reasonably project the proposed project is meeting its immediate and long-range capital and operating costs by the end of the third complete year of operation.

Tri-Cities Endoscopy Center, PLLC

To evaluate this sub-criterion, the department first reviewed the assumptions used by Tri-Cities Endoscopy Center, PLLC to determine the projected number of surgical cases for Their ASC. The assumptions used are summarized below. [Source: Application, pp15-16]

- Tri-Cities Endoscopy Center, PLLC endoscopy program is highly utilized and projected a 20% growth based on population increases and additional physicians committing to use the ASC.
- Current procedures/services include diagnostic esophagogastroduenocopy, esophagogastroduenocopy with biopsy, esophagogastroduenocopy with polypectomy, esophagogastroduenocopy with dilation, sigmoidoscopy, diagnostic colonoscopy, colonoscopy with biopsy, colonoscopy with polypectomy.
- The applicant has letters of commitment from three new physicians. Each new physician is expected to perform 400 to 500 procedures per year. [Source: April 4, 2016 Screening Response, pp 97-98]
- Currently 51% of the patients using the facility come from the city of Kennewick.

Using the assumptions stated above, Tri-Cities Endoscopy Center, PLLC projected the number of procedures for their ASC. Table 8 shows the projections through year 2019. [Source: Application, p16 and April 4, 2016 Screening Response, pp 97-99]

Table 8
Projected Number of Procedures

	Year 2016	Year 2017	Year 2018	Year 2019
Procedures	2,400	2,800	3,456	4,147

Tri-Cities Endoscopy Center, PLLC also provided their assumptions used to project revenue, expenses, and net income for full calendar years 2017 through 2019. The assumptions are summarized below. [Source: Application, p16-23 and April 4, 2016 Screening Response, pp 97-99 & 113]

- Tri-Cities Endoscopy Center, PLLC operates on a cash basis.
- The income statements include outpatient revenue and expenses based on the applicant’s historical information.
- Outpatient revenues was calculated using the payer mix percentages for the existing ASF. Payor mix is Medicare 50%, Medicaid 10%, Commercial 33%, and Other 7%.
- No inflation was assumed for gross revenues.
- Charity care is estimated at 2.00% of gross revenue.
- The number of outpatient visits projected for year 2017 is 2,880; year 2018 is 3,456; and year 2019 is 4,147
- Wages and salaries are calculated based on current staffing rates; and benefits are assumed on current experience.
- All costs associated with physician staffing, including the medical director, are included. Medical Director fees are based on the current contract.

Using the assumptions stated above, Tri-Cities Endoscopy Center, PLLC projected revenue, expenses, and net income for the ASF. Year 2017 is the first full calendar year of operation and year 2019 is year three. The projections are shown in Table 9 below. [Source: April 4, 2016, Screening Response, P105]

Table 9
Tri-Cities Endoscopy Center, PLLC
Projected Years 2017 through 2019

	Year 2017	Year 2018	Year 2019
Net Revenue	\$5,080,977	\$5,130,770	\$5,181,052
Total Expenses	\$3,522,780	\$ 3,585,465	\$ 3,618,451
Net Profit/(Loss)	\$1,558,197	\$1,545,305	\$1,562,601

The ‘Net Revenue’ line item is gross outpatient revenue. The ‘Total Expenses’ line item includes salaries and wages and all costs associated with operations of Tri-Cities Endoscopy Center, PLLC. As shown in Table 9, Tri-Cities Endoscopy Center, PLLC currently operates at a profit and projects the endoscopy center will continue operating at a profit.

Public Comments

None

Department Evaluation

The department reviewed the assumptions used by Tri-Cities Endoscopy Center, PLLC to project its number of procedures. These projections are based on Tri-Cities Endoscopy Center, PLLC's assumptions of new physicians using the facility and growth in the populations that will need the services provided by the ASC. The department concludes the patient projections provided by Tri-Cities Endoscopy Center, PLLC are reasonable. The revenue is based on historical revenue per procedure, therefore the department concludes the projected revenue is appropriate.

Public Comments

None

Based on the source documents evaluated, the department concludes that the projected revenues and expenses at the proposed ASC are reasonable and can be substantiated for this application. The department concludes that the immediate and long-range operating costs of the project can be met. **This sub-criterion is met.**

- (2) The costs of the project, including any construction costs, will probably not result in an unreasonable impact on the costs and charges for health services.

WAC 246-310 does not contain specific WAC 246-310-220(2) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what an unreasonable impact on costs and charges would be for a project of this type and size. Therefore, using its experience and expertise the department compared the proposed project's costs with those previously considered by the department.

Tri-Cities Endoscopy Center, PLLC

There are no estimated capital expenditures associated with this project. The two ASF operating rooms are fully built-out and operational. No new equipment is proposed for this project. [Source: Application, p19]

Tri-Cities Endoscopy Center, PLLC identified the location of the existing ASF as 7114 West Hood Place in Kennewick. The applicant provided an executed lease agreement between Tri-Cities Endoscopy, PLLC, [tenant] and Sittlerk Trikalsaransukh, LLC [landlord]. The agreement identifies the location of the site, lease costs, and certain requirements for use of the facility by the tenant. The agreement outlines roles and responsibilities of both tenant and landlord. The agreement provides for two ten year extensions of the lease. [Source: April 4, 21016 Screening Response, pp117-125]

Public Comments

None

Department Evaluation

The applicant provided the existing executed lease for this project. The lease meets the requirement for a CN application and the applicant provided the current monthly lease expense. [Source: April 4, 21016 Screening Response, pp117-125, & 128]

Based on the information reviewed, the department concludes the cost of the project will probably not result in an unreasonable impact on the costs and charges for health services. **This sub-criterion is met.**

(3) The project can be appropriately financed.

WAC 246-310 does not contain specific source of financing criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs how a project of this type and size should be financed. Therefore, using its experience and expertise the department compared the proposed project’s source of financing to those previously considered by the department.

Department Evaluation

This criterion is not applicable to this application.

Based on the information reviewed, the department concludes that **this sub-criterion is not applicable.**

C. Structure and Process (Quality) of Care (WAC 246-310-230)

Based on the source information reviewed and Tri-Cities Endoscopy Center, PLLC’s agreement to the conditions identified in the conclusion section of this evaluation, the department concludes Tri-Cities Endoscopy Center, PLLC’s application has met the structure and process of care criteria in WAC 246-310-230.

(1) A sufficient supply of qualified staff for the project, including both health personnel and management personnel, are available or can be recruited.

WAC 246-310 does not contain specific WAC 246-310-230(1) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what specific staffing patterns or numbers of FTEs that should be employed for projects of this type or size. Therefore, using its experience and expertise the department concludes that the planning would allow for the required coverage.

Tri-Cities Endoscopy Center, PLLC

Tri-Cities Endoscopy Center, PLLC currently has one physician who is the owner, operator, and Medical Director of the facility. In 2016 the non-physician staff will increase to 11 employees. The applicant is planning to have three additional physicians use the facility but did not specify a date when they would begin using the facility. Tri-Cities Endoscopy Center, PLLC’s current and proposed staffing is shown in table 10. [Source: Application, p21]

**Table 10
Tri-Cities Endoscopy Center, PLLC’s staffing**

	2016	Year 1-2017 Increase	Year 2-2018 Increase	Year 3-2019 Total
RN	4	2	2	8
Tech	2	1	2	5

	2016	Year 1-2017 Increase	Year 2-2018 Increase	Year 3-2019 Total
Patient Care Coordinator	1	0	0	1
MA-C or NAC	4	2	1	7
Total	11	5	5	21

The applicant reports they have sufficient staff currently employed and with the small number of staff needed as the volume increases they will have no problem in recruiting any additional staff.

Tri-Cities Endoscopy Center, PLLC is currently operating and the applicant provide the names and license number for the Medical Director and Nursing Director. Tri-Cities Endoscopy Center, PLLC also provided a job description with roles and responsibilities, for the medical director position. [Source: Application: p22]

Public Comments

None

Department Evaluation

Tri-Cities Endoscopy Center, PLLC is currently operating with one physician and supporting staff. The applicant is proposing to add a small number of staff in years two and three proportionate to the added physicians and as the number of surgeries increases. The department concludes that the staffing is reasonable.

Based on the source documents evaluated, the department concludes adequate and qualified staffing for the surgery center is available or can be recruited. **This sub criterion is met.**

- (2) The proposed service(s) will have an appropriate relationship, including organizational relationship, to ancillary and support services, and ancillary and support services will be sufficient to support any health services included in the proposed project.

WAC 246-310 does not contain specific WAC 246-310-230(2) as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what relationships, ancillary and support services should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials contained in the application.

Tri-Cities Endoscopy Center, PLLC

Tri-Cities Endoscopy Center, PLLC has been providing outpatient endoscopy services within its facility for many years. Currently the services are co-located in existing clinic space; as a result, all ancillary and support services are already in place for the services.

The ancillary and support services provided for the applicant by outside contractors are laundry services, janitorial services, landscaping services, and medical supplies, and IT support. [Source: May 13, 2016 Screening Response, p42]

Public Comments

None

Department Evaluation

Tri-Cities Endoscopy Center, PLLC has been operating since year 2002, and has already established ancillary and support agreements with healthcare providers in the Benton/Franklin

secondary health services planning area. Tri-Cities Endoscopy Center, PLLC SRM provided a copy of the existing transfer agreement between itself and Kadlec Medical Center. The agreement identifies the roles and responsibilities of both entities. There is no indication that the current relationships would be negatively affected if this project was approved.

Based on the information reviewed, the department concludes, **this sub-criterion is met.**

- (3) There is reasonable assurance that the project will be in conformance with applicable state licensing requirements and, if the applicant is or plans to be certified under the Medicaid or Medicare program, with the applicable conditions of participation related to those programs.

WAC 246-310 does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare and Medicaid certified. Therefore, using its experience and expertise the department assessed the applicant's history in meeting these standards at other facilities owned or operated by the applicant.

Tri-Cities Endoscopy Center, PLLC

Tri-Cities Endoscopy Center, PLLC provided copies of the licensing status for the Medical Director and Nursing Director for the ASF. Tri-Cities Endoscopy Center, PLLC also reported that the ASF does not have any history with respect to the actions described in WAC 246-310-230(5)(a).

Public Comments

None

Department Evaluation

Tri-Cities Endoscopy Center, PLLC has been a healthcare provider in Washington State for many years and operates only the ASF located in Kennewick. As part of this review, the department must conclude that the proposed services provided at the ASF would be provided in a manner that ensures safe and adequate care to the public.⁴ To accomplish this task, the department reviewed the quality of care compliance history for Tri-Cities Endoscopy Center, PLLC.

Tri-Cities Endoscopy Center, PLLC had its most recent survey on October 6, 2015. The department has determined that the ASF has achieved compliance and are currently certified for CMS. [Source: ILRS survey data]

In addition to the ASF owned and operated by Tri-Cities Endoscopy Center, PLLC, the department also reviewed the compliance history for key licensed staff currently associated with Tri-Cities Endoscopy Center, PLLC, including the medical director. Both the medical Director (Sittlerk Trikalsaransukh, MD) and the Director of Nurses Lana J. Jones have active licenses and do not have a show any enforcement actions in ILRS.

Given the compliance history of the health care facilities owned and operated by Tri-Cities Endoscopy Center, PLLC and the current key licensed staff, including the medical director, there is reasonable assurance that the ASF will be operated and managed in conformance with applicable state and federal licensing and certification requirements.

⁴ WAC 246-310-230(5).

Based on the above information, the department concludes that Tri-Cities Endoscopy Center, PLLC demonstrated reasonable assurance that the surgery center would continue to be operated in compliance with state and federal requirements. **This sub criterion is met.**

- (4) The proposed project will promote continuity in the provision of health care, not result in an unwarranted fragmentation of services, and have an appropriate relationship to the service area's existing health care system.

WAC 246-310 does not contain specific WAC 246-310-230(4) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs how to measure unwarranted fragmentation of services or what types of relationships with a services area's existing health care system should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials in the application.

Tri-Cities Endoscopy Center, PLLC

A CN approved Tri-Cities Endoscopy Center, PLLC will increase access to these needed services and reduce patient wait times by allowing qualified credentialed and privileged physicians in good standing to utilize Tri-Cities Endoscopy Center's fully built-out and operational endoscopy center. Approving a CN for this existing facility is a cost-effective means of increasing patient access to these services. Tri-Cities Endoscopy Center's existing working relationships will assure continuity of care. [Source: Application, p23]

Tri-Cities Endoscopy Center, PLLC provided a copy of the transfer agreement with Kadlec Regional Medical Center. [Source: April 5, 2016 Screening Response pp151-158]

Public Comments

None

Department Evaluation

Tri-Cities Endoscopy Center, PLLC has established relationships with local providers and community organizations. The applicant provided a copy of its transfer agreement with a local hospital. The ASF will not be changing locations or adding new services.

Based on the information reviewed, the department concludes **this sub-criterion is met.**

- (5) There is reasonable assurance that the services to be provided through the proposed project will be provided in a manner that ensures safe and adequate care to the public to be served and in accord with applicable federal and state laws, rules, and regulations.

Tri-Cities Endoscopy Center, PLLC

The applicant reported Tri-Cities Endoscopy Center, PLLC operates all existing programs in conformance with applicable state and federal laws, rules, and regulations.

Public Comments

None

Department Evaluation

This sub-criterion is addressed in sub-section (3) above and **is met.**

D. Cost Containment (WAC 246-310-240)

Based on the source information reviewed and Tri-Cities Endoscopy Center, PLLC's agreement to the conditions identified in the conclusion section of this evaluation, the department concludes that Tri-Cities Endoscopy Center, PLLC's application has met the cost containment criteria in WAC 246-310-240.

(1) *Superior alternatives, in terms of cost, efficiency, or effectiveness, is not available or practicable.*

To determine if a proposed project is the best alternative, in terms of cost, efficiency, or effectiveness, the department takes a multi-step approach. First the department determines if the application has met the other criteria of WAC 246-310-210 thru 230. If the project has failed to meet one or more of these criteria then the project cannot be considered to be the best alternative in terms of cost, efficiency, or effectiveness as a result the application would fail this sub-criterion.

If the project has met the applicable criteria in WAC 246-310-210 through 230 criteria, the department then assesses the other options considered by the applicant. If the department determines the proposed project is better or equal to other options considered by the applicant and the department has not identified any other better options this criterion is determined to be met unless there are multiple applications.

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria contained throughout WAC 246-310 related to the specific project type. The adopted superiority criteria are objective measures used to compare competing projects and make the determination between two or more approvable projects which is the best alternative. If WAC 246-310 does not contain any service or facility type superiority criteria as directed by WAC 246-310-200(2) (a)(i), then the department would look to WAC 246-310-240(2)(a)(ii) and (b) for criteria to make the assessment of the competing proposals. If there are no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b), then using its experience and expertise, the department would assess the competing projects and determine which project should be approved.

Public Comments

None

Department Evaluation

Step One

The department determined Tri-Cities Endoscopy Center, PLLC met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves to step two.

Step Two

Tri-Cities Endoscopy Center, PLLC

Before submitting this application, Tri-Cities Endoscopy Center, PLLC considered and rejected the following option. [Source: Application, p24]

No Project Option: Tri-Cities Endoscopy Center, PLLC rejected a 'do nothing' strategy. The Benton-Franklin County planning area currently has too few effectively utilized outpatient ambulatory operating rooms. Planning area residents are underserved relative to the forecasted demand for ambulatory surgical services and gastroenterologic endoscopy services, and must wait or travel to obtain to obtain care that should be locally available. A status quo strategy is

detrimental to the quality and continuum of care. It will do nothing to reduce the wait times for gastroenterologic endoscopy services, will restrict needed health care services within the defined area, and it will not improve the cost effectiveness of care delivery. Because there were no advantages to a do nothing strategy, it was not considered a feasible alternative.

Public Comments

None

Department Evaluation

The department did not suggest or evaluate any other alternatives to this project.

Step Three

Tri-Cities Endoscopy Center, PLLC

This step is applicable only when there are two or more approvable projects. Tri-Cities Endoscopy Center, PLLC's application is the only application under review to add ASF capacity in Benton and Franklin Counties. This criterion is not applicable to this application.

Public Comments

None

Department Evaluation

This criterion is not applicable to this application.

(2) *In the case of a project involving construction:*

(a) *The costs, scope, and methods of construction and energy conservation are reasonable;*

WAC 246-310 does not contain specific WAC 246-310-240(2)(a) criteria as identified in WAC 246-310-200(2)(a)(i). There are known minimum building and energy standards that healthcare facilities must meet to be licensed or certified to provide care. If built to only the minimum standards all construction projects could be determined to be reasonable.

Tri-Cities Endoscopy Center, PLLC

The applicant reported that there is not construction project related to this proposal.

Public Comments

None

Department Evaluation

This criterion is not applicable to this application.

(b) *The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.*

Tri-Cities Endoscopy Center, PLLC

The applicant reports that this project is a cost effective method to add additional ASF capacity without incurring construction costs.

Public Comment

None

Department Evaluation

This criterion is not applicable to this application.

- (3) *The project will involve appropriate improvements or innovations in the financing and delivery of health services which foster cost containment and which promote quality assurance and cost effectiveness.*

Tri-Cities Endoscopy Center, PLLC

The applicant reports no capital cost is associated with this proposal.

Public Comment

None

Department Evaluation

This criterion is not applicable to this application.

- (4) *This project has the potential to improve delivery of outpatient surgical services to the residents of Benton County and surrounding communities.*

Tri-Cities Endoscopy Center, PLLC

The applicant reports this proposal will improve the delivery of outpatient surgical services by decreasing the wait time for patients needing the endoscopy services.

Public Comment

None

Department Evaluation

The department is satisfied the project is appropriate and needed. **This sub-criterion is met.**

APPENDIX A

