



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

October 21, 2013

Scott Faringer, Administrator
Tri-City Orthopaedic Clinic, PSC
6703 West Rio Grand Avenue
Kennewick, Washington 99336

RE: DOR #14-05

Dear Mr. Faringer:

The Department of Health has completed the review of your exemption request regarding the proposed ambulatory surgery center in Kennewick, within Benton County. Below is the information considered and the facts relied upon by the Certificate of Need Program in reaching its conclusion regarding your project.

INFORMATION CONSIDERED

- Ambulatory Surgery Center (ASC) exemption application received August 9, 2013
- Supplemental information provided on September 23, 2013
- Revised Code of Washington (RCW) 70.38
- Washington Administrative Code (WAC) 246-310
- Washington Secretary of State and Department of Revenue information obtained from the respective websites
- Department of Health external provider look-up
- Department of Health Integrated Licensing and Regulatory System (ILRS)
- Certificate of Need historical files

FACTS CONSIDERED

- Tri-City Orthopaedic Clinic, PSC is a group practice governed by the following six members.

Name	Title
Mark R. Merrell, MD	President, Chairman
Jonathan R. Perry, MD	Vice President
Owen Milo Higgs, MD	Secretary
James Robert Hazel, MD	Treasurer
Janmeet Singh Sahota, OP	Director
Travis Ashcroft Peterson, OP	Director

- Tri-City Orthopaedic Clinic, PSC has been a Washington State corporation since October 10, 1997.
- Tri-City Orthopaedic Clinic, PSC has two practice sites; both are located in Benton County. The two practice sites are identified below.

Address	City	Zip
985 Goethals Drive	Richland	99301
5703 West Rio Grande Avenue	Kennewick	99336

- On June 15, 2000, Tri-City Orthopaedic Clinic, PSC received an exemption from Certificate of Need review for the establishment of an ASC at the Richland practice site. This application requests an exemption to establish an ASC at the Kennewick practice site.
- The application identifies eight physicians that would have access to the proposed ASC. The physicians are listed below.

Name	Credential Status	Practice Status
James Robert Hazel, MD	Active	Partner
Owen Milo Higgs, MD	Active	Partner
Mark R. Merrell, MD	Active	Partner
Jonathan R. Perry, MD	Active	Partner
Travis Ashcroft Peterson, OP	Active	Employee
Janmeet Singh Sahota, OP	Active	Employee
Faustin R. Stevens, MD	Active	Employee
Allen Brian Shoham, MD	Active	Employee

- The proposed ASC would be operated under the corporation known as Tri-City Orthopaedic Center, LLC. This corporation is a separate legal entity from the Tri-City Orthopaedic Clinic, PSC practice.
- Tri-City Orthopaedic Center, LLC has been a Washington State corporation since July 13, 2001. Governing person is Surginet, Inc.¹
- Procedures to be performed at the ASC are those typically associated with orthopedic, spine surgery and pain management.
- Tri-City Orthopaedic Clinic, PSC intends to contract with United Surgical Partners International for management services.² A copy of the management agreement, with subsequent addenda, was provided in the application.

¹ Surginet, Inc. address is 15305 Dallas Parkway, #1600 in Addison, Texas [75001].

² The application identifies United Surgical Partners International as the management entity for the ASC; however, the agreement and the addenda reference Physician Surgery Centers, Inc.; Surginet, Inc.; and Surgis Management Services, with no reference to United Surgical Partners International.

CONCLUSION

New health care facilities are subject to Certificate of Need review. [RCW 70.38.105(4)(a)] Facilities subject to review include ambulatory surgical facilities. [RCW 70.38.025(6)] Such facilities are defined by WAC 246-310-010(4) to mean:

[A]ny free-standing entity, including a ambulatory surgery center that operates primarily for the purpose of performing procedures to treat patients not requiring hospitalization. The term does not include a facility in the offices of private physicians, or dentists, whether in individual or group practice, if the privilege of using the facility is not extended to physicians or dentists outside the individual or group practice.

The proposed ASC meets the definition of an ASC in the first sentence of WAC 246-310-010(4). The proposed ASC does not qualify for the exemption in the second sentence of WAC 246-310-010(4). This conclusion is based on the following information provided in the application.

- The ASC would be operated under a separate legal entity from the group practice corporation.
- The ASC would be located at a different site than the group practice corporation.
- The department's review of the Management Agreement and subsequent addendums provided in the application.

Accordingly, the ASC is subject to prior Certificate of Need review and approval before it is established. This conclusion is consistent with prior Certificate of Need decisions. Enclosed is a copy of the Certificate of Need rules, (WAC 246-310), regulations (RCW 70.38), and a blank application form should you wish to pursue this project.

APPEAL OPTION

This decision may be appealed. Your appeal option is identified below.

Appeal Option:

You may request an adjudicative proceeding to contest this decision within 28 calendar days from the date of this letter. The notice of appeal must be filed according to the provisions of Revised Code of Washington 34.05 and Washington Administrative Code 246-310-610. A request for an adjudicative proceeding must be received within the 28 days at one of the following addresses:

Mailing Address:
Department of Health
Adjudicative Service Unit
Mail Stop 47879
Olympia, WA 98504-7879

Other Than By Mail
Department of Health
Adjudicative Service Unit
111 Israel Road SE
Tumwater, WA 98501

Scott Faringer, Tri-City Orthopaedic Clinic, PSC
DOR #14-05
October 21, 2013
Page 4 of 4

Please call me at (360) 236-2955 if you have any questions or you would like to meet to discuss this determination.

Sincerely,

A handwritten signature in blue ink that reads "Janis R. Sigman". The signature is written in a cursive, flowing style.

Janis Sigman, Manager
Certificate of Need Program
Community Health Systems

Enclosure