



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

August 1, 2017

CERTIFIED MAIL # 7014 2120 0002 7631 1700

Robert Wohlman, M.D
Eastside Endoscopy Center, LLC
1135 116th Avenue NE, Suite 570
Bellevue, WA 98004

RE: CN 17-14

Dear Dr. Wohlman:

We have completed review of the Certificate of Need application submitted by Eastside Endoscopy Center, LLC proposing to remove a condition attached to Certificate of Need #1469R approving the establishment of Eastside Endoscopy Center, LLC located in Bellevue within east King County secondary health services planning area. Enclosed is a written evaluation of the application.

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

Project Description:

This certificate approves the establishment of a three-operating room endoscopy ambulatory surgery center at 1135—116th Avenue NE in the city of Bellevue within east King County secondary health services planning area. Eastside Endoscopy Center, LLC located in Bellevue currently provides endoscopic and related gastroenterology (GI) services at the existing ambulatory surgery center in Bellevue known as (EEC-Bellevue). Approval of this application is not changing any of its ownership or existing services or practices. The following conditions continue to remain in effect as applicable.

Conditions:

1. Eastside Endoscopy Center, LLC agrees with the project description as stated above. Eastside Endoscopy Center, 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 issuance of a Certificate of Need, Eastside Endoscopy Center, LLC must provide for the Department's review and approval the Admission Policy currently used at the surgery center.
3. Eastside Endoscopy Center, LLC (EEC Bellevue) must maintain Medicare and Medicaid certification.
4. Eastside Endoscopy Center, LLC will provide charity care in compliance with the charity care policy provided in the application, or any subsequent policies. Eastside Endoscopy Center, LLC will use reasonable efforts to provide charity care at the Issaquah location in an amount comparable to or exceeding the average amount of charity care provided by the four hospitals in East King County. Currently, this amount is 1.01% for gross revenue and 1.85% for adjusted revenue. Eastside Endoscopy Center, LLC will maintain records of charity care amount provided at the Bellevue location documenting the amount of charity care it provides and demonstrating compliance with its charity care policies.

Approved Cost:

There is no capital expenditure associated with this project.

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

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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, Manager with the Certificate of Need Program at (360) 236-2955.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nancy Tyson', with a long horizontal flourish extending to the right.

Nancy Tyson, Executive Director
Community Health Systems

Enclosure

**EVALUATION DATED AUGUST 1, 2017, FOR THE CERTIFICATE OF NEED APPLICATION
SUBMITTED BY EASTSIDE ENDOSCOPY CENTER, LLC PROPOSING TO REMOVE A
CONDITION AT EASTSIDE ENDOSCOPY CENTER IN BELLEVUE WITHIN EAST KING
COUNTY SECONDARY HEALTH SERVICES PLANNING AREA**

APPLICANT DESCRIPTION

Eastside Endoscopy Center, LLC is owned by physician members of Overlake Internal Medicine Associates and Northwest Gastroenterology Associates, Inc. P.S. Additionally, Physicians Endoscopy, LLC¹ an affiliate has 30% ownership in Eastside Endoscopy Center, LLC. Eastside Endoscopy Center, LLC is located at 1135—116th Avenue NE in the city of Bellevue within east King County². Eastside Endoscopy Center, holds Washington State Department of Health license as an Ambulatory Surgery Facility (ASF) and is certified by the Centers for Medicare and Medicaid Services and accredited by the Accreditation Association for Ambulatory Health Care. [Source: CN historical record and Application, Page 3]

Eastside Endoscopy Center, LLC operates two endoscopy ambulatory surgical facilities located in Bellevue and Issaquah within east King County ambulatory surgery center secondary health service planning area. Physicians Endoscopy, LLC or its affiliated physicians owns or operates ambulatory surgical facilities throughout the United States.³ [Source: Application, Page 3 and Exhibit 3]

BACK GROUND INFORMATION

In 2011, Eastside Endoscopy Center, LLC submitted a Certificate of Need application proposing to establish an endoscopy ambulatory surgery center in Bellevue within east King County ambulatory surgery center secondary health service planning area. On April 24, 2012, the department issued CN#1469 to Eastside Endoscopy Center⁴. [Source: Department Evaluation dated April 10, 2012]

On August 7, 2012, the department issued CN #1469R to Eastside Endoscopy Center, LLC because of a stipulation agreement dated August 6, 2012. The stipulation agreement between the Department of Health, Eastside Endoscopy and Swedish Health Services stipulated as follows:

- A. *To replace CON#1469, the Department will issue a revised CON, to be designated CON#1469R. CON #1469R will contain the following project description:*

This certificate approves the establishment of an endoscopy ambulatory surgery center in city of Bellevue within the east King County planning area. Approval of this project is not changing EEC-Bellevue's ownership, existing services, or practices. The total number of operating rooms/suites/procedure rooms is three. Services to be provided are limited to endoscopy and gastroenterology related procedures. The use of the facility is limited to physicians who practice as

¹ Physicians Endoscopy, LLC is a Delaware corporation.

² On October 21, 1994, Eastside Endoscopy Center, LLC received a Certificate of Need exemption to establish an endoscopy ASC within the city of Bellevue. At the time, the exemption was granted to EEC, it was owned by five physicians from Overlake Internal Medicine Associates and six physicians from Northwest Gastroenterology Associates the use of the ASC was limited to the physician owners and physicians employed by the respective professional practices.

³ Physician Endoscopy, LLC owns or operates ambulatory surgical facilities in Arizona, Florida, Georgia, Illinois, Massachusetts, New Jersey, New York, North Carolina, Ohio, Pennsylvania and Texas.

⁴ CN#1469 was issued with five conditions. On August 7, 2012, the department issued CN #1469R to Eastside Endoscopy Center, LLC replacing CN #1469.

members or employees of Overlake Internal Medical Associates or Northwest Gastroenterology Associates, and are not members or employees of any other individual practice or group practice. Outside physicians cannot be “employed” by one of the groups simply to use the facility.

CON #1469R also will contain the following conditions:

1. Eastside Endoscopy Center, LLC agrees with the project description (including, without limitation, the types of procedures that may be performed in the facility; the physicians who may use the facility; and the number of operating rooms/suites/procedure rooms). Eastside Endoscopy Center, LLC further agrees that any change to the project as described in the project description above is a new project that requires a new Certificate of Need.
2. Prior to commencement of the project, Eastside Endoscopy Center, LLC—EEC-Bellevue must provide for the Department’s review and approval an adopted Scope of Care policy. The adopted policy must be consistent with the draft provided in the application.
3. Prior to commencement of the project, Eastside Endoscopy Center, LLC—EEC-Bellevue must provide for the Department’s review and approval a revised, adopted Charity Care Policy that includes a process for patients to qualify for charity care prior to the services being received.
4. Eastside Endoscopy Center, LLC—EEC-Bellevue will provide charity care in compliance with the revised charity care policy as approved from #3 above. Eastside Endoscopy Center, LLC—EEC-Bellevue will use reasonable efforts to provide charity care in an amount comparable to the average amount of charity care provided by the hospitals located in King County during the three most recent years. For historical years 2007-2009, this amount is 1.42% of gross revenue. Eastside Endoscopy Center, LLC—EEC-Bellevue will maintain records documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.

EEC states, and the Department acknowledges, that conditions 2 and 3 have been satisfied. Swedish does not have sufficient information at this time to verify whether or not conditions 2 and 3 have been satisfied.

- C. Upon issuance of CON #1460R and CON #1469R, the Department, EEC, and Swedish will stipulate to dismissal, without an award of costs or fees to any party, of DOH Master Case No. M2012-42 and DOH Master Case M2012-523, and request that the Presiding Officer in those adjudicative proceedings so order.

Such dismissal would resolve with finality those proceedings, but would not be intended to resolve the parties’ disputes on the merits. The parties do not waive any asserted legal arguments and positions and reserve all rights to assert such legal arguments and positions.

Neither Swedish nor EEC will seek adjudicative or judicial review of CON #1460R or CON#1469R assuming they are issued consistently with the above-stated project descriptions and conditions.

[Source: Stipulation dated August 6, 2012, Pages 1-4]

PROJECT DESCRIPTION

Eastside Endoscopy Center, LLC currently provides endoscopic and related gastroenterology (GI) services at the Certificate of Need approved ambulatory surgical Center (ASC) located in Bellevue. The use of Eastside Endoscopy Center, LLC located in Bellevue is limited to its physician owners, and Overlake Internal Medicine Associates and Northwest Gastroenterology Associates, Inc. P.S. employed

physicians. This application proposes to remove the condition limiting the physician use. This EEC-Bellevue application is not proposing any changes to its ownership, location, or services or provided at the center. [Source: Application pages 2 and 7]

There is no capital expenditure associated with this project. EEC-Bellevue has three dedicated operating rooms (ORs) used solely for endoscopic and related GI procedures. This application does not propose to increase the number of ORs at the facility. For ease of reference within this evaluation, the department would refer to the applicant Eastside Endoscopy Center, LLC as (“Eastside Endoscopy Center, LLC”) and the ASC located in Bellevue as (“EEC-Bellevue”).

APPLICABILITY OF CERTIFICATE OF NEED LAW

This project is subject to review under WAC 246-310-570(1)(d) because Eastside Endoscopy Center, LLC requests the removal of a condition attached to Certificate of Need #1469R as stipulated in the agreement dated August 6, 2012.

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 that 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 experience 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); 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	Eastside Endoscopy Center, LLC
Letter of Intent Submitted	July 5, 2016
Application Submitted	November 9, 2016
Department’s Pre-review Activities including <ul style="list-style-type: none"> • DOH 1st Screening Letter • Applicant’s 1st Screening Responses Received • DOH 2nd Screening Letter • Applicant’s 2nd Screening Responses Received 	December 5, 2016 January 19, 2017 February 9, 2017 March 24, 2017
Beginning of Review	March 31, 2017
End of Public Comment <ul style="list-style-type: none"> • Public comments accepted through the end of public comment • Public hearing conducted • Rebuttal Comments Received⁵ 	May 4, 2017 None requested or conducted N/A
Department’s Anticipated Decision Date	July 3, 2017
Department’s Decision Date with 30 Day Extension	August 2, 2017
Department’s Actual Decision Date	August 1, 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.”*

As noted above, WAC 246-310-010(2) requires an affected person to first meet the definition of an ‘interested person.’ WAC 246-310(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;*

⁵ The department did not receive any public comment therefore; the applicant did not provide rebuttal comment.

- (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.*

Ms. Elena Zana is an attorney with Ogden Murphy Wallace, PLLC that requested interested person status and asked to be informed of the department's decision. Ms. Zana met the definition of an "interested person" under WAC 246-310-010(34). Ms. Zana did not provide public comments on this project; therefore, Elana Zana does not qualify as an "affected person" for this application.

SOURCE INFORMATION REVIEWED

- Eastside Endoscopy Center, LLC Certificate of Need application received on November 9, 2016
- Eastside Endoscopy Center, LLC screening responses received on January 9, 2016 and March 24, 2017
- Year 2016 Annual Ambulatory Surgery Provider Survey for Surgical Procedures Performed During Calendar Year 2015 for hospitals, ambulatory surgery centers, or ambulatory surgical facilities located in east King County
- Historical charity care data obtained from Department of Health Office of Community Health Systems, Charity Care and Hospital Financial Data Program
- Department of Health's Integrated Licensing and Regulatory System [ILRS] data obtained for ambulatory surgery centers or ambulatory surgical facilities located in east King County.
- Year 2014 Claritas population data received in year 2015
- Washington State Department of Ecology King County zip code map prepared by GIS Technical Services and released on August 3, 2006
- Licensing data provided by the Medical Quality Assurance Commission
- The Accreditation Association for Ambulatory Health Care www.aaahc.org
- Licensing data provided by the Medical Quality Assurance Commission, Nursing Quality Assurance Commission, and Health Systems Quality Assurance Office of Customer Service
- CN Historical Files

CONCLUSION

For the reasons stated in this evaluation, the application submitted by Eastside Endoscopy Center, LLC proposing to remove a condition attached to Certificate of Need #1469R is consistent with applicable criteria of the Certificate of Need Program. The limitation identified in the stipulation agreement dated August 6, 2012 limiting the use of the facility to physicians who practice as members or employees of Overlake Internal Medical Associates or Northwest Gastroenterology Associates, and are not members or employees of any other individuals practice or group practice is revised. All other condition that are pertinent to this project are updated below.

Project Description:

This certificate approves the establishment of a three-operating room endoscopy ambulatory surgery center at 1135—116th Avenue NE in the city of Bellevue within east King County secondary health services planning area. Eastside Endoscopy Center, LLC located in Bellevue currently provides endoscopic and related gastroenterology (GI) services at the existing ambulatory surgery center in Bellevue known as (EEC-Bellevue). Approval of this application is not changing any of its ownership or existing services or practices. The following conditions continue to remain in effect as applicable.

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Approved Cost:

There is no capital expenditure associated with this project.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

Based on the source information reviewed, and Eastside Endoscopy Center, LLC continued agreement to the conditions identified in the conclusion section of this evaluation, the department determines that Eastside Endoscopy Center, LLC met the need WAC 246-310-210 and WAC 246-310-270

- (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 methodology in WAC 246-310-270(9) divides Washington State into 54 secondary health services planning areas. 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 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, it subtracts this capacity from the forecasted number of surgeries expected in the planning area in the target year, and it 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 operating rooms and procedures.

Eastside Endoscopy Center, LLC Application of the Numeric Methodology

- *Despite the explicit exclusion of the utilization of endoscopic rooms from the methodology, we understand that the department will still apply the ASC methodology contained in WAC 246-310-270(9) as its initial step in the analysis of need for this application. The Department typically “runs” the ASC methodology using data that it collects after the CN application is submitted. Since EEC does not have access to current outpatient and inpatient utilization data, we relied on information contained in the most recent relevant CN evaluation in the East King County Secondary health services planning area; the April 8, 2016 Evaluation for the Certificate of Need Application submitted by Swedish Health Service in the East King County (hereinafter referred to as “CN #15-25 Evaluation”) [Source: Application Page 12]*
- *In that evaluation, the Department found there was a need for an additional 13.65 outpatient ORs in the in the East King County Secondary health services planning area. Of the 13.65 outpatient ORs determined to be needed, three outpatient ORs were awarded to the Swedish Health Services/Proliance Surgeons, Inc. P.S. joint venture, leaving an unmet need of over 10 additional outpatient ORs. [Source: Application Pages 12 and 13]*
- *In the past CN analyses of endoscopy ASCs in which the methodology does not project a need, the Department concluded that:*

[I]f this project is approved, the additional of three dedicated ORs providing only endoscopic and GI procedure would not be counted in the OR supply and would have no impact on the need calculation or future need for additional ORs in the planning area...

As a result, the Department concurs with the applicant that numeric methodology outlined in WAC 246-310-270(9) is not predictor of need for the dedicated endoscopic ORs⁶. [Source: Application Page 13]

- *For the above reasons, we believe that the proposed project meets applicable need criteria.*

In addition to the statements above, Eastside Endoscopy Center, LLC also provided the statements below.

- *The methodology in WAC 246-310-270(9) divides Washington into 54 Secondary health services planning area EEC-Bellevue is located in the East King County Secondary health services planning area, which is defined using the zip codes in Table 4. [Source Application Pages 13 -16]*

**Table 4 (Reproduced)
East King Secondary Health Services
Planning Area Zip Codes⁷**

Zip Code	City
98004	Bellevue
98005	Bellevue
98006	Bellevue
98007	Bellevue/Eastgate
98008	Bellevue
98009	Bellevue
98011	Black Diamond
98014	Carnation
98019	Duvall
98024	Fall City
98027	Issaquah
98029	Issaquah
98028	Kenmore/Bothell
98033	Redmond/Totem Lake
98034	Kirkland
98039	Medina
98040	Mercer Island
98045	North Bend
98050	Preston
98052	Redmond/Avondale
98053	Redmond
98065	Snoqualmie
98068	Snoqualmie Pass

⁶ Source: Department of Health, Certificate of Need Evaluation, Mid-Columbia Endoscopy Center, LLC at 10.

⁷ Source: CN#15-25 Evaluation (citing 1980 State Health Plan and Washington State Department of Ecology King County zip code map prepared by GIS Technical Services and released August 3, 2006).

Table 4 (Reproduced) (continued)
East King Secondary Health Services
Planning Area Zip Codes

98072	Woodinville
98073	Redmond
98074	Sammamish/Redmond
98075	Sammamish
98077	Woodinville
98083	Kirkland
98174	Seattle
98224	Baring
98288	Skykomish

- The population data for the East King Secondary Health Services Planning Area included in Table 5 demonstrates that the current total population of approximately 660,229 continues to grow and is expected to increase by 6.8% by 2020. The largest growth will occur in the age 45-84 cohorts. These combined age cohorts are expected to add another 39,530 residents (nearly 32%) over the next five years. [Source: Application pages 13-14]

Table 5 (Reproduced)⁸
East King Secondary Health Services Planning Area Population

	2010	Pct of Tot Pop	2105 Est	Pct of Tot Pop	Pct Chg 2010 - 2015	2020 Proj	Pct of Tot Pop	Pct Chg 2015 - 2020
<i>Tot. Pop.</i>	608,587	100%	660,229	1%	7.8%	708,329	1%	6.8%
<i>Pop. By Age</i>								
0-20	163,431	26.7%	175,089	26.5%	6.7%	185,325	26%	5.5%
21-44	208,282	34.2%	213,191	32.3%	2.3%	211,331	30%	-0.9%
45-64	169,963	27.9%	187,519	28.4%	9.4%	203,777	29%	8.0%
65-84	56,721	9.3%	73,363	11.1%	22.7%	96,635	14%	24.1%
85+	10,110	1.7%	11,067	1.7%	8.6%	11,261	2%	1.7%

Table 6 (Reproduced)
East King Secondary Health Services Planning Area Patient Origin⁹

City	Zip Code	Percent of Total
Bellevue	98004	7.73%
Bellevue	98005	4.55%
Bellevue	98006	8.84%
Bellevue/Eastgate	98007	4.87%
Bellevue	98008	6.30%
Bellevue	98009	0.36%
Black Diamond	98011	0.08%
Carnation	98014	0.75%

⁸ Source: The Neilson Company

⁹ Source: Applicant

Table 6 (Reproduced) (continued)
East King Secondary Health Services Planning Area Patient Origin

City	Zip Code	Percent of Total
<i>Duvall</i>	<i>98019</i>	<i>0.57%</i>
<i>Fall City</i>	<i>98024</i>	<i>0.94%</i>
<i>Issaquah</i>	<i>98027</i>	<i>5.07%</i>
<i>Issaquah</i>	<i>98029</i>	<i>3.53%</i>
<i>Kenmore/Bothell</i>	<i>98028</i>	<i>0.51%</i>
<i>Redmond/Totem Lake</i>	<i>98033</i>	<i>4.53%</i>
<i>Kirkland</i>	<i>98034</i>	<i>2.33%</i>
<i>Medina</i>	<i>98039</i>	<i>1.05%</i>
<i>Mercer Island</i>	<i>98040</i>	<i>2.95%</i>
<i>North Bend</i>	<i>98045</i>	<i>2.40%</i>
<i>Preston</i>	<i>98050</i>	<i>0.12%</i>
<i>Redmond/Avondale</i>	<i>98052</i>	<i>7.55%</i>
<i>Redmond</i>	<i>98053</i>	<i>2.96%</i>
<i>Renton</i>	<i>98056</i>	<i>3.56%</i>
<i>Newcastle</i>	<i>98059</i>	<i>2.27%</i>
<i>Snoqualmie</i>	<i>98065</i>	<i>1.56%</i>
<i>Snoqualmie Pass</i>	<i>98068</i>	<i>0.04%</i>
<i>Woodinville</i>	<i>98072</i>	<i>1.56%</i>
<i>Redmond</i>	<i>98073</i>	<i>1.22%</i>
<i>Sammamish/Redmond</i>	<i>98074</i>	<i>0.14%</i>
<i>Sammamish</i>	<i>98075</i>	<i>4.21%</i>
<i>Woodinville</i>	<i>98077</i>	<i>3.44%</i>
<i>Kirkland</i>	<i>98083</i>	<i>0.14%</i>
<i>Seattle</i>	<i>98174</i>	<i>6.64%</i>
<i>Baring</i>	<i>98224</i>	<i>0%</i>
<i>Skykomish</i>	<i>98288</i>	<i>0%</i>

- *EEC has developed this proposal to ensure that there is sufficient capacity in the planning area to meet current projected need.*
- *The data for this response is based upon information provided by Eveia Health, a division of ECG Management Consultant, based on its operations assessment and collective data relative to gastroenterology endoscopy procedure capacity that is operating full time, five day per week. The ECG Management Consultants data shows that a gastroenterology endoscopy procedure room operating full-time, five days per week was found to have capacity of approximately 3,900 cases per year. The ECG Management Consultant data also shows that a full-time endoscopy physician, on average, spends 30 minutes per case approximately 80% of the time and 45 minutes per case approximately 20% of the time.*
- *Table 7 below shows an increase in the total number of cases from 9,590 in 2017 to 10,380 in 2021. Making EEC-Bellevue available to other members of the new group practice will increase its utilization. Conversely, among the approximately 35 additional members of the new group practice, EEC-Bellevue projects there will be at least an increase of 790 procedures performed annually by 2021. In addition to making EEC-Bellevue available to members of the new group*

practice, which will account for growth in the number of procedure performed at EEC-Bellevue, population growth will also cause an increase in the number of procedures to be performed. See Table 5. [Source: Application Page 16 -17]

- *EEC-Bellevue has taken a conservative approach in estimating growth, and the projections are far below the likely increase in utilization.*

**Table 7¹⁰ (Reproduced)
EEC-Bellevue
Projected Utilization**

<i>Year</i>	<i>Number of Procedures</i>
2017	9,590
2018	9,782
2019	9,977
2020	10,177
2021	10,380

- *As noted in other sections of this application, the establishment of EEC-Bellevue is being undertaken to provide additional capacity for the planning area. EEC-Bellevue will not duplicate services, but will expand the existing services EEC presently offers.*
- *We believe the other providers of endoscopy services in the East King County secondary health services planning area to include: Eastside Endoscopy Center-Issaquah, Evergreen Endoscopy Center, Virginia Mason-Bellevue Endoscopy, and Virginia Mason-Issaquah Endoscopy.*

Public Comments

- None

Rebuttal Comments

- None

The Department Application of the Numeric Methodology

For ASC planning areas, the state health plan identifies 21 East King County zip codes.¹¹ When the 21 zip codes are charted on the Department of Ecology King County zip codes map, inclusion of another 11 zip codes appears based on the geographic location of the zip codes. Table 1 below shows the zip codes and associated cities for the 32 zip codes associated with East King County secondary health services planning area. [Source: 1980 SHP and Washington State Department of Ecology King County zip code map prepared by GIS Technical Services and released August 3, 2006]

¹⁰ Source: Applicant

¹¹ Included in the SHP zip codes for East King County secondary health services planning area is zip 98026, for a total of 22 zip codes. Zip code 98026 is in the city of Edmonds within Snohomish County therefore it will not be included in the East King County secondary health services planning area zip codes.

Table 1
East King County Planning Area Zip Codes

Zip Code	City by Zip Code
98004	Bellevue
98005	Bellevue
98006	Bellevue
98007	Bellevue/Eastgate
98008	Bellevue
98009	Bellevue
98011	Black Diamond
98014	Carnation
98019	Duvall
98024	Fall City
98027	Issaquah
98028	Kenmore/Bothell
98029	Issaquah
98033	Redmond/Totem Lake
98034	Kirkland
98039	Medina
98040	Mercer Island
98045	North Bend
98050	Preston
98052	Redmond/Avondale
98053	Redmond
98065	Snoqualmie
98068	Snoqualmie Pass
98072	Woodinville
98073	Redmond
98074	Sammamish/Redmond
98075	Sammamish
98077	Woodinville
98083	Kirkland
98174	Seattle
98224	Baring
98288	Skykomish

According to the department’s historical records, there are 49 providers within the East King County secondary health services planning area including the applicant with OR capacity. Of the 49 providers, four are hospitals and 45 are ASCs. Shown below in Table 2 is the listing of the four hospitals. [Source: CN historic files and DOH ILRS database]

Table 2
East King County Planning Area Hospitals

Hospitals	City/Zip
Evergreen Health	Kirkland/98034
Overlake Hospital Medical Center	Bellevue/98004
Snoqualmie Valley Hospital	Snoqualmie/98065
Swedish Medical Center – Issaquah	Issaquah/98029

For the four hospitals, all known OR capacity and inpatient / mixed-use procedures are included in the methodology calculations for the planning area.

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 Washington. On August 5, 2016, the department conducted its year 2015 annual survey and collected the most recently available data for year 2015 providers' utilization. Eastside Endoscopy Center, LLC submitted its application on November 2016. Since the data provided in the year 2015 annual utilization survey is the most recently available data, the department would use this data. Three of the four hospitals operational within East King County secondary health services planning area provided year 2015 Annual Ambulatory Surgery Provider Survey. Listed in Table 3 below are the 45 ASCs located in the planning area.

Table 3
East King County Planning Area Ambulatory Surgery Centers

Ambulatory Surgery Centers	City/Zip
Aesthetic Facial Plastic Surgery	Bellevue/98004
Aesthetic Physicians dba Sono Bello	Bellevue/98004
Allure Laser Center	Kirkland/98033
Anderson Sobel Cosmetic Surgery	Bellevue/98004
Athenix Body Sculpting Institute	Bellevue/98005
Aysel Sanderson, MD	Kirkland/98033
Bellevue Plastic Surgery Center	Bellevue/98004
Bellevue Spine Specialists	Bellevue/98005
Bellevue Surgery Center	Bellevue/98009
Bel-Red ASF	Bellevue/98004
Center for Plastic Surgery	Bellevue/98004
Cosmetic Surgery and Dermatology of Issaquah	Issaquah/98027
Eastside Endoscopy Center-Bellevue site*	Bellevue/98004
Eastside Endoscopy Center-Issaquah site*	Issaquah/98027
Eastside Surgery Center	Issaquah/98027
Egrari Plastic Surgery Center	Bellevue/98004
Evergreen Endoscopy Center*	Kirkland/98034
Evergreen Health Surgical Center (closed)	Kirkland/98034
Evergreen Surgical Clinic ASC	Kirkland/98034
Gaboriau Center	Sammamish/98074
Group Health Cooperative Bellevue Endoscopy	Bellevue/98004
John H. Brunzman, MD	Redmond/98073

Ambulatory Surgery Centers	City/Zip
Naficy Plastic Surgery and Rejuvenation Center	Bellevue/98004
Northwest Center for Aesthetic Plastic Surgery	Bellevue/98004
Northwest Laser and Surgery Center	Bellevue/98005
Northwest Nasal Sinus Center	Kirkland/98033
Overlake Reproductive Health, Inc.	Bellevue/98004
Overlake Surgery Center	Bellevue/98004
Pacific Cataract and Laser Institute-Bellevue	Bellevue/98004
Plastic Surgery Northwest	Kirkland/98034
Proliance Eastside Surgery Center	Kirkland/98034
Proliance Highlands Surgery Center	Issaquah/98029
Redmond Ambulatory Surgery Center, LLC	Redmond 98034
Remington Plastic Surgery Center	Kirkland/98034
Retina Surgery Center	Bellevue/98004
Sammamish Center for Facial Plastic Surgery	Sammamish/98074
Seattle Children's-Bellevue	Bellevue/98004
SoGab Surgery Center	Kirkland/98033
Stern Center for Aesthetic Surgery	Bellevue/98004
Virginia Mason-Bellevue Endoscopy*	Bellevue/98004
Virginia Mason-Issaquah Endoscopy*	Issaquah/98027
Washington Institute Orthopedic Center	Kirkland/98034
Washington Urology Associates-Bellevue	Bellevue/98004
Washington Urology Associates-Kirkland	Kirkland/98034
Yarrow Bay Plastic Surgery Center	Kirkland/98033

[Source: ILRS]

Of the 45 ASCs shown above, five are endoscopy facilities (shown with an asterisk). The ASC numeric methodology deliberately excludes endoscopy facilities OR capacity and procedures from the numeric methodology.¹² As a result, the ORs and procedures for these five facilities will not be counted in the numeric methodology.¹³ On February 3, 2017, Evergreen Health Surgical Center closed. For this facility, the procedures, but not the ORs are counted in the methodology.

For the remaining 39 ASCs, 29 are located within a solo or group practice (considered a Certificate of Need-exempt ASC) and the use of these ASCs is restricted to physicians that are employees or members of the clinical practices that operate these facilities. Therefore, the 29 facilities do not meet the ASC definition in WAC 246-310-270. For Certificate of Need-exempt ASCs, the number of surgeries, but not ORs, is included in the methodology for the planning area.

The remaining ten ASCs are Certificate of Need-approved facilities.¹⁴ For these ten facilities¹⁵, the OR capacity and utilization is counted in the numeric methodology.

¹² WAC 246-310-270(9)(iv).

¹³ The five facilities are Eastside Endoscopy-Bellevue; Eastside Endoscopy-Issaquah; Evergreen Endoscopy Center; Virginia Mason-Bellevue, and Virginia Mason-Issaquah.

¹⁴ Bel-Red Ambulatory Surgical Facility [CN #1485]; Eastside Surgery Center [CN #1462]; Evergreen Health Ambulatory Surgical Care [CN #1549]; Northwest Nasal Sinus Center [CN #1250]; Overlake Surgery Center [CN #1192]; Proliance Eastside Surgery Center [CN #1342]; Proliance Highlands Surgery Center; Redmond Ambulatory Surgery Center, LLC, and Seattle Children's ASC [CN # 1395].

In summary, data will be used for 29 Certificate of Need-exempt ASCs and ten Certificate of Need-approved ASCs. If a facility does not complete and return a utilization survey, then the other data source that can be used is the department's internal database known as the Integrated Licensing and Regulatory System (ILRS). WAC 246-330-100(2), licensed ambulatory surgical facilities must submit to the department an annual update form. The data provided on this annual update form includes the number of ORs and the approximate number of procedures performed at the facility during the year. This data is updated in ILRS as it is received. The department uses the listed number of surgical procedures and multiplies the number by 50 minutes which is the default minutes per outpatient surgery as identified under WAC 246-310-270(9)(b)(iii).

The data points used in the department's numeric methodology are identified in Table 4. The methodology and supporting data used by the department is provided in the attached Appendix A with this evaluation.

Table 4
Department's Methodology Assumptions and Data

Assumption	Data Used
Planning Area	East King County
Population Estimates and Forecasts	Age Group: 15+ Claritas Population Data released year 2015: Year 2015 – 541,266 Year 2019 – 576,362
Use Rate	Divide calculated surgical cases by 2015 population results in the service area use rate of 144.138/1,000 population
Year 2015 Total Number of Surgical Cases	24,516 – Inpatient or Mixed-Use; 53,501 – Outpatient 78,017 – Total Cases
Percent of surgery: ambulatory vs. inpatient	Based on DOH survey and ILRS data: 68.58% ambulatory (outpatient); 31.42% inpatient
Average minutes per case	Based on DOH survey and ILRS Data: Outpatient cases: 60.45 minutes Inpatient cases: 109.31 minutes
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 East King County Providers: 34 dedicated outpatient ORs 39 mixed use ORs
Department's Methodology Results	Numeric Need for an additional 16.02 outpatient ORs

¹⁵ On April 5, 2017, the department issued CN #1596 to Washington Pain Management PLLC dba Bellevue Surgery Center approving the establishment of two ORs.

Based on the assumptions described in Table 4, the department's application of the numeric methodology indicates a need for 16.02 outpatient ORs in year 2019. The methodology and supporting data used by the department is provided in Appendix A attached to this evaluation.

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

Eastside Endoscopy, LLC's statements about the department past decisions is correct. In previous decisions, the department's ASC need methodology excludes cystoscopic and other special purpose rooms such as heart surgery and delivery rooms from the calculation of need. Endoscopic procedures are performed in special purpose rooms and it has been the policy interpretation of the department that these types of procedure rooms are excluded from the department's ASC need methodology. The types of procedures proposed are limited to endoscopic and GI type services EEC-Bellevue is currently providing. Based on the information provided by Eastside Endoscopy Center, LLC and the department's application of the numeric need 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. EEC-Bellevue currently operates three ORs and it intends to continue to maintain the three ORs. A review of the facility floor layout submitted by Eastside Endoscopy Center, LLC in the application confirmed it has three operating rooms [Sources: Application, Page 9 and Exhibit 6]. **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 and 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 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 do 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 do not have private insurance, do not qualify for Medicare, do not qualify for Medicaid or are

under insured. With the passage of the Affordable Care Act (ACA), the amount of charity care is expected to decrease, but not disappear.

Eastside Endoscopy Center, LLC

- *A copy of EEC’s proposed charity and admission policies are included as Exhibit 8. Consistent with the requirement of WAC 246-310-270(7), EEC-Bellevue projects to provide the average charity care for King County. For the years 2017 through 2021, the average for the region was 1.35% for gross revenue and 2.86% for adjusted revenue.* ¹⁶ [Source: Application page 18]
- *“Projected sources of revenue by payer include.* [Source: Application Page 8 and Screening responses received March 27, 2017, page 3]

Reproduced Eastside Endoscopy Center, LLC Historical Revenue by Payer Source Percentages

<i>Payer Group</i>	<i>% Cases</i>
<i>Medicare</i>	<i>22.2%</i>
<i>Medicaid</i>	<i>0.3%</i>
<i>Commercial/Health Care Contractor</i>	<i>69.2%</i>
<i>Other</i>	<i>8.3%”</i>

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

Eastside Endoscopy Center, LLC stated its proposed charity care and admission policies are included as Exhibit 8. [Source: Application page 18] The documents in exhibit 8 are ‘charity care and scope of care in the center’. The scope of care in the center documentation provided by the exhibit did not contain the specific and appropriate patient admission language and it is unsigned. In part, the document stated, “*All patients must be at least 13 years old, weighing at least 100 pounds and meet the health guidelines approved by the Governing Body (AKA Board of Managers)*” but it did not identify the guidelines. If this project is approved, the department would attach a condition requiring Eastside Endoscopy Center, LLC to provide an executed Admission Policy with the appropriate patient admission language. Since this surgery center is currently operational, this policy must be provided before a Certificate of Need is issued for this project.

Information provided in the application shows Eastside Endoscopy Center, LLC expects reimbursements from Medicare and Medicaid. [Sources: Application page 8 and Screening responses received March 27, 2017, Exhibit 1] If this project is approved, the department would attach a condition requiring the applicant to continue to maintain its Medicare and Medicaid certification consistent with the information provided in the application.

¹⁶ 2014 Washington State Charity care in Washington Hospitals (Washington State Department of Health January 2016).

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 project. The department notes that EEC-Bellevue demonstrated its intent to provide charity care to patients receiving treatments at the ASC by submitting a charity care policy used at the facility. A review of the policy outlines the process patients would use to access services when they do not have the financial resources to pay for required treatments. [Source: Application, Exhibit 8]

EEC-Bellevue is located in East King County secondary health planning area within the King County region. Currently, there are 21 hospitals operating in the region. Of those 21 hospitals, four are acute care hospitals operating within East King County secondary health planning area and the approval of this project may affect these four hospitals.

For this project, the department reviewed the most recent three years charity care data for the 21 existing hospitals currently operating within the King County Region, but mainly focused on the four general acute care hospitals within East King County secondary health services planning area. The three years of charity care data reviewed are 2013, 2014, and 2015. Shown in Table 5 is a comparison of the three years average charity care for the King County Region as a whole, the combine four hospitals charity care averages, and Eastside Endoscopy Center, LLC projected charity care for this project.¹⁷ [Sources: Office of Community Health Systems, Charity Care and Hospital Financial Data Program 2013-2015, Eastside Endoscopy Center, LLC Supplemental information received March 24, 2017, Exhibit 1]

Table 5
Charity Care Percentage Comparison

	% of Total Revenue	% of Adjusted Revenue
King County Region	1.32%	2.07%
Four Hospitals Combined	1.01%	1.85%
EEC-Bellevue	0.27%	0.52%

As shown above, the regional average is higher than the calculated average provided by the four hospitals in the planning area and that of EEC-Bellevue. The proposed charity care levels represented in Eastside Endoscopy Center, LLC application is 0.27% of total revenue and 0.52% adjusted revenue. In its pro forma financial statement, Eastside Endoscopy Center, LLC also included a ‘charity care’ line item as a deduction from expenses. [Sources: Screening responses received March 27, 2017, Exhibit 1]

A review of Eastside Endoscopy Center, LLC’s historical financial statements shows the applicant currently provides charity care at EEC-Bellevue less than 1% of both the total and adjusted revenue. The department acknowledges that the Affordable Care Act will likely have a long-term impact on the amount of charity care provided by facilities. For ASCs, the three-year average of the hospitals in the planning area is used to measure compliance with the charity care standards. The average is self-correcting because it is a three-year rolling average. The department expects the applicant to make documented reasonable efforts to meet that level of charity care.

¹⁷ Harborview Medical Center is subsidized by the state legislature to provide charity care services. Charity care percentages for Harborview make up almost 50% of the total percentages provided in the King County Region. Therefore, for comparison purposes, the department excludes Harborview Medical Center’s percentages.

If this project is approved, the department would attach a condition requiring Eastside Endoscopy Center, LLC to provide charity care averages consistent with amounts reported by the four hospitals in the planning area. Currently, this amount is 1.01% of total revenue and 1.85% of adjusted revenue. Additionally, the condition would require EEC-Bellevue to maintain records documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies

Based on the source document reviewed and Eastside Endoscopy Center, LLC agreement to the charity care condition identified in the “conclusion” section of this evaluation, the department concludes that all residents including low income, racial and ethnic minorities, handicapped, and other under-served groups would have access to the services provided by the applicant. **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 sub-criterion is not applicable to the 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 sub-criterion is not applicable to the application.

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

Department Evaluation

This sub-criterion is not applicable to the 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 sub-criterion is not applicable to the 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 sub-criterion is not applicable to the 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 nonhealth 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 sub-criterion is not applicable to the application.

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

Based on the source information reviewed and the applicant’s agreement to the conditions identified in the conclusion section of this evaluation, the department determines that Eastside Endoscopy Center, LLC 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 operating 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.

Eastside Endoscopy Center, LLC

- *There are no estimated capital expenditure associated with this project. Therefore, this question is not applicable. Exhibit 9 contains the pro forma income statement.*
- *Exhibit 10 contains EEC-Bellevue’s expense and revenue statements for the last three full years. [Source: Application Page 19]*
- Department of Health staff reproduction of Eastside Endoscopy Center, LLC and projected sources of revenue based on screening responses. [Source: Supplemental information received March 27, 2017, Exhibit 1]

**Table 6
EEC-Bellevue
Projected Revenue and Expenses Years 2017 through 2020**

	Projected Partial Yr. 2017	Projected FY 1- 2018	Projected FY2- 2019	Projected FY 3- 2020
# of Procedures	9,590	9,782	9,977	10,177
# of Visits	7,377	7,524	7,675	7,828
Net Revenue ¹⁸	\$5,780,534	\$5,924,808	\$6,071,791	\$6,222,041
Total Operating Expense ¹⁹	\$3,472,005	\$3,530,242	\$3,589,409	\$3,656,874
Net Profit or (Loss)	\$2,308,530	\$2,394,566	\$2,482,382	\$2,565,170

¹⁸ This figure includes deductions from revenue such as contractual adjustments, bad debt and charity care.

¹⁹ This amount includes all expenses, including depreciation and interest expenses.

- *Exhibit 11* contains EEC-Bellevue’s balance sheet detailing the assets, liabilities, and net worth of facility for the last three full fiscal years. [Source: Application page 20]

**Table 7
Eastside Endoscopy Center, LLC Balance Sheet Year 2014**

Assets		Liabilities	
Current Assets	\$1,462,928	Total Liabilities	\$1,010,928
Property, Plant & Equipment	\$1,629,877	Total Long Term	\$1,482,376
Other Assets	\$14,110	Member Equity	\$613,611
Total Assets	\$3,106,915	Total Liabilities and Equity	\$3,106,915

Eastside Endoscopy Center, LLC Balance Sheet Year 2015

Assets		Liabilities	
Current Assets	\$1,596,490	Total Liabilities	\$938,426
Property, Plant & Equipment	\$1,415,700	Total Long Term	\$1,211,137
Other Assets	\$14,110	Member Equity	\$876,737
Total Assets	3,026,300	Total Liabilities and Equity	\$3,026,300

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

The three endoscopic operating rooms are currently used to provide endoscopy and gastroenterology related services and the applicant does not anticipate any change in services currently provided. The “Total Operating Expenses” line item includes salaries and wages & benefits, and lease costs. As shown above, Eastside Endoscopy Center, LLC anticipates that removing the limiting condition would contribute to profitability over time, as services are able to expand and the physicians groups who make up Eastside Endoscopy Center, LLC are able to join the new group practice.

According to the amended and restated medical director agreement effective as of March 2012, between Eastside Endoscopy Center, LLC (“Company”) and Robert Wohlman, M.D., George Rees Luis, M.D., Kalle Kang, M.D, and Shie Pon Tzung, M.D (“Practitioners”) the practitioners are identified as the medical directors of the ASC. According to the agreement, the practitioners rotate duties as medical directors. The cost of the medical director position was identified in the updated pro forma provided by the applicant as screening questions responses. [Source: Supplemental information received March 24, 2017, Exhibit 2]

EEC-Bellevue is located at 1135–116th Avenue NE Suite 570 within the city of Bellevue. The facility currently leases office space from Overlake Medical Tower, LLC. The parent entity Eastside Endoscopy Center, LLC provided an executed third addendum to the initial lease agreement between Overlake Medical Tower, LLC (Landlord) and Eastside Endoscopy Center, LLC (Tenant). [Source: Application, Exhibit 7] The initial lease was executed in 2000 according to the terms of the lease, it expired on November, 2015. Following the lease expiration, it was extended to 2025. According to the terms of the extended lease, the tenant has two five years options to extend the lease. The executed

lease agreement outlines the roles and responsibilities of the lessor and lessee and the costs are identified in revenue and expense statement

In the ‘need’ section of this evaluation, the department discussed Eastside Endoscopy Center, LLC’s low charity care percentage projected for the ASC in Bellevue and concluded that a charity care condition is necessary. The revenue and expense statement in Table 6 is based on Eastside Endoscopy Center, LLC’s projections that charity care dollars and percentages would be below the three year average of the four hospitals in the planning area. The department added a condition requiring EEC-Bellevue to provide charity care amounts in at least the average of the four hospitals. Shown in Table 8 below is the adjustments in charity care that Eastside Endoscopy Center, LLC would have to provide.

**Table 8
Eastside Endoscopy Center, LLC – Bellevue
Projected Charity Care Years 2018 through 2020**

	Yr. 2018	Yr. 2019	Yr. 2020
EEC—Bellevue	\$30,363	\$30,968	\$31,589
Department Calculation	\$115,842	\$118,151	\$120,520
Increased Difference	\$85,479	\$87,183	\$88,931

As shown in Table 8 above, charity care dollars is significant based on the department’s condition related to charity care percentages at Eastside Endoscopy Center, LLC Bellevue location. Table 9 shows a recalculation of the EEC-Bellevue location revenue and expense summary using the revised charity care dollars calculated in Table 8.

**Table 9
Eastside Endoscopy Center, LLC – Bellevue
Projected Years 2018 through 2020-Charity Care Revised**

	Projected FY 1- 2018	Projected FY2- 2019	Projected FY 3- 2020
# of Procedures	9,782	9,977	10,177
# of Visits	7,524	7,675	7,828
Net Revenue ²⁰	\$5,696,055	\$5,837,625	\$5,982,860
Total Operating Expense ²¹	\$3,472,005	\$3,530,242	\$3,589,409
Net Profit or (Loss)	\$2,224,050	\$2,307,383	\$2,393,451

As shown in Table 9 above, with the required increase in charity care dollars, Eastside Endoscopy Center, LLC Bellevue location will still operate at a profit. Based on the information above, the department concludes the immediate and long-range operating costs of the project could 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

²⁰ This figure includes deductions from revenue such as contractual adjustments, bad debt and charity care.

²¹ This amount includes all expenses, including depreciation and interest expenses.

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.

Eastside Endoscopy Center, LLC

- *There is no estimated capital expenditure associated with this project. EEC-Bellevue's three procedure rooms are fully built-out and operational. Therefore, this question is not applicable.*
- *No new equipment is proposed for this project. Therefore, this question is not applicable.*
[Source: Application page 8]

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

Consistent with Certificate of Need Program practices, Eastside Endoscopy Center, LLC submitted a letter of intent. The letter did not identify any capital expenditure cost associated with this project and consistent with the letter of intent, the application did not identify any capital expenditure. [Source: Application, page 1 and Exhibit 6] There is no construction associated with this project because the OR's associated with this project are already operational. Under the circumstances, removing the limiting conditions attached to the approval of this project may expand services, because other community physician groups would be able to join Eastside Endoscopy Center, LLC and this may not have an impact on the costs and charges of surgeries performed at this ASC.

Additionally, information provided by Eastside Endoscopy Center, LLC on January 19, 2017, in response to the department's screening questions stated the name of the facility will remain unchanged and it would continue to do business as "Eastside Endoscopy Center". Based on the information, the department concludes this project may not have an unreasonable impact on the costs and charges for healthcare services in East King County secondary health services planning area. **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.

Eastside Endoscopy Center, LLC

- *There is no estimated capital expenditure associated with this project. EEC-Bellevue's three procedure rooms are fully built-out and operational. Therefore, this question is not applicable.*
[Source: Application, page 8]

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

There is no financing associated with this project. This project proposes to remove a condition thereby allowing new physicians to use the surgery center. The department concludes **this sub criterion does not apply to this project.**

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

Based on the source information reviewed and provided the applicant agrees to the conditions identified in the conclusion section of this evaluation, the department determines Eastside Endoscopy Center, LLC 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 full time equivalents (FTEs) that should be employed for projects of this type or size. Therefore, using its experience and expertise the department determined whether the proposed staffing would allow for the required coverage.

Eastside Endoscopy Center, LLC

- *Table 8 identifies the projected staffing, by FTE, for each of the first three years of operation. Information regarding the salaries, wages and employees benefits is included in the pro forma financials contained in Exhibit 9. [Source: Application Page 20]*
- *EEC-Bellevue intends to continue employment of all its staff in good standing. Accordingly, a sufficient number of qualified health manpower and management personnel are already in place. [Source: Application: Page 21]*

Table 8 (Reproduced)
EEC-Bellevue
Estimated Total Staffing 2017 - 2019²²

	Current Yr. 2017	Yr. 2018	Yr. 2019
Administrator	0.5	0.5	0.5
Charge Nurse	2.0	2.0	2.0
Other RNs	9.0	9.0	9.0
LPN/Techs	10	10	10
Registration/Receptionist	3.0	3.0	3.0
Total	24.5	24.5	24.5

²² Source: Applicant

- DOH staff summary of EEC-Bellevue active medical staff based on screening responses. [Source: Screening responses received March 24, 2017, Exhibit 2]

Active Medical Staff: Physicians

Name
George Rees-Lui, M.D.
Robert Wohlman, M.D.
Kalle Kang, M.D.
Shei Pon Tzung, M.D

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

As shown in the reproduced Table 8 above, it appears that EEC-Bellevue currently has the FTE's needed. According to the medical director agreement provided by the applicant, George Rees Luis, M.D., Robert Wohlman, M.D., Kalle Kang, M.D, and Shie Pon Tzung, M.D were identified as the medical director of the ASC on a rotational basis. The cost of the medical director position was identified in the updated pro forma financial statement provided by the applicant. Based on the above information, the department concludes that Eastside Endoscopy Center, LLC has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **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) criteria as identified in WAC 246-310-200(2)(a)(i). There are no 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 certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant history in meeting these standards at other facilities owned or operated by the applicant.

Eastside Endoscopy Center, LLC

- *EEC-Bellevue will offer all of the necessary ancillary and support services on site. Some administrative functions, such as billing, purchase, administrative, human resources purchasing, will be shared with EEC-Issaquah.*
- *Exhibit 13 contains a copy of the executed Patient Transfer Agreement between Eastside Endoscopy Center, LLC and Overlake Hospital Medical Center.*
- *This project does not propose the addition of any new service, EEC-Bellevue's existing ancillary and support services will support the ASF. [Source: Application Page 21]*

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

EEC-Bellevue provided an executed copy of its patient transfer agreement between itself and Overlake Hospital Medical Center. [Source: Application, Page 21 and Exhibit 12] Based on the information reviewed in the application, the department concludes that there is reasonable assurance that EEC-Bellevue would continue to maintain the necessary relationships with local ancillary and support services providers located in the community. The department concludes the removal of the condition may not negatively affect the applicant existing healthcare relationships **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 no 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 certified and Medicaid eligible. 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.

Eastside Endoscopy Center, LLC

- *EEC has no history with respect to the actions described in CN criterion WAC 246-310-230(5)(a).*
- *EEC operates all existing programs in conformance with applicable state and federal laws, rules and regulations.* [Source: Application, Page 22]

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

Eastside Endoscopy Center, LLC has been a provider in east King County since at least 1995. As a part of this review, the department must conclude that the services provided by the ASC would continue to be provided in a manner that ensures safe and adequate care to the public.²³ To accomplish this task, the department reviewed the quality of care compliance history for all healthcare facilities owned, operated, or managed by Eastside Endoscopy Center, LLC. [Source: Certificate of Need historical files]

²³ WAC 246-310-230(5)

EEC-Bellevue is accredited by the Accreditation Association for Ambulatory Health Care (AAAHC).²⁴ AAAHC accreditation for ASCs is awarded for three years. [Sources: AAAHC website and Application Page 2] The last survey conducted in March 2015 by the Washington State Office of Investigation and Inspections did not find substantial non-compliance issues for EEC-Bellevue. [Sources: ILRS]

The Department of Health conducted quality of care check for all Eastside Endoscopy Center, LLC active medical staff and others through the Nursing Quality Assurance Commission (NQAC) and Health Systems Quality Assurance (HSQA OCS). The department’s quality check shows that Eastside Endoscopy Center, LLC credentialed staff members licenses are in good standing. [Source: ILRS and Screening responses received March 24, 2017, Exhibit 2]

Table 8 shows the facilities owned or operated by the Eastside Endoscopy Center, LLC, the facilities license numbers and Certificate of Need status. [Sources: ILRS]

Table 10
Eastside Endoscopy Center, LLC Ambulatory Surgery Centers

Address	City	License Number	CON Status	Owned/ Operated
1135— 116 th Avenue NE, Suite 570	Bellevue	ASF.FS.60100024	CON approved	Owned
6401—221 st Avenue SE, Suite 301	Issaquah	ASF.FS.60262734	CON approved	Owned

According to the Department of Health’s Office of Investigation and Inspections, EEC-Bellevue complied with facility licensing standards. In addition to verifying the quality of care for Eastside Endoscopy Center, LLC facilities the department also performed a quality of care check for the four active physicians and surgeons at EEC-Bellevue. The results of the quality of care for all of the four physicians shows that none have license restrictions with the State of Washington. [Sources: DOH Provider Credential Search and Supplemental information received on March 24, 2017, Exhibit 2]

Given the compliance history of Endoscopy Center, LLC and Physician Endoscopy, LLC and the four active medical staff, there is reasonable assurance that EEC-Bellevue would continue to operate and managed in conformance with applicable state and federal licensing and certification requirements.

Public Comments

- None

Rebuttal Comments

- None

²⁴ The Accreditation Association for Ambulatory Health Care is a private, non-profit organization that accredits more than 6,000 organizations, including ambulatory surgery centers, community health centers, medical and dental group practices, medical home practices, and managed care organizations. The AAAHC develops standards to advance and promote patient safety, quality care, and value for ambulatory health care through a peer-based accreditation process, education, and research. With a single focus on the ambulatory care community, AAAHC offers organizations a cost-effective, flexible, and collaborative approach to accreditation. AAAHC accreditation for ASCs holds Medicare deemed status from the Centers for Medicare and Medicaid Services (CMS). [Source: AAAHC website]

Department Evaluation

Based on the information reviewed, the department concludes that there is reasonable assurance that Eastside Endoscopy Center, LLC would continue to operate and manage EEC-Bellevue in conformance with applicable state and federal licensing and certification requirements if this project is approved. **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.

Eastside Endoscopy Center, LLC

- *This project will promote continuity of care by allowing patients (and payers) that want care provided by EEC to timely access. Without additional capacity, patients will either have their procedure delayed or be forced to go to other facilities. In addition, for many patients residing in the easternmost parts of the East King County secondary health services planning area, the facility will be a convenient and accessible location for their procedures.*
- *Exhibit 13 contains a copy of the executed Patient Transfer Agreement between Eastside Endoscopy Center, LLC and Overlake Hospital Medical Center. [Source: Application Page 21]*

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

The ASC is operational as a Certificate of Need approved facility and it has working relationships with existing healthcare facilities located within the planning area. Since the ASC will remain in the same planning area, the department expects existing relationships to continue. According to the assertions under WAC 246-310-230(2), the applicant stated ancillary and support agreements will not be affected by removal of the conditions that limits membership in the group practice.

The department considered Eastside Endoscopy Center LLC's history of providing care to residents in Washington State and concludes the applicant has been providing services to the residents of Washington State for many years and has been appropriately participating in relationship with community facilities to provide a variety of medical services. Nothing in the materials reviewed by staff suggests approval of this project would change these relationships.

Based on the source documents evaluated, the department concludes approval of this project would promote continuity in provision of healthcare for the planning area, and may not result in an unwarranted fragmentation of services. **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.

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 provided the applicant agrees to the conditions identified in the conclusion section of this evaluation, the department concludes that Eastside Endoscopy Center, LLC has met the cost containment criteria in WAC 246-310-240

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

To determine if a proposed project is the best alternative, the department takes a multi-step approach. Step one determines if the application has met the other criteria of WAC 246-310-210 thru 230. If it has failed to meet one or more of these criteria, then the project is determined not to be the best alternative, and 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 in Step three. The 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 use 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.

Department Evaluation

Step One

The department determined Eastside Endoscopy Center, LLC met the applicable review criteria under WAC 246-310-210, 220, and 230 including WAC 246-310-270. Therefore, the department moves to step two.

Step Two

Eastside Endoscopy Center, LLC

- *As discussed above, there is significant net need for outpatient surgery operating rooms in the East King Secondary Planning Area. The proposed project will improve access, a key criterion of certificate of need. The proposed project will also provide a low cost, freestanding ASF in the health planning area to meet the needs of patients and help residents of the planning area avoid wait times for procedures. [Source: Application Page 22]*

- *EEC has a presence in the East King Secondary Planning Area, and the proposed project will build upon this presence and offer EEC and patients of others members of the new group practice convenient access to gastroenterological procedures. EEC is committed to providing high quality, affordable care in the East King Secondary Planning Area, and the proposed project will help accomplish this goal. The proposed project promotes continuity of care with EEC's other services as well as cost containment. Making the ASF available to other qualified, credentialed and privileged physicians in good standing is significantly less costly than building a new ASF to address waiting times for gastroenterological services. [Source: Application Page 23]*
- *EEC is requesting a CN for the proposed ASF so that all other qualified credentialed and privileged physicians in good standing can utilize this facility, which will be operational upon issuance of a CN. As part of its due diligence, EEC examined alternatives to the proposed project and evaluated those alternatives. The alternatives area addressed below. [Source: Application Page 23]*

Alternative 1: "Do Nothing"

- *EEC rejected a "do nothing" alternative. The East King Secondary Planning Area currently has too few outpatient ambulatory surgical facility OR's. Planning area residents are underserved relative to the forecasted demand for gastroenterological services and must travel or wait to obtain care. EEC has a presence in the East King Secondary Health Services Planning Area, including two locations, and can add value to the community health services by extending it continuum of care to additional residents of the community and other patients. A "do nothing " alternative strategy is detrimental to the community, in that such a strategy would do nothing to reduce the wait times for surgical services, would further restrict needed health care services within the health planning area, and would not improve the cost effectiveness of care delivery. There is no advantage to the "do nothing" alternative, so it was not considered feasible. [Source: Application Page 23]*

Alternative 2: Request Approval for a Freestanding ASF, i.e., the proposed Project

- *In contrast to the "do nothing" approach, the advantages of a CN-approved ASF are clear. A CN-approved ASF would afford increase access and local choice for the health planning area residents and local, independent physicians. The ASF will open to all qualified, credentialed and privileged physicians in good standing, increasing their ease of access and improving their ability to deliver high care to their patients. This alternative model reduces the overall cost of care and passes these relative cost and efficiency advantages of a freestanding ASF to patients and payers.*
- *There are no disadvantages to granting EEC's request to remove the condition on CN #1469R. The data demonstrates there would not be a duplication of services, given a projected net demand of over 10 outpatient ambulatory surgery OR's in the health planning area.*
- *A CN-approved ASF would better serve the interest of the planning area residents and achieve East King County secondary health services planning area's desire to reduce wait times for outpatient surgical services. [Source: Application Page 23]*

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

The department did not identify any other alternative that is equal or superior to those considered by the applicant. Eastside Endoscopy Center, LLC stated that there is projected net of over 10 outpatient operating rooms in the east King County planning area. The applicant's key rationale provided within the application supporting the removal of the conditions attached to CN #1469R asserted that approval of this project would allow non-member physicians to use the facility and this would expand patient volumes. As a result, the reasoning for rejecting the do nothing alternative is reasonable. Based on the source information evaluated the department concludes that **this sub-criterion is met.**

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

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

Department Evaluation

This sub-criterion is not applicable to the 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.*

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

The information reviewed by the department is consistent with similar projects. Because there is a demonstrated need for additional outpatient operating rooms in the east King County planning area, the department does not anticipate an unreasonable impact on the costs and charges to the public for providing these type services. The department concludes **this sub criterion is met.**

(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.*

Public Comments

- None

Rebuttal Comments

- None

Department Evaluation

This project has the potential to improve delivery of ambulatory surgical services within the planning area because it does not involve any capital expenditure. The department concludes **this sub criterion is met.**

APPENDIX A

APPENDIX A
ASC Need Methodology
East King County

	Service Area Population: 2019 Surgeries @ 144,138/1,000:	576,362	83,076	Clartias	Age:15+																
a.i.	94,250	minutes/year/mixed-use OR																			
a.ii.	68,850	minutes/year/dedicated outpatient OR																			
a.iii.	34	dedicated outpatient OR's x 68,850 minutes =																			
a.iv.	39	mixed-use OR's x 94,250 minutes =																			
b.i.		projected inpatient surgeries =	26,106	=	2,853,595	minutes inpatient surgeries															
		projected outpatient surgeries =	56,970	=	3,443,920	minutes outpatient surgeries															
b.ii.		Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's																			
			56,970	-	38,724	=	18,246	outpatient surgeries													
b.iii.		average time of inpatient surgeries		=	109.31	minutes															
		average time of outpatient surgeries		=	60.45	minutes															
b.iv.		inpatient surgeries*average time		=	2,853,595	minutes															
		remaining outpatient surgeries(b.ii.)*ave time		=	1,103,020	minutes															
				=	3,956,615	minutes															
c.i.		if b.iv. < a.iv. , divide (a.iv.-b.iv.) by 94,250 to determine surplus of mixed-use OR's																			
		Not Applicable - Go to c.11. and ignore any value here.																			
			3,675,750																		
			3,956,615																		
			-280,865	/	94,250	=	-2.98														
c.ii.		if b.iv. > a.iv. , divide (inpatient part of b.iv - a.iv.) by 94,250 to determine shortage of inpatient OR's																			
		USE THESE VALUES																			
			2,853,595																		
			3,675,750																		
			-																		
			(822,155)	/	94,250	=	-8.72														
		divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's																			
			1,103,020	/	68,850	=	16.02														

Facility	Credential Number	ZIP Code	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Inpatient min/case	2015 Inpatient Cases in Mixed Use ORs	2015 Inpatient Mins. In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Mins.	Data Source
EvergreenHealth	HAC.FS.00000164	98034		0	0	8	113.3	6,966	789,071				Data obtained from Year 2015 survey.
Overlake Hospital Medical Center	HAC.FS.00000131	98004	4	0	1	115.1	11,543	1,328,058	0	50	231	11,550	Data obtained from Year 2014 survey. Mins/surg equaled 9. Not likely correct. Used default 50 min/case
Snoqualmie Valley Hospital	HAC.FS.00000195	98065	1	0	0	#DIV/0!	0	0	0	0			Year 2015 data obtained from year 2016 survey.
Swedish Medical Center-Issaquah	HAC.FS.60256001	98029	6	0	0	93.7	6,007	562,704					Data obtained from Year 2015 survey.
Aesthetic Facial Plastic Surgery, PLLC	ASF.FS.60429334	98004	0	0	1	0.0	0	0	0	71.0	348	24,699	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Aesthetic Physicians dba Sono Bello	ASF.FS.60291172	98004	0	0	3	0.0	0	0	0	114.9	109,117	109,117	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Aesthetic Eye Associates, PS	ASF.FS.60574719	98033	0	0	2	0.0	0	0	0	50.0	842	42,100	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Anderson Sobel Cosmetic Surgery	ASF.FS.60278641	98004	0	0	1	0.0	0	0	0	133.8	86	11,508	Year 2014 data obtained from year 2015 survey. Did not provide minutes/case. Used 50 x # of cases.
Athenix Body Sculpting Institute	ASF.FS.60329399	98005	0	0	2	0.0	0	0	0	50.0	639	31,950	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Aysel K. Sanderson, MD, PS	ASF.FS.60101705	98033	0	0	1	0.0	0	0	0	185.7	148	27,484	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Belleuve Plastic Surgery Center [Newvue]	ASF.FS.60320007	98004	0	0	1	0.0	0	0	0	152.6	154	23,503	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Belleuve Spine Specialist	ASF.FS.60100993	98005	0	0	1	0.0	0	0	0	50.0	2,500	125,000	Per ILRS: outpatient minutes calculated using 50 x # of cases. 2009 data - still active per facility website http://www.belleuvespinespecialist.com/
Belleuve Surgery Center (Wash Center for Pain Management)	ASF.FS.60287715	98004	0	0	2	0.0	0	0	0	14.1	915	12,920	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Bel-Red Ambulatory Surgical Facility	ASF.FS.60102983	98004	0	0	2	0.0	0	0	0	50.0	200	10,000	Per ILRS: outpatient minutes calculated using 50 x # of cases. Data for 2015 license renewal
Center for Plastic Surgery /David Stephens, MD	ASF.FS.60134975	98004	0	0	1	0.0	0	0	0	50.0	151	7,550	Per ILRS: outpatient minutes calculated using 50 x # of cases. Data for 2015 license renewal
Cosmetic Surgery & Dermatology of Issaquah	ASF.FS.60100200	98027	0	0	2	0.0	0	0	0	60.0	641	38,460	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Eastside Endoscopy Center-Belleuve	ASF.FS.60100024	98004											ENDOSCOPY ORS & MINUTES NOT COUNTED-CN APPROVED
Eastside Endoscopy Center-Issaquah	ASF.FS.60100200	98027											ENDOSCOPY ORS & MINUTES NOT COUNTED-CN APPROVED
Eastside Surgery Center	ASF.FS.60477711	98027	1	0	2	0.0	0	0	0	50.0	3,587	179,350	Year 2015 data obtained from year 2016 survey. Minutes/case too low for facility providing orthopedic, podiatric, and ophthalmologic (3587 cases, 145867 minutes reported). Calculated using 50 x # of cases
Egret Plastic Surgery Center	ASF.FS.60307710	98004	0	0	1	0.0	0	0	0	50.0	346	17,300	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Evergreen Endoscopy Center	ASF.FS.60103003	98034											Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Evergreen Surgical Center (under HAC license)	HAC.FS.00000164	98034	3		7					64.1	5,670	363,356	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
EvergreenHealth Ambulatory Surgical Care (Evergreen Surgical Clinic ASC)	ASF.FS.60584768	98034	0	0	0	0.0	0	0	0	71.1	1,177	83,730	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Gaborfau Center	ASF.FS.60100119	98074	0	0	1	0.0	0	0	0	50.0	28	1,400	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Group Health Cooperative-Belleuve	ASF.FS.60100954	98004	1	0	6	0.0	0	0	0	62.9	5,082	319,500	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
John H Brunsmann	ASF.FS.60102987	98073	0	0	1	0.0	0	0	0	50.0	100	5,000	Per ILRS: outpatient minutes calculated using 50 x # of cases. 2012 data - still active per facility website http://www.foo-clinic.net/
Naficy Plastic Surgery and Rejuvenation Center	ASF.FS.60101790	98004	0	0	2	0.0	0	0	0	150.0	593	88,950	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Northwest Center for Aesthetic Plastic Surgery	ASF.FS.60101127	98004	0	0	1	0.0	0	0	0	50.0	200	10,000	Year 2014 data obtained from year 2016 survey. Minutes/surgery calculated.
Northwest Laser and Surgery Center	ASF.FS.60277121	98005	0	0	2	0.0	0	0	0	146.0	250	36,500	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated. 15 min/surg not likely, used 50 X cases
Northwest Nasal Sinus Center	ASF.FS.60118035	98033	0	0	2	0.0	0	0	0	36.9	1,441	53,220	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Overlake Reproductive Health	ASF.FS.60350164	98004	0	0	1	0.0	0	0	0	50.0	210	10,500	Year 2014 data obtained from year 2016 survey. Minutes/surgery calculated.
Overlake Surgery Center	ASF.FS.60101029	98004	0	0	4	0.0	0	0	0	82.4	2,869	236,449	Year 2015 data obtained from year 2015 survey. Minutes/surgery calculated.
Pacific Cataract and Laser Institute-Belleuve	ASF.FS.60101107	98004	0	0	2	0.0	0	0	0	50.0	4,905	245,250	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Plastic Surgery Northwest	ASF.FS.60102710	98034	0	0	2	0.0	0	0	0	50.0	203	10,150	Per ILRS: outpatient minutes calculated using 50 x # of cases. Data for 2012 license renewal. NB: per ILRS, closed as of 6/24/2015



**APPENDIX A
ASC Need Methodology
East King County**

Facility	Credential Number	ZIP Code	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Inpatient min/case	2015 Inpatient Cases in Mixed Use ORs	2015 Inpatient Mins. In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Min/Case	Data Source
Proliance Eastside Surgery Center	ASF.FS.60101042	98034	0	0	4	0	0.0	0	0	64.0	4,490	287,262	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Proliance Highlands Surgery Center	ASF.FS.60101051	98029	0	0	4	0	0.0	0	0	71.8	4,668	335,063	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Redmond Ambulatory Surgery Center, LLC	PENDING	98053	0	0	3	0	0.0	0	0	150.6	199	29,970	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated. Recently approved ASC - CN #1573, issued April 29, 2016.
Remington Plastic Surgery Center	ASF.FS.60103007	98034	0	0	1	0	0.0	0	0	50.0	1,867	93,350	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Retina Surgery Center (The)	ASF.FS.60278648	98004	0	0	2	0	0.0	0	0	120.0	28	3,360	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Sammamish Center for Facial Plastic Surgery	ASF.FS.60100119	98074	0	0	1	0	0.0	0	0	38.9	3,286	127,888	Year 2014 data obtained from year 2015 survey. 3,286 procedures, 127,888 minutes
Seattle Children's Bellevue	(under hospital licer	98004	0	0	2	0	0.0	0	0	50.0	118	5,900	Year 2015 data obtained from year 2016 survey. Minutes/case provided does not support case. Used 50 x # of cases.
SocGab Surgery Center	ASF.FS.60107297	98033	0	0	1	0	0.0	0	0	50.0	86	4,300	Year 2015 data obtained from year 2016 survey. Minutes/case provided does not support case. Used 50 x # of cases.
Stem Center for Aesthetic Surgery (The)	ASF.FS.60099126	98004	0	0	1	0	0.0	0	0	50.0			Year 2015 data obtained from year 2016 survey. Did not provide minutes/case. Used 50 x # of cases.
Virginia Mason-Bellevue ASC	ASF.FS.60101657	98004	1										Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Virginia Mason-Issaquah ASC	ASF.FS.60101658	98027	1										Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated. No 2015 data found.
Washington Institute Orthopedic Center	ASF.FS.60101120	98034	0	0	1	0	0.0	0	0	43.5	1,974	85,869	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Washington Urology Associates, PLLC-Bellevue	ASF.FS.60222057	98004	0	0	2	0	0.0	0	0	205.4	118	24,240	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Washington Urology Associates, PLLC-Kirkland	ASF.FS.60222149	98034	0	0	2	0	0.0	0	0				
Yarrow Bay Plastic Surgery Center	ASF.FS.60312375	98033	0	0	1	0	0.0	0	0				
Totals			18	0	79	39	#DIV/0!	24,516	2,679,833	2,933	53,501	3,234,212	
ORs counted in numeric methodology					34	39	Avg min/case inpatient	109.31	Avg min/case outpatient	60.45			
ILRS: Integrated Licensing & Regulatory System Population data source: Claritas 2015													
Total Surgeries			78,017							78,017			
Area population 2015 [15+]			541,266							669,849			
Use Rate			144,138							116,470			
Planning Area projected 15+ population Year: 2019			576,362							709,108			
% Outpatient of total surgeries											68.58%		
% Inpatient of total surgeries											31.42%		