



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH  
*Olympia, Washington 98504*

June 22, 2015

CERTIFIED MAIL # 7009 0960 0000 5565 0581

Trisha West, MHA, Director of Strategic Planning  
EvergreenHealth  
12040 Northeast 128<sup>th</sup> Street, MS-100  
Kirkland, Washington 98034

RE: Certificate of Need Application #15-18

Dear Ms. West:

We have completed review of the Certificate of Need (CN) application submitted by EvergreenHealth proposing to acquire Evergreen Endoscopy Center located in Kirkland, within King County. 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 EvergreenHealth agrees to the following in its entirety.

**Project Description**

This certificate approves the establishment of a three-operating room endoscopy ambulatory surgery center in Kirkland, within King County. The surgery center currently provides gastroenterology services that can be performed appropriately in an outpatient setting, such as abdominal paracentesis, breath testing for gastrointestinal disorders, colonoscopy, endoscopic retrograde, endoscopies, ultrasound, esophageal motility, feeding tube replacement, flexible sigmoidoscopy, liver biopsy, esophageal dilation, and upper endoscopy. EvergreenHealth does not intend to expand the scope of services beyond the endoscopy procedures that can be performed appropriately in an outpatient setting.

**Conditions**

1. King County Pubic Hospital District #2-EvergreenHealth agrees with the project description as stated above. King County Pubic Hospital District #2-EvergreenHealth 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. King County Pubic Hospital District #2-EvergreenHealth will provide to the department for review and approval a copy of the executed Asset Purchase and Sale Agreement for Evergreen Endoscopy Center.

3. The ambulatory surgery center will provide charity care in compliance with the charity care policy provided in the application, or any subsequent policies reviewed and approved by the Department of Health. King County Public Hospital District #2-EvergreenHealth will use reasonable efforts to provide charity care at the ambulatory surgery center 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 1.54% for gross revenue and 2.70% for adjusted revenue. King County Public Hospital District #2-EvergreenHealth will maintain records at the ambulatory surgery center documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.

**Approved Capital Costs:**

The approved capital expenditure for this project is \$10,572,254, which includes acquisition of Evergreen Endoscopy Center and construction/equipment.

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

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

Sincerely,



Steven M. Saxe, FACHE  
Director, Community Health Systems

Enclosure

**EVALUATION DATED JUNE 22, 2015, OF THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY KING COUNTY PUBLIC HOSPITAL DISTRICT #2-EVERGREENHEALTH PROPOSING TO ESTABLISH AN AMBULATORY SURGERY CENTER IN KING COUNTY**

**APPLICANT DESCRIPTION**

On March 9, 1972, King County Public Hospital District #2 opened Evergreen General Hospital located at 12333 Northeast 130th Lane in Kirkland [98034]. In 1986, the hospital's name was changed to 'Evergreen Hospital Medical Center' and in 2012 the name was changed to 'EvergreenHealth.' Currently, EvergreenHealth continues to operate under the governance of the public hospital district's five member board. [source: EvergreenHealth website]

The hospital district operates a variety of urgent and primary care facilities in King and Snohomish counties. The primary care facilities are listed in the table below. [source: Application, p4; CN historical files; and EvergreenHealth website]

<b>Facility Type</b>	<b>Name</b>
Acute Care Hospital	EvergreenHealth
Acute Care Hospital	EvergreenHealth Monroe <sup>1</sup>
Home Health Agency	Evergreen Home Health Services
Hospice Agency and Hospice Care Center	Evergreen Hospice Services

This application was submitted by King County Public Hospital District #2 on behalf of EvergreenHealth. While the department considers the hospital district to be the applicant, this evaluation will refer to the hospital district and the hospital collectively as 'EvergreenHealth.'

**BACKGROUND INFORMATION**

On May 4, 2012, Puget Sound Gastroenterology, PS received a 'group practice exemption' for the establishment of an ambulatory surgery center to be located at 11800 Northeast 128<sup>th</sup> Street, #100 in Kirkland [98034]. On September 10, 2012, the department issued an ASF license to Puget Sound Gastroenterology, PS for operations of Evergreen Endoscopy Center.<sup>2</sup>

As of the writing of this evaluation, Evergreen Endoscopy Center continues to operate as an exempt surgery center under the ownership of Puget Sound Gastroenterology, PS. The surgery center remains operational at 11800 Northeast 128<sup>th</sup> Street, #100 in Kirkland. For purposes of this evaluation, Puget Sound Gastroenterology, PS will be referenced as 'PSG' and Evergreen Endoscopy Center will be referenced as 'EEC.'

**PROJECT DESCRIPTION**

With this application, EvergreenHealth proposes to establish an ambulatory surgery center located in Kirkland, within King County. This would be accomplished by purchasing EEC from PSG. After the

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<sup>1</sup> On November 19, 2014, King County Public Hospital District #2 announced an affiliation between itself and Snohomish County Public Hospital District #1 that operates Valley General Hospital in Monroe. Under the affiliation agreement, Valley General Hospital became part of the Kirkland-based health care system and managed by EvergreenHealth. Effective March 1, 2015, Valley General Hospital changed its name to EvergreenHealth Monroe. [source: EvergreenHealth website]

<sup>2</sup> ASF #60103003

purchase, EvergreenHealth intends to operate the facility at its current site and within the hospital's license.<sup>3</sup> [source: Application, p6]

EEC currently has three operating rooms, recovery space and associated support space. The surgery center provides gastroenterology services that can be performed appropriately in an outpatient setting. Services currently provided at the ASC include abdominal paracentesis, breath testing for gastrointestinal disorders, colonoscopy, endoscopic retrograde, endoscopies, ultrasound, esophageal motility, feeding tube replacement, flexible sigmoidoscopy, liver biopsy, esophageal dilation, and upper endoscopy. If this project is approved, EvergreenHealth does not intend to increase the number of operating rooms or expand services from those currently provided at the surgery center. [source: Application, p6 and February 19, 2015, supplemental information, p3]

The estimated capital expenditure for this project is \$10,572,254; of that amount 90% is for the purchase of the ASC and the remaining 10% is for minor remodel necessary for the ASC to meet hospital licensing requirements. [source: Application, p19 and February 19, 2015, supplemental information, p2 and p6]

If this project is approved, EvergreenHealth expects EEC would be operating under its ownership and hospital license on October 1, 2015. Under this timeline, year 2016 is EEC's first full calendar year of operation under new ownership and year 2018 is year three. [source: February 19, 2015, supplemental information, p3]

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

This project is subject to review under Revised Code of Washington 70.38.105(4)(a) and Washington Administrative Code 246-310-020(1) as the establishment of a new healthcare facility.

#### **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 the 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:

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<sup>3</sup> Since the facility is not located on the EvergreenHealth campus and EvergreenHealth does not qualify for a group practice exemption, EvergreenHealth must obtain a Certificate of Need to operate the surgery center.

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

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

To obtain Certificate of Need approval, the applicant must demonstrate compliance with the criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment).<sup>4</sup> 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.

**TYPE OF REVIEW**

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

**APPLICATION CHRONOLOGY**

<b>Action</b>	<b>EvergreenHealth</b>
Letter of Intent Submitted	October 31, 2014
Application Submitted	December 11, 2014
Department’s pre-review activities <ul style="list-style-type: none"> <li>• DOH 1st Screening Letter</li> <li>• EvergreenHealth Responses Received</li> </ul>	January 5, 2015 February 19, 2015
Beginning of Review <ul style="list-style-type: none"> <li>• public comments accepted throughout review</li> <li>• No public hearing requested or conducted</li> </ul>	February 25, 2015
End of Public Comment	April 1, 2015
Rebuttal Comments Due <sup>5</sup>	April 16, 2015
Department’s Anticipated Decision Date	June 1, 2015
Department Declares Pivotal Unresolved Issue (PUI)	May 25, 2015
EvergreenHealth Submits PUI Documents	June 1, 2015
End of Public Comment on PUI Documents <sup>6</sup>	June 12, 2015
EvergreenHealth Rebuttal Comments on PUI Documents	June 26, 2015
Department’s Anticipated Decision Date w/ PUI	July 27, 2015
Department’s Actual Decision Date w/ PUI	June 22, 2015

<sup>4</sup> Each criterion contains certain sub-criteria. The following sub-criteria are not relevant to this project: WAC 246-310-210(3), (4), (5), and (6); and WAC 246-310-240(2) and (3).

<sup>5</sup> All comments submitted were in support of the project. EvergreenHealth did not provide rebuttal comments.

<sup>6</sup> There were no public comments submitted on the PUI documents. As a result, no rebuttal comments could be accepted.

## **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.”*

Eastside Endoscopy Center and Overlake Hospital Medical Center requested interested person status related to this project; however, neither requested affected person status as defined above. Neither Eastside Endoscopy Center nor Overlake Hospital Medical Center submitted comments related to the project. As a result, no entities qualified for affected person status.

## **SOURCE INFORMATION REVIEWED**

- King County Public Hospital District #2 dba EvergreenHealth's Certificate of Need application received on December 11, 2014
- King County Public Hospital District #2 dba EvergreenHealth's supplemental information received February 19, 2015
- King County Public Hospital District #2 dba EvergreenHealth's Pivotal Unresolved Issue (PUI) documents received on June 1, 2015
- Year 2014 Annual Ambulatory Surgery Provider Survey for Surgical Procedures Performed During Calendar Year 2013 for hospitals, ambulatory surgery centers, or ambulatory surgical facilities located in east King County
- 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 August 3, 2006
- Licensing data provided by the Medical Quality Assurance Commission
- Washington State Secretary of State website at [www.sos.wa.gov](http://www.sos.wa.gov)
- Washington State Department of Revenue website at [www.dor.wa.gov](http://www.dor.wa.gov)
- EvergreenHealth website at [www.evergreenhealth.com](http://www.evergreenhealth.com)
- Puget Sound Gastroenterology website at [www.pugetsoundgastro.com](http://www.pugetsoundgastro.com)
- Joint Commission website at [www.qualitycheck.org](http://www.qualitycheck.org)

## **CONCLUSION**

For the reasons stated in this evaluation, the application submitted by King County Public Hospital District #2-EvergreenHealth proposing to establish a Certificate of Need approved ambulatory surgery center is consistent with applicable criteria of the Certificate of Need Program, provided King County Public Hospital District #2-EvergreenHealth agrees to the following in its entirety.

### **Project Description:**

This certificate approves the establishment of a three-operating room endoscopy ambulatory surgery center in Kirkland, within King County. The surgery center currently provides gastroenterology services that can be performed appropriately in an outpatient setting, such as abdominal paracentesis, breath testing for gastrointestinal disorders, colonoscopy, endoscopic

retrograde, endoscopies, ultrasound, esophageal motility, feeding tube replacement, flexible sigmoidoscopy, liver biopsy, esophageal dilation, and upper endoscopy. EvergreenHealth does not intend to expand the scope of services beyond the endoscopy procedures that can be performed appropriately in an outpatient setting.

**Conditions:**

1. King County Pubic Hospital District #2-EvergreenHealth agrees with the project description as stated above. King County Pubic Hospital District #2-EvergreenHealth 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. King County Pubic Hospital District #2-EvergreenHealth will provide to the department for review and approval a copy of the executed Asset Purchase and Sale Agreement for Evergreen Endoscopy Center.
3. The ambulatory surgery center will provide charity care in compliance with the charity care policy provided in the application, or any subsequent polices reviewed and approved by the Department of Health. King County Pubic Hospital District #2-EvergreenHealth will use reasonable efforts to provide charity care at the ambulatory surgery center 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 1.54% for gross revenue and 2.70% for adjusted revenue. King County Pubic Hospital District #2-EvergreenHealth will maintain records at the ambulatory surgery center documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.

**Approved Costs:**

The approved capital expenditure for this project is \$10,572,254, which includes acquisition of Evergreen Endoscopy Center and construction/equipment.

## **CRITERIA DETERMINATIONS**

### **A. Need (WAC 246-310-210)**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that King County Public Hospital District #2-EvergreenHealth has met the applicable need criteria in WAC 246-310-210.

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

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

The Department of Health's Certificate of Need Program uses the numeric methodology outlined in WAC 246-310-270 for determining the numeric need for additional ASCs in Washington State. The numeric methodology provides a basis of comparison of existing operating room (OR) capacity for both outpatient and inpatient ORs in a planning area using the current utilization of existing providers. The methodology separates Washington State into 54 secondary health services planning areas. EEC is currently located, and will continue to be located, in Kirkland within the east King County planning area.

The methodology estimates OR need in a planning area using multi-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 room in the planning area, subtracts this capacity from the forecast number of surgeries expected in the planning area in the target year, and examines the difference to determine:

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

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

#### **EvergreenHealth Numeric Methodology**

[source: Application, pp11-13 and Exhibit 7]

EvergreenHealth determined existing capacity in the east King County planning area to be 19 dedicated outpatient ORs and 38 mixed use ORs. Based on 2013 utilization and population data, EvergreenHealth's methodology identified a use rate of 111.22/1,000 population. Focusing on year 2017, the applicant projected east King County's population to be 598,735. Applying the use rate to the projected population and subtracting the existing number of ORs in the planning area, EvergreenHealth projected a need for 20.69 dedicated outpatient ORs in east King County for projection year 2017.

#### **Department's Numeric Methodology and Review**

The numeric portion of the methodology requires a calculation of the annual capacity of the existing providers inpatient and outpatient OR's in a planning area—east King County. To determine the zip codes associated with east King County, the department relied on the map and breakdown of zip codes identified in the 1980 State Health Plan for east King County. While the State Health Plan was sunset in 1989, for some projects, it continues to be a reliable tool. The department continues to use the zip codes listed by planning area as a starting point for determining ASC planning area zip codes.

For ASC planning areas, the state health plan identifies 21 east King County zip codes.<sup>7</sup> When the 21 zip codes are charted on the Department of Ecology King County zip code map, inclusion of another 13 zip codes appears reasonable based on the geographic location of the zip codes. The table below shows the zip codes and associated cities for the 34 zip codes associated with east King County. [source: 1980 SHP and Washington State Department of Ecology King County zip code map prepared by GIS Technical Services and released August 3, 2006]

<b>Zip Code</b>	<b>City by Zip Code in 1980 SHP</b>	<b>City by Zip Code Added Based on Map</b>
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
98056		Renton
98059		Newcastle
98065	Snoqualmie	
98068	Snoqualmie Pass	
98072	Woodinville	
98073		Redmond
98074		Sammamish/Redmond
98075		Sammamish
98077		Woodinville
98083		Kirkland
98174		Seattle
98224		Baring
98288		Skykomish

<sup>7</sup> Included in the SHP zip codes for east King County is zip 98026, for a total of 22 zip codes. 98026 is the city of Edmonds within Snohomish County and will not be included in the east King County zip codes.

According to the department’s historical records, there are 45 planning area providers—including the applicant—with OR capacity. Of the 45 providers, four are hospitals and 41 are ASCs. Below is a listing of the four hospitals. [source: CN historic files and DOH ILRS database]

**Table 1  
East King County Planning Area Hospitals**

<b>Hospitals</b>	<b>City/Zip</b>
EvergreenHealth	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 the state. When this application was submitted in January 2015, the most recent utilization survey was mailed in 2014 and collected data for year 2013. The data provided in the utilization survey is used if available. All four of the hospitals completed and submitted the 2014 Annual Ambulatory Surgery Provider Survey.

Table 2 below is a listing of the 41 ASCs in the planning area.

**Table 2  
East King County Planning Area Ambulatory Surgery Centers/Facilities**

<b>Ambulatory Surgery Centers</b>	<b>City/Zip</b>
Aesthetic Facial Plastic Surgery	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

**Table 2 (continued)**

**East King County Planning Area Ambulatory Surgery Centers/Facilities**

Evergreen Surgical Clinic ASC	Kirkland/98034
Group Health Cooperative Bellevue Endoscopy	Bellevue/98004
John H. Brunzman, MD	Redmond/98073
Sam Naficy, MD	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
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 Sports Medicine Associates	Kirkland/98034
Washington Urology Associates-Bellevue	Bellevue/98004
Washington Urology Associates-Kirkland	Kirkland/98034
Yarrow Bay Plastic Surgery Center	Kirkland/98033

Of the 41 ASCs shown above, five are endoscopy facilities including EEC. The numeric methodology deliberately excludes the OR capacity and procedures from the numeric methodology.<sup>8</sup> As a result, the ORs and procedures for these five facilities will not be counted in the numeric methodology.<sup>9</sup>

For the remaining 36 ASCs, 30 are located within a solo or group practice (considered an exempt ASC) and the use of these ASCs is restricted to physicians that are employees or members of the clinical practices that operate the facilities. Therefore, these 30 facilities do not meet the ASC definition in WAC 246-310-010. For exempt ASCs, the utilization, but not ORs, is included in the methodology for the planning area.

The remaining six ASCs are CN approved facilities.<sup>10</sup> For these, the OR capacity and utilization is counted in the numeric methodology. One of the six—Seattle Children's ASC—is dedicated to

<sup>8</sup> WAC 246-310-270(9)(iv).

<sup>9</sup> Five facilities are: Eastside Endoscopy-Bellevue; Eastside Endoscopy-Issaquah; Evergreen Endoscopy Center; Virginia Mason-Bellevue; and Virginia Mason-Issaquah.

<sup>10</sup> Bel-Red Ambulatory Surgical Facility [CN #1485]; Eastside Surgery Center [CN #1462]; Northwest Nasal Sinus Center [CN #1250]; Overlake Surgery Center [CN #1192] and Proliance Eastside Surgery Center [CN #1342].

patients 0-14. Information provided in the EvergreenHealth indicates that EEC does not serve, nor does it propose to serve, patients in this age group. As a result, the Seattle Children’s ASC is considered a pediatric facility and the ORs and utilization will not be counted in this methodology. For the remaining five ASCs, all are CN approved and appropriate to be counted in the methodology.

In summary, data will be used for 30 CN exempt ASCs and five CN 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 Integrated Licensing and Regulatory System [ILRS].

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

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

<b>Assumption</b>	<b>Data Used</b>
Planning Area	East King County
Population Estimates and Forecasts	Age group: 0 – 85+ Claritas Population Data released year 2015: Year 2013 – 645,312 Year 2018 – 698,704
Use Rate	Divide calculated surgical cases by 2014 population results in the service area use rate of 104.249/1,000 population
Year 2013 Total Number of Surgical Cases	23,262 – inpatient or mixed use; 44,011 – outpatient Total = 67,263
Percent of surgery : ambulatory vs. inpatient	Based on DOH survey and ILRS data, 65.42% ambulatory (outpatient) and 34.58% inpatient
Total Number of Surgical Cases	2013: 67,273
Average minutes per case	Based on DOH survey and ILRS data Outpatient cases = 67.09 minutes; inpatient cases = 109.66 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. 19 dedicated outpatient ORs and 38 mixed use ORs
<b>Department's Methodology Results</b>	<b>Numeric need for an additional 27.43 outpatient ORs</b>

When comparing the applicant’s and department’s methodology, it is noted that EvergreenHealth applied the use rate to projected year 2017 and the department applied its use rate to projected year 2018. The difference in the projection year results in significant differences throughout the methodology. It is unclear why EvergreenHealth used 2017 rather than 2018. The department will rely on its own methodology for this project. Based on the assumptions described in the table above, the department’s application of the numeric methodology indicates a need for 27.43 outpatient ORs in year 2018.

EvergreenHealth also provided the following statement related to the numeric methodology and the continued need for the endoscopy services currently provided at EEC. [source: Application, p12]

*“Even though the numeric methodology shows a need for additional dedicated outpatient capacity in the planning area, the department has previously determined the numeric methodology is not suitable for projecting need for the ORs specific to this type of project. Therefore, the department has considered additional information within the application to evaluate the need for this project.”*

The ‘additional information’ referenced by the applicant is the six-year historical number of procedures and most recent year patient origin data. This information is summarized in the tables below. [source: Application, p5 and p15]

**Table 4  
Evergreen Endoscopy Center  
Six-Year Historical Utilization**

<b>Year</b>	<b># of Procedures</b>	<b>% Increase / (Decrease) from Previous Year</b>
2009	6,800	
2010	6,836	0.5%
2011	6,856	0.3%
2012	6,776	(1.2%)
2013	7,125	5.2%
2014*	7,366	3.4%

\* Annualized through October 2014.

**Table 5  
Evergreen Endoscopy Center  
Year 2014 Patient Origin By City/County**

<b>City</b>	<b>County</b>	<b>% of Patients</b>
Kirkland	King	19.0%
Redmond	King	15.0%
Woodinville	King	12.0%
Bothell	King	6.0%
Canyon Park	King	6.0%
Mill Creek	Snohomish	5.0%
Kenmore	King	5.0%
Snohomish	Snohomish	4.0%
Duvall	King	3.0%
Sultan	King	2.0%
Monroe	Snohomish	2.0%
Other	N/A	21.0%
	<b>Total</b>	<b>100.0%</b>

As shown in Table 4, with the exception of year 2012, the number of procedures at the ASC has increased each year. The five-year growth from 2009 to 2013 is 4.8%. Table 5 shows that the majority of patients—approximately 70%—are from the applicant’s planning area in east King County.

Based on the applicant’s numeric methodology, historical number of procedures, and patient origin data, EvergreenHealth concluded that there is need for additional ORs in the planning area and the

existing CN exempt ORs at the ASC are needed to continue to provide a much needed endoscopy services in east King County.

There was no public comment submitted related to the numeric methodology.

#### WAC 246-310-270(6)

WAC 246-310-270(6) requires a minimum of two ORs in an ASC. EECis currently operating with three ORs and EvergreenHealth intends to maintain all ORs currently in operation. [source: Application, p6 and February 19, 2015, supplemental information, p2] Based on this information, this standard is met.

Based on the department's numeric methodology, numeric need for additional OR capacity in the east King County planning area is demonstrated. Additionally, based on EvergreenHealth's supporting data for historical services and ability to meet the standard under WAC 246-310-270(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.

Even though EvergreenHealth has been providing healthcare services for many years through its medical clinics and hospitals, for CN purposes, the ASC is a new healthcare facility. As a CN approved ASC, EvergreenHealth must demonstrate that it would be available to all residents of the planning area, including low income, racial and ethnic minorities, handicapped, and other underserved groups. The ASC must also participate in the Medicare and Medicaid programs and commit to providing a percentage of charity care in the planning area.

#### Admission Policy and Non-Discrimination Policy

To determine whether all residents of the planning area would have access to an applicant's proposed services, the department requires applicants to provide a copy of its current or proposed admission policy. The admission policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility and any assurances regarding access to treatment. The admission policy must also include language to ensure all residents of the service area would have access to 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.

To demonstrate compliance with this sub-criterion, EvergreenHealth provided copies of the current and proposed Admission Policy and Non-Discrimination Policy. The current Admission Policy was created when the facility became operational as an exempt ASC under the ownership of PSG. The current policy includes the non-discrimination language referenced above, but does not provide guidance for admission of patients to the surgery center. [source: February 19, 2015, supplemental information, Attachment 6]

The proposed Admission Policy is the policy used by EvergreenHealth for all of its healthcare facilities. It is also the policy posted on the Department of Health website in accordance with WAC 246-320-141(5) and (8). This policy does not include any of the non-discrimination language referenced above, however, it does reference EvergreenHealth's 'Nondiscrimination in Provision of Healthcare Services Policy.' [source: Application, Exhibit 8]

The current Non-Discrimination Policy was created under the ownership of PSG. This policy includes the non-discrimination language referenced above and also provides guidance for admission of patients to the surgery center. The policy includes guidance for patient rights, responsibilities, conduct, and advance directives. This policy also provides disclosure of physician interest in the surgery center. [source: February 19, 2015, supplemental information, Attachment 7]

EvergreenHealth also provided its Nondiscrimination in Provision of Healthcare Services Policy. This policy is used in conjunction with the Admission Policy and includes specific language to ensure that the ASC will not exclude, or deny services to, any person based on age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender, gender identity or expression, disability, veteran or military status, the need to use a trained guide dog or service animal, or on any other basis prohibited by federal, state, or local law. [source: February 19, 2015, supplemental information, Attachment 7]

#### Medicare and Medicaid Programs

The department uses Medicare certification to determine whether the elderly would have access, or continue to have access, to services. EvergreenHealth currently contracts with Medicare and provides services to Medicare patients in the planning area through its healthcare facilities. The department uses the facility's Medicaid certification to determine whether low-income residents would have access, or continue to have access, to services. EvergreenHealth also contracts with Medicaid and provides services to Medicaid patients in the planning area through its healthcare facilities.

EvergreenHealth stated that the ASC currently provides services to Medicare and Medicaid patients and if this project is approved, would continue to be accessible to these patients. To demonstrate compliance with this sub-criterion, EvergreenHealth provided its current and projected percentages of payer mix. Financial documents provided in the application demonstrate that EvergreenHealth intends to continue providing services to the Medicare and Medicaid population at the ASC. EvergreenHealth expects 29.8% of its gross revenues to be from Medicare and 6.8% from Medicaid. [source: February 19, 2015, supplemental information, p2]

EvergreenHealth intends to license EEC under the hospital's license. Since the hospital currently provides services to both Medicare and Medicaid populations, the department expects EEC would also continue to be available to Medicare and Medicaid patients.

#### Charity Care Policy

A facility's charity care policy should confirm that all residents of the service area including low-income, racial and ethnic minorities, handicapped and other underserved groups have, or would have, access to healthcare services of the applicant. The policy should also include the process one must use to access charity care at the facility.

To demonstrate compliance with this sub-criterion, EvergreenHealth provided copies of the current and proposed Charity Care Policy. The current Charity Care Policy was created when the facility became operational as an exempt ASC under the ownership of PSG. The current policy provides the process one must use to access charity care and provides a table showing poverty guidelines to qualify for charity care. The current policy does not include any of the non-discrimination language referenced above. [source: February 19, 2015, supplemental information, Attachment 9]

EvergreenHealth also provided its current Charity Care Policy used by EvergreenHealth for all of its healthcare facilities. It is also the policy posted on the Department of Health website in accordance

with WAC 246-320-141(6). This is the policy that will be used at the EEC if this project is approved. The policy includes the process one must use to access charity care, but does not include any of the non-discrimination language referenced above. While the policy does not include a reference to the surgery center by name or inference, since EEC would be operated under the EvergreenHealth license, a specific reference is not necessary. The pro forma financial documents provided in the application also include a charity care ‘line item.’ [source: Application, Exhibit 10]

WAC 246-310-270(7)

WAC 246-310-270(7) requires that ASCs shall implement policies to provide access to individuals unable to pay consistent with charity care levels reported by the hospitals affected by the proposed ASC. For charity care reporting purposes, HPDS, divides Washington State into five regions: King County, Puget Sound, Southwest, Central, and Eastern. EEC is located in east King County within the King County region. Currently, there are 21 hospitals operating in the region, including the applicant, EvergreenHealth. Of those, four are acute care hospitals located in east King County and could be affected by approval of this project.<sup>11</sup>

For this project, the department reviewed the most recent three years of charity care data for the 21 existing hospitals currently operating within the King County Region and focused on the four general acute care hospitals located in east King County. The three years reviewed are 2011, 2012, and 2013.<sup>12</sup> The table below is a comparison of the average charity care for the King County Region as a whole and EvergreenHealth; combined charity care percentages for the four hospitals in east King County; and EvergreenHealth’s projected charity care for EEC.<sup>13</sup> [source: 2011-2013 HPDS charity care summaries]

**Table 6  
Charity Care Percentage Comparisons**

	<b>% of Total Revenue</b>	<b>% of Adjusted Revenue</b>
King County Region	1.93%	3.60%
EvergreenHealth	1.14%	2.04%
Four Hospital's Combined	1.54%	2.70%
EEC Projected	0.40%	0.63%

As shown in the table above, the regional average is higher than the calculated average provided by the four hospitals in the planning area and EvergreenHealth alone. Although not shown in Table 6 above, for year 2013, EvergreenHealth's charity care percentages were 0.89% total revenue and 1.65% adjusted revenue. These percentages are a significant decrease from the previous year-2012. The projected percentage of for EEC after ownership by EvergreenHealth is significantly lower total and adjusted percentage of charity care than both the region and the combined hospitals.

EvergreenHealth provided the following supplemental information regarding its low charity care percentages for year 2013. [source: February 19, 2015, supplemental information, pp3-5]

<sup>11</sup> EvergreenHealth in Kirkland; Overlake Hospital Medical Center in Bellevue; Snoqualmie Valley Hospital in Snoqualmie; and Swedish Health Services-Issaquah in Issaquah.

<sup>12</sup> As of the writing of this evaluation, year 2014 charity care data is not available.

<sup>13</sup> 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.

*"EvergreenHealth has historically had a lower rate of charity care than the region, not because of our policy or our outreach efforts, but rather due to our geographic location. EvergreenHealth is based, and serves a community whose average household income (\$112,000) is 18% higher than the overall King county average income of \$95,000. Of the ten zip codes in King and Snohomish counties with the highest household incomes, eight of them are in EvergreenHealth's service area. This leads to a high commercially insured population with fewer residents qualifying for charity care. EvergreenHealth's decline in charity care as a percentage of revenue is also a result of the improvement in the local economy and the expansion of health insurance coverage under the Affordable Care Act (ACA), for which enrollment commenced in October 2013. As detailed in response to question 6 [above] by June 2014, aggressive enrollment reduced hospital charity care by 30% statewide."*

EvergreenHealth also provided a listing of its community health services it provides at low or no cost. A sample of these services include healthcare services to residents of local senior centers, specialty healthcare services for elderly residents, youth mental health suicide prevention programs within local high schools, and a 24-hour nurse consultant healthline to residents ensuring appropriate use of emergency and urgent care facilities. [source: February 19, 2015, supplemental information, p4-5]

EvergreenHealth provided the following information specific to EEC and patient access to endoscopy services access under its ownership. [source: February 19, 2015, supplemental information, p5]

*"Based on both the state's and EvergreenHealth's actual experience in 2014, we assumed a lower percentage of charity care than the three year regional average. That said, EvergreenHealth also assumed an increase in the percentage of revenue expected from Medicaid patients. Again, as a result of the ACA [Affordable Care Act], EvergreenHealth has experienced an increase in Medicaid as patients who previously might have qualified for charity care are now getting enrolled in Medicaid.*

*In 2014, EvergreenHealth conducted a formal provider access assessment and found that 91% of the private gastroenterology practices located in our service area were either closed or limited in access to Medicaid patients. With the acquisition of [EEC], EvergreenHealth will open the practice to **all** patients, thereby reducing barriers to care. For this reason, EvergreenHealth is confident that this project will increase access to services, especially for Medicaid and underinsured and non-insured individuals."*

Washington Administrative Code (WAC) 246-453-010(5) defines charity care as “*appropriate hospital-based medical services provided to indigent persons, as defined in this section.*” Subsection (7) defines “*appropriate hospital-based medical services*” as “*hospital services which are reasonably calculated to diagnose, correct, cure, alleviate, or prevent the worsening of conditions that endanger life, or cause suffering or pain, or result in illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, and there is no other equally effective more conservative or substantially less costly course of treatment available or suitable for the person requesting the service. For purpose of this section, "course of treatment" may include mere observation or, where appropriate, no treatment at all*”

EvergreenHealth demonstrated that it provides a variety of marketing or community outreach services, however, based on the definitions above, these services are not considered charity care. Based on the information above and given that ESC would be under new ownership, to ensure that appropriate charity care percentages would be provided at the ASC, if this project is approved, the department would attach a condition requiring EvergreenHealth to provide charity care at certain percentages at the ASC.

There was no public comment submitted related to this sub-criterion. With the conditions described above, the department concludes that all residents of the service area would have access to EEC. **This sub-criterion is met.**

**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 King County Public Hospital District #2-EvergreenHealth has met the applicable financial feasibility criteria in WAC 246-310-220.

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

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

To evaluate this sub-criterion, the department first reviewed the assumptions used by EvergreenHealth to determine the projected number of surgical cases for EEC. The assumptions used are summarized below. [source: Application, p7 and February 19, 2015, supplemental information, p3]

- Currently, EEC is a highly-used three OR facility. EvergreenHealth reviewed the historical number of endoscopy procedures for years 2009 through 2014 at EEC.
- Procedures/services include abdominal paracentesis, breath testing for gastrointestinal disorders, colonoscopy, endoscopic retrograde, endoscopies, ultrasound, esophageal motility, feeding tube replacement, flexible sigmoidoscopy, liver biopsy, esophageal dilation, and upper endoscopy. .
- EvergreenHealth does not anticipate expanding the types of procedures or services listed above.
- EvergreenHealth assumed the number of procedures and services would remain basically the same as the 2014 volume. This assumption is based on the current maturity of EEC; the current number of ORs at EEC; and the number of physicians using the surgery center would not increase.

Using the assumptions stated above, EvergreenHealth's projected the number of procedures for EEC to be 7,365 for years 2016 through 2018. [source: Application, p7]

After reviewing the assumptions and projections stated above, the department concludes they are reasonable. Using the assumptions stated above, EvergreenHealth projected revenue, expenses, and net income for EEC. It is noted that all financial statements assumed the ASC would become operational under its ownership on July 1, 2015. As a result, year 2015 is six months of operation. Year 2016 is the first full calendar year of operation and year 2018 is year three. The projections are shown in the table on the following page. [source: Application, Exhibit 9 and February 19, 2015, supplemental information, pp10-13]

**Table 7**  
**Evergreen Endoscopy Center**  
**Projected Years 2015 through 2018**

	Year 2015*	Year 2016	Year 2017	Year 2018
Net Revenue	\$ 6,844,204	\$ 14,111,266	\$ 14,111,266	\$ 14,111,266
Total Expenses	\$ 7,332,089	\$ 13,953,576	\$ 13,897,626	\$ 13,897,626
Net Profit / (Loss)	(\$ 448,885)	\$ 157,690	\$ 213,640	\$ 213,640

\* = 6 months of operation

The 'Net Revenue' line item is gross patient revenue, minus any deductions from revenue for contractual allowances, bad debt, and charity care. The 'Total Expenses' line item includes salaries and wages and all costs associated with operations of an ASC. The 'Total Expense' line item also includes allocated costs, leases, depreciation of building and equipment, repair and maintenance. [source: February 19, 2015, supplemental information, pp10-13]

As shown above, EvergreenHealth projected net profits in projection years 2016 through 2018. EvergreenHealth asserts the projections are reasonable because the surgery center has already established its niche in the community, it would remain at its current location at 11800 Northeast 128<sup>th</sup> Street, #100 in Kirkland [98034], no additional services will be provided at the surgery center, and no new physicians are anticipated to begin providing services at the center.

Currently, PSG is leasing the space for EEC from EvergreenHealth. Once the change of ownership is completed, the lease agreement will no longer be necessary because EvergreenHealth will own both EEC and the site. Allocated costs include the ASC's portion of the building, utilities, and common equipment and areas.

EvergreenHealth identified the medical director for EEC. Since the medical director will be an employee of EvergreenHealth, no medical director contract will be established. EvergreenHealth provided a job description for the medical director, which includes roles and responsibilities for both EvergreenHealth and the medical director. [source: Application, p5 and Exhibit 3]

For operational purposes, EEC will be owned and operated under EvergreenHealth and included in the hospital's license. EvergreenHealth provided a copy of EEC's current balance sheet under the PSG ownership. Once purchased by EvergreenHealth, balance sheets for the ASC would be consolidated with EvergreenHealth. As a result, balance sheets for the ASC also were not created EvergreenHealth specifically for this review. [source: February 19, 2015, supplemental information, p13]

There was no public comment submitted related to this sub-criterion. Based on the source documents evaluated, the department concludes that the projected revenues and expenses at the proposed ASC are reasonable and can be substantiated for this application. The department concludes that the immediate and long-range operating costs of the project can be met. **This sub-criterion is met.**

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

WAC 246-310 does not contain specific WAC 246-310-220(2) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what an unreasonable impact on costs and charges

would be for a project of this type and size. Therefore, using its experience and expertise the department compared the proposed project's costs with those previously considered by the department.

As previously stated, the estimated capital expenditure for this project is \$10,572,254; of that amount 90% is for the purchase of the ASC and the remaining 10% is for minor remodel necessary for the ASC to meet hospital licensing requirements. [source: Application, p19 and February 19, 2015, supplemental information, p2 and p6]

While the type and number of procedures are not expected to change under new ownership, EvergreenHealth assumed the payer mix for EEC would change. This assumption is based on EvergreenHealth's provider access assessment for year 2014 where it concluded that 91% of the private gastroenterology practices located in East King County were either closed or allowed limited access to Medicaid patients. Under EvergreenHealth's ownership, EEC's Medicaid reimbursement percentages would increase and the Medicare and commercial percentages would decrease. The table below provides the current and proposed payer mix percentages for EEC. [source: February 19, 2015, supplemental information, p2 and p5]

**Table 8  
Current/Projected Payer Mix**

<b>Payer Mix</b>	<b>Current Percentage</b>	<b>Proposed Percentage</b>
Medicare	31.5%	29.8%
Medicaid	1.7%	6.8%
Commercial	65.5%	62.1%
Other <sup>14</sup>	1.3%	1.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Table 8 above demonstrates that Medicare and Medicaid patients would continue to be treated at the ASC and make up 36.6% of the payer source after purchase by EvergreenHealth. Commercial insurers make up the majority at 62.1%

To further demonstrate compliance with this sub-criterion, EvergreenHealth also provided the current and projected average charges and reimbursement by procedure for the primary services provided at EEC. A comparison is provided in Table 9 on the following page. [source: February 19, 2015, supplemental information, p6 and Attachment 2]

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<sup>14</sup> 'Other' payers include self-pay and other government payers.

**Table 9  
Evergreen Endoscopy Center Current/Projected  
Average Charge and Payment per Unit\***

Procedure	Current Average		Proposed Average	
	Gross Charge	Payment	Gross Charge	Payment
Biopsy	\$ 891	\$ 426	\$ 1,293	\$ 576
Breath Test/GI Disorders	\$ 192	\$ 81	\$ 220	\$ 88
Colonoscopy	\$ 993	\$ 498	\$1,432	\$ 639
Endoscopic Ultrasound	\$ 970	\$ 330	\$ 897	\$ 361
ERCP	\$ 979	\$ 350	\$ 1,094	\$ 440
Esophageal Dilation/Motility	\$ 721	\$ 275	\$ 1,012	\$ 448
Feeding Tube Replacement	\$ 500	\$ 246	\$ 150	\$ 60
GIVEN Capsule Endo	\$ 2,500	\$ 1,047	\$ 2,864	\$ 1,153
Paracentesis/Aspiration	\$ 988	\$ 354	\$ 884	\$ 356
Sigmoidoscopy	\$ 671	\$ 265	\$ 780	\$ 352
Upper Endoscopy	\$ 721	\$ 293	\$ 962	\$ 426

\*Charges and Payments are rounded

As shown in Table 9 above, with the exception of endoscopic ultrasound, feeding tube replacement, and paracentesis/aspiration, all other procedures would have increased charges and reimbursement under EvergreenHealth's ownership and hospital license. EvergreenHealth provides the following information related to the comparison above. [source: February 19, 2015, supplemental information, p7]

*"...the percentage change in ASC collections by procedure type will range from 0.6% to 62.9% (depending on the procedure). Overall, it is estimated to be 22% higher than the current ASC. That said, it is imperative that the CN Program understand that the current ASC serves a much lower number and percentage of Medicaid or other underinsured or uninsured individuals than EvergreenHealth proposes to serve in the ASC (1.7% vs. 6.8%--a rate more than 300% higher). As a public hospital district, EvergreenHealth's mission is to assure access to all individuals. ...Once [EEC] is acquired by EvergreenHealth, the practice will be opened to all patients. EvergreenHealth evaluated retaining the ASC as freestanding following acquisition. Our analysis indicated that based on the mix of services coupled with our commitment to increase our service to Medicaid and under and non-insured patients, the service was not viable without conversion to a hospital outpatient department status. We also evaluated not acquiring EEC and establishing our own GI/endoscopy program, which we would have made part of the main hospital. This would not have required prior CN review and approval, but would have involved recruiting and employing approximately 5.5 FTE gastroenterologist and constructing a new facility attached to the main hospital. In addition to the higher payment, this option would also have added millions of dollars to the initial capital and ongoing operating costs, and resulted in unnecessary duplication (adding providers when there is current an adequate supply and constructing a new GI lab) .For these reasons, EvergreenHealth is confident that the increase in health care costs is both justifiable and more than offset by the increase in access."*

There was no public comment submitted related to this sub-criterion.

The department concurs that this project is more cost effective than EvergreenHealth establishing a new GI/endoscopy program at the hospital. EvergreenHealth's purchase of EEC and maintaining it at the current location allows for seamless ownership changes at EEC from the patients' perspective. The department also acknowledges that EvergreenHealth's purchase of EEC would increase access to these services by Medicaid and other under- or non-insured patients. Based on this information, the department concludes that 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. **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.

The capital costs of \$10,572,254 includes acquisition of EEC, required construction to bring the space up to hospital construction standard, and purchase of some furnishings/equipment. The table below shows the capital expenditure breakdown for the project. [source: Application, p19 and February 19, 2015, supplemental information, p6]

**Table 10  
EvergreenHealth's Capital Expenditure Breakdown**

Item	Cost	% of Total
Acquisition of EEC	\$9,547,831	90.3%
Building Construction/Site Preparation	\$ 679,880	6.4%
Furnishing/Carpet/Etc	\$ 55,000	0.5%
Architect/Engineering/Consultant Fees	\$ 157,300	1.5%
Supervision/Inspection	\$ 63,043	0.6%
Advertising Costs	\$ 5,500	0.1%
Sales Tax	\$ 63,700	0.6%
<b>Total Project Cost</b>	<b>\$ 10,572,254</b>	<b>100.0%</b>

EvergreenHealth provided a copy of the draft Asset Purchase and Sale Agreement for EEC. The draft agreement is between EvergreenHealth [buyer] and Puget Sound Gastroenterology [seller] that owns and operates EEC. The agreement identifies roles and responsibilities for both buyer and seller and confirms the costs for the transaction. [source: June 1, 2015, PUI documents submitted by EvergreenHealth] Since the Asset Purchase and Sale Agreement is a draft, if this project is approved, the department would attach conditions requiring EvergreenHealth to submit an executed Asset Purchase and Sale Agreement for EEC.

EvergreenHealth intends to finance the capital costs with board designated reserves and provided a letter from its chief financial officer demonstrating a commitment to the project. EvergreenHealth also provided historical financial statements for years 2011, 2012, and 2013. [source: Application, p20, Appendix 1, and February 19, 2015, supplemental information, p7 and Attachment 3]

There was no public comment submitted related to this sub-criterion. After reviewing the historical statements, the department concludes that EvergreenHealth has sufficient cash assets to fund the

project. The capital expenditure of \$10,572,254 is not expected to adversely impact reserves, total assets, total liability, or the general health of EvergreenHealth in a significant way.

Based on the source documents evaluated, the department concludes that the project can be appropriately financed. **This sub-criterion is met.**

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

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 EvergreenHealth has met the applicable structure and process of care criteria in WAC 246-310-230.

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

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

The department recognizes that EEC is currently operating as an exempt surgery center under the ownership of PSG. EvergreenHealth states that all currently employed staff are expected to remain employed under new ownership. Further, since no new services or projected growth in procedures is anticipated, no new staff would be added. [source: Application, p23 and February 19, 2015, supplemental information, p3, p9, ]

With some construction involved, if this project is approved, EvergreenHealth expects EEC would be operating under its ownership on October 1, 2015. Under this timeline, year 2016 is EEC’s first full calendar year of operation under new ownership and year 2018 is year three. [source: February 19, 2015, supplemental information, p3]

To demonstrate compliance with this sub-criterion, EvergreenHealth provided its current and projected number of FTEs [full-time equivalents] for the ASC. A breakdown of FTEs is shown in the table below. [source: Application, p22 and February 19, 2015, supplemental information, p8]

**Table 11  
Evergreen Endoscopy Center  
2015– 2018 Current and Projected FTEs**

<b>Staff/FTEs</b>	<b>Partial Year 2015</b>	<b>Year 2016 Increase</b>	<b>Year 2017 Increase</b>	<b>Year 2018 Increase</b>	<b>Total FTEs</b>
Registered Nurses	12.00	0.00	0.00	0.00	12.00
OR Techs	6.00	0.00	0.00	0.00	6.00
Nursing Assistants	1.00	0.00	0.00	0.00	1.00
Patient Care Coordinator	1.00	0.00	0.00	0.00	1.00
<b>Total FTE’s</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>20.00</b>

Since existing staff is already in place at EEC, EvergreenHealth also provided a listing of current licensed or credentialed staff, which includes gastroenterologists and nursing staff. [source: Application, p4, and February 19, 2015, supplemental information, Attachment 4]

There was no public comment submitted related to this sub-criterion. Based on the source documents evaluated, the department concludes adequate and qualified staffing for the ASC is available. **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(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.

Since the ASC is currently operational as an exempt surgery center, ancillary and support services are already in place at EEC. The proposed change of ownership for the ASC does not include relocation or expansion of services. Ancillary and support services already in place at EEC include laboratory services--including pathology, diagnostic imaging, pharmacy, dietary, housekeeping, security, billing, finance, IT, and human resources. EvergreenHealth states that the existing ancillary and support services are expected to continue to support the facility under new ownership, with the exception of pathology. Once EEC is under EvergreenHealth ownership, pathology services will be assumed by the hospital. [source: Application, p26 and February 19, 2015, supplemental information, p9]

Further, EvergreenHealth identified T. Robin Sloane, MD as the medical director for the surgery center. Since Dr. Sloane will be an employee of EvergreenHealth after the acquisition, no medical director contract will be established. EvergreenHealth provided a copy of the medical director roles and responsibilities for the ASC. [source: Application, p4 and Exhibit 3]

There was no public comment submitted related to this sub-criterion. The department concludes that adequate ancillary and support services are available for the ASC. **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.

EvergreenHealth has been a healthcare provider in Washington State in 1972 through its hospital in Kirkland, physician clinics throughout King County, and its home health and hospice services also located in Kirkland. While EvergreenHealth has recently entered into an affiliation agreement for the management of EvergreenHealth-Monroe [formerly Valley General Hospital located in Snohomish County], EvergreenHealth does not own or operate any out of state healthcare facilities. [source: Application, pp3-4 and Exhibit 1]

As part of this review, the department must conclude that the proposed services provided by EvergreenHealth at the ASC would be provided in a manner that ensures safe and adequate care to the

public.<sup>15</sup> To accomplish this task, the department reviewed the quality of care compliance history for all healthcare facilities either owned, operated, or managed by EvergreenHealth. Because the affiliation with EvergreenHealth-Monroe became effective in March 2015, the department did not include a review for this hospital.

EvergreenHealth is currently accredited by the Joint Commission.<sup>16</sup> Using the department's internal database, the department obtained survey data for EvergreenHealth in Kirkland, its home health and hospice agencies, and its hospice care center. Since 2011, five surveys have been conducted and completed by Washington State surveyors. All surveys resulted in no significant non-compliance issues.<sup>17</sup> [source: ILRS survey data]

According to the Joint Commission website, the hospital received its Joint Commission accreditation renewal in 2012. In addition, the hospital has also achieved special quality awards in years 2012, 2013, and 2015 from the Joint Commission.<sup>18</sup> [source: Joint Commission website]

In addition to the facilities owned and operated by EvergreenHealth, the department also review the compliance history for the staff currently employed at EEC, including the medical director. After acquisition, all EEC employees, including the medical director, will be employees of EvergreenHealth. The review revealed no recorded sanctions for staff. [source: Medical Quality Assurance Commission data and HSQA online search]

EEC currently holds an ASF license issued by the Department of Health.<sup>19</sup> After purchase by EvergreenHealth, EEC will be operated as an outpatient department of EvergreenHealth and will not be separately licensed.

Given the compliance history of the health care facilities owned and operated by EvergreenHealth and the staff at EEC, including the medical director, there is reasonable assurance that the ASC would be operated and managed in conformance with applicable state and federal licensing and certification requirements.

There was no public comment submitted related to this sub-criterion. Based on the above information, the department concludes that EvergreenHealth demonstrated reasonable assurance that

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<sup>15</sup> WAC 246-310-230(5).

<sup>16</sup> The Joint Commission accredits and certifies more than 20,000 health care organizations and programs in the United States. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards. Joint Commission accreditation is awarded to a health care organization that is in compliance with all standards at the time of the onsite survey or has successfully addressed requirements for improvement in an Evidence of Standards Compliance within 45 or 60 days following the posting of the Accreditation Summary Findings Report. [source: Joint Commission website]

<sup>17</sup> Quality of care surveys conducted in October 2012 and December 2014 for the home health and hospice agency; and November 2011 and October 2013 for the hospital and hospice care center. Joint Commission survey completed in June 2012.

<sup>18</sup> The 2012 award recognizes increases in organ donation rates of 75% or higher; the 2013 award recognizes adherence for 24 or more consecutive months to the 'Get With the Guidelines-Stroke' program; and the 2015 award recognizes facilities that implement defined standards of care, document their outcomes, and participate in regular reviews to evaluate their bariatric surgical programs.

<sup>19</sup> ASF 60103003

the ASC would continue to be operated in compliance with state and federal requirements. This sub-criterion is met.

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

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

In response to this criterion, EvergreenHealth asserts the project promotes continuity of care in a number of ways. First, the ASC would remain in operation at its current site and continue to provide existing needed services in the planning area. Additionally, since the ASC would be operated as an outpatient department of EvergreenHealth, EEC would assume the hospital's mission to assure access to healthcare services to all individuals. For EEC, this means it would be available for all patients, regardless of payer source. Additionally, as previously discussed, ownership by EvergreenHealth increases access to Medicaid and under- or non-insured patients. EvergreenHealth's ownership would also increase efficiency through its common electronic medical records system, group purchasing, and billing/scheduling. EvergreenHealth will also strive to make the ownership transition seamless to patients and staff. As a result, the surgery center will continue to provide the same services with little impact to the community. [source: Application, p23 and February 19, 2015, supplemental information, p7]

There was no public comment submitted related to this sub-criterion. Based on this information, the department concludes that approval of this project would promote continuity in the provision of health care for the planning area, and would not result in an unwarranted fragmentation of services. Further, EvergreenHealth demonstrated the ASC would have appropriate relationships to the service area's existing health care system within the planning area. **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 **considered met.**

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

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 EvergreenHealth has met the applicable 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. 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.

This application is not competing with any other applications. For this project, EvergreenHealth met the applicable review criteria under WAC 246-310-210, 220, and 230.

Before submitting this application, EvergreenHealth considered and rejected the following two options discussed below. [source: Application, p25 and February 19, 2015, supplemental information, p7]

Acquire the facility and continue to operate as a freestanding ASC

EvergreenHealth evaluated retaining the ASC as freestanding following acquisition. However, an internal analysis indicated that based on the mix of services coupled with EvergreenHealth's commitment to increase access to endoscopy services for Medicaid and under and non-insured patients, the service was not viable without conversion to a hospital outpatient department status.

Do not acquire the facility; instead establish a new GI/endoscopy outpatient facility

EvergreenHealth also evaluated not acquiring EEC and establishing its own GI/endoscopy program, which would have been located within the main hospital. This would not have required prior CN review and approval, but would have involved recruiting and employing approximately 5.5 FTE gastroenterologist and constructing a new facility attached to the main hospital. EvergreenHealth states this option would have added millions of dollars to the initial capital and ongoing operating costs. It also would have resulted in unnecessary duplication because it would add additional endoscopy services in east King County where there is currently an adequate supply.

Department's Review

No public comments were submitted for this sub-criterion.

Once EvergreenHealth concluded that it wanted to purchase EEC and obtain operate it as an outpatient department of the hospital, the only option available was to submit this Certificate of Need application. No other options were identified by the department.

The department concurs that this project is more cost effective than EvergreenHealth establishing a new GI/endoscopy program at the hospital. In the financial feasibility section of this evaluation, the

department evaluated the increased costs and charges for some procedures once EEC is operated under the hospital license. The department concluded that the increased access to services for Medicaid and under- or non-insured patients outweighed the increase in costs.

Based on the requirement of EvergreenHealth to submit an application to establish an ASC, the department concludes that that this option was its only alternative. **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;

In response to this sub-criterion, EvergreenHealth states that the construction for this project is minor and required for the facility to meet hospital licensing standards. There were not many opportunities to achieve any cost reductions, other than those already realized by EvergreenHealth. EvergreenHealth also states the scope construction will meet Medicare certification and the local authority construction and energy conservation codes. [source: Application, p26]

After reviewing the information summarized above, the department concludes EvergreenHealth has many years of experience ensuring its existing facilities are compliant with Medicare certification and the local authority construction and energy conservation codes. Based on the information, the department concludes **this sub-criterion is met.**

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

This sub-criterion is evaluated within the financial feasibility criterion under WAC 246-310-220(2). Based on that evaluation, the department concluded **this sub-criterion is met**

# APPENDIX A

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

	Service Area Population: 2018	698,709	Claritas	Age:0-85+									
	Surgeries @ 104.249/1,000:	72,840											
a.i.	94,250	minutes/year/mixed-use OR											
a.ii.	68,850	minutes/year/dedicated outpatient OR											
a.iii.	19	dedicated outpatient OR's x 68,850 minutes =			1,308,150	minutes dedicated OR capacity	19,499	Outpatient surgeries					
a.iv.	38	mixed-use OR's x 94,250 minutes =			3,581,500	minutes mixed-use OR capacity	32,660	Mixed-use surgeries					
b.i.		projected inpatient surgeries =	25,187	=	2,761,963	minutes inpatient surgeries							
		projected outpatient surgeries =	47,653	=	3,196,995	minutes outpatient surgeries							
b.ii.		Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's											
		47,653	-	19,499	=	28,154	outpatient surgeries						
b.iii.		average time of inpatient surgeries		=	109.66	minutes							
		average time of outpatient surgeries		=	67.09	minutes							
b.iv.		inpatient surgeries*average time		=	2,761,963	minutes							
		remaining outpatient surgeries(b.ii.)*ave time		=	1,888,845	minutes							
					4,650,808	minutes							
c.i.		if b.iv. < a.iv. , divide (a.iv.-b.iv.) by 94,250 to determine surplus of mixed-use OR's											
		<b>Not Applicable - Go to c.11. and ignore any value here.</b>											
		3,581,500											
		- 4,650,808											
		-1,069,308	/	94,250	=	-11.35							
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											
		<b>USE THESE VALUES</b>											
		2,761,963											
		- 3,581,500											
		(819,537)	/	94,250	=	-8.70							
		divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's											
		1,888,845	/	68,850	=	27.43							



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

Facility	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Inpatient min/case	Inpatient Cases in Mixed Use ORs	2011 Inpatient Mins. In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Mins.	Data Source
EvergreenHealth	0	0	6	8	116.4	6,651	774,293	60	5,095	307,507	Inpatient and outpatient data obtained from Year 2013 survey.
Overlake Hospital Medical Center	0	0	0	18	110.4	12,187	1,345,170				Data obtained from Year 2013 survey.
Snoqualmie Valley Hospital	1	0	0	0	0.0	0	0				Data obtained from Year 2013 survey. Survey states only 1 OR used for endoscopy services.
Swedish Medical Center-Issaquah	6	0	0	12	97.5	4,424	431,424				Data obtained from Year 2013 survey.
Aesthetic Facial Plastic Surgery, PLLC	0	0	1	0	0.0	0	0	50.0	601	30,050	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2012.
Allure Laser Center	0	0	2	0	0.0	0	0	50.0	830	41,500	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2014.
Anderson Sobel Cosmetic Surgery	0	0	1	0	0.0	0	0	50.0	125	6,250	Year 2013 data obtained from year 2014 survey. Did not provide minutes/case. Used 50 x # of cases.
Athenix Body Sculpting Institute	0	0	2	0	0.0	0	0	240.0	575	138,000	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Aysel K. Sanderson, MD, PS	0	0	1	0	0.0	0	0	261.0	73	19,056	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Bellevue Plastic Surgery Center [Newvue]	0	0	1	0	0.0	0	0	114.8	52	5,968	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Bellevue Spine Specialists	0	0	1	0	0.0	0	0	50.0	2,500	68,850	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2009.
Bellevue Surgery Center (Wash Center for Pain Man)	0	0	2	0	0.0	0	0	50.0	2,000	335,768	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013.
Bel-Red Ambulatory Surgical Facility	0	0	2	0	0.0	0	0	180.0	152	27,360	Data obtained from Year 2013 survey. CN #1485
Center for Plastic Surgery [David Stephens, MD]	0	0	1	0	0.0	0	0	50.0	151	7,550	Year 2013 data obtained from year 2014 survey. Outpatient minutes calculated using 50 x # of cases.
Cosmetic Surgery & Dermatology of Issaquah	0	0	2	0	0.0	0	0	60.0	846	50,760	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Eastside Endoscopy Center-Bellevue					ENDOSCOPY ORS & MINUTES NOT COUNTED-CN APPROVED						
Eastside Endoscopy Center-Issaquah					ENDOSCOPY ORS & MINUTES NOT COUNTED-CN APPROVED						
Eastside Surgery Center	0	0	2	0	0.0	0	0	50.0	125	6,250	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013. CN #1462
Egrari Plastic Surgery Center	0	0	1	0	0.0	0	0	90.3	279	25,193	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Evergreen Endoscopy Center					ENDOSCOPY ORS & MINUTES NOT COUNTED						
Evergreen Surgical Clinic ASC	0	0	3	0	0.0	0	0	50.0	1,460	73,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013.
Group Health Cooperative-Bellevue	0	0	6	0	0.0	0	0	66.4	5,215	346,104	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
John H. Brunzman, DPM, PS	0	0	2	0	0.0	0	0	50.0	100	5,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2009.
Naficy Plastic Surgery and Rejuvenation Center	0	0	2	0	0.0	0	0	178.9	749	134,000	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Northwest Center for Aesthetic Plastic Surgery	0	0	1	0	0.0	0	0	86.3	400	34,500	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Northwest Laser and Surgery Center	0	0	1	0	0.0	0	0	50.0	750	37,500	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2009.
Northwest Nasal Sinus Center	0	0	2	0	0.0	0	0	101.7	479	48,702	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated. CN #1250
Overlake Reproductive Health	0	0	1	0	0.0	0	0	50.0	200	10,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013.
Overlake Surgery Center	0	0	4	0	0.0	0	0	77.7	2,620	203,594	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated. CN #1192
Pacific Cataract and Laser Institute-Bellevue	0	0	2	0	0.0	0	0	50.0	4,334	216,700	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013.
Plastic Surgery Northwest	0	0	2	0	0.0	0	0	152.0	203	30,855	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Proliance Eastside Surgery Center	0	0	3	0	0.0	0	0	50.0	3,600	180,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013. CN #1342
Proliance Highlands Surgery Center	0	0	3	0	0.0	0	0	50.0	4,800	240,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013.
Remington Plastic Surgery Center	0	0	1	0	0.0	0	0	199.9	138	27,585	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Retina Surgery Center (The)	0	0	2	0	0.0	0	0	50.0	1,500	75,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013.
Sammamish Center for Facial Plastic Surgery	0	0	1	0	0.0	0	0	118.8	51	6,060	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Seattle Children's Bellevue					DEDICATED PEDIATRIC; ORS & MINUTES NOT COUNTED						CN #1395.
SoGab Surgery Center	0	0	1	0	0.0	0	0	50.0	150	7,500	Year 2013 data obtained from year 2014 survey. Outpatient minutes calculated using 50 x # of cases.
Stern Center for Aesthetic Surgery (The)	0	0	1	0	0.0	0	0	50.0	133	6,650	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Virginia Mason-Bellevue ASC					ENDOSCOPY ORS & MINUTES NOT COUNTED						
Virginia Mason-Issaquah ASC					ENDOSCOPY ORS & MINUTES NOT COUNTED						



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

Facility	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Inpatient min/case	Inpatient Cases in Mixed Use ORs	2011 Inpatient Mins. In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Mins.	Data Source
Washington Sports Medicine Associates	0	0	1	0	0.0	0	0	67.9	761	51,661	Year 2013 data obtained from year 2014 survey. Minutes/surgery calculated.
Washington Urology Associates, PLLC-Bellevue	0	0	2	0	0.0	0	0	50.0	1,104	55,200	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013.
Washington Urology Associates, PLLC-Kirkland	0	0	2	0	0.0	0	0	50.0	1,790	89,500	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013.
Yarrow Bay Plastic Surgery Center	0	0	1	0	0.0	0	0	50.0	70	3,500	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for FY 2013.
<b>Totals</b>	<b>7</b>	<b>0</b>	<b>69</b>	<b>38</b>	<b>324.3</b>	<b>23,262</b>	<b>2,550,887</b>	<b>3,056</b>	<b>44,011</b>	<b>2,952,673</b>	
					Avg min/case inpatient		<b>109.66</b>	Avg min/case outpatient		<b>67.09</b>	
<b>ORs counted in numeric methodology</b>			<b>19</b>	<b>38</b>							
ILRS: Integrated Licensing & Regulatory System											
Population data source: Claritas 2014											
Total Surgeries	67,273							<b>67,273</b>			
Area population 2013 [15+]	519,331							<b>645,312</b>			
Use Rate	129.538							<b>104.249</b>			
Planning Area projected 15+ population Year: 2018	498,867							<b>698,709</b>			
% Outpatient of total surgeries	65.42%										
% Inpatient of total surgeries	34.58%										