



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

June 22, 2015

CERTIFIED MAIL # 7009 0960 0000 5565 0611

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

RE: Certificate of Need Application #15-22

Dear Ms. West:

We have completed review of the Certificate of Need (CN) application submitted by EvergreenHealth proposing to acquire Evergreen Surgical Clinic 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 ambulatory surgery center in Kirkland, within King County. The surgery center would serve patients of all ages who require surgical services that can be served appropriately in an outpatient setting. Services to be provided at the ambulatory surgery center include breast services, colorectal services, hernia services, vein services, and other as described in the application.

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 Surgical Clinic.
3. King County Pubic Hospital District #2-EvergreenHealth must license the ambulatory surgery center under chapter 70.230 of the Revised Code of Washington. King County

- Pubic Hospital District #2-EvergreenHealth must maintain licensure for the ambulatory surgery center under this chapter.
4. The ambulatory surgery center must obtain its own Medicare and Medicaid certification, separate from the hospital's provider numbers, throughout the operation of the facility, regardless of ownership.
 5. To ensure patients receive the lower cost services as stated in the application, EvergreenHealth must not charge hospital provider based rates at the ambulatory surgery center.
 6. King County Pubic Hospital District #2-EvergreenHealth will provide to the department for review and approval a copy of the adopted Charity Care Policy to be used at the ambulatory surgery center. The adopted policy must include the appropriate non-discrimination language and specific references to ESC.
 7. King County Pubic Hospital District #2-EvergreenHealth and any subsequent owners of the ambulatory surgery center must not develop any policies or practices that discriminate against admission of patients based on payer source.
 8. The ambulatory surgery center will provide charity care in compliance with the charity care policy referenced above, 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 Capital Costs:

The approved capital expenditure for this project is \$9,473,000 and is solely related to the acquisition of ESC and required insurance coverage.

Please notify the Department of Health within 20 days of the date of this letter whether you accept the above project description, conditions, and capital costs for your project. If you accept these in their entirety, your application will be approved and a Certificate of Need sent to you.

If you reject any of the above provisions, your application will be denied. The department will send you a letter denying your application and provide you information about your appeal rights.

Send your written response to the Certificate of Need Program, at one of the following addresses.

Mailing Address:

Department of Health
Certificate of Need Program
Mail Stop 47852
Olympia, WA 98504-7852

Physical Address:

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

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Saxe", written over a blue horizontal line.

For 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]

Facility Type	Name
Acute Care Hospital	EvergreenHealth
Acute Care Hospital	EvergreenHealth Monroe ¹
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 September 26, 1994, Evergreen Surgical Clinic received a 'group practice exemption' for the establishment of an ambulatory surgery center to be located at 12303 Northeast 130th Lane, #550 in Kirkland. On January 1, 2002, Evergreen Surgical Clinic was purchased by Proliance Surgeons, Inc. PS.² For community recognition purposes, the surgery center continued to operate under the name of Evergreen Surgical Clinic.³ In September 2002, Evergreen Surgical Clinic received approval to relocate

¹ 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]

² On January 1, 2002, Proliance Surgeons, Inc., P.S. was formed through the merger of Surgical Associates of Washington with Orthopedic Consultants of Washington. Today Proliance has over 60 care centers with 200 physicians and 80 allied health professionals providing orthopedic, general, thoracic, otolaryngological, ophthalmic plastic and reconstructive surgery and vascular surgical services as well as physical therapy, occupational therapy and Magnetic Resonance Imaging (MRI) throughout the Puget Sound region. Proliance physicians provide care at conveniently located offices throughout King, Snohomish, Pierce, Island, Skagit, and Benton counties. [source: Proliance Surgeons, Inc. PS website]

³ When the department was notified of the change of ownership for the exempt surgery center in September 2002, the department should have notified Proliance Surgeons, Inc. PS that a new group practice exemption must be obtained. The fact that this action did not occur was an oversight by the department.

the exempt surgery center from suite 550 to suite 440; however, the main address of the surgery center remained at 12303 Northeast 130th Lane in Kirkland, within King County.

As of the writing of this evaluation, Evergreen Surgical Clinic continues to operate as an exempt surgery center under the ownership of Proliance Surgeons, Inc. PS. The surgery center remains operational at 12303 Northeast 130th Lane, #440 in Kirkland. For purposes of this evaluation, Evergreen Surgical Clinic will be referenced as “ESC.”

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 ESC from Proliance Surgeons, Inc. PS.⁴ After the purchase, ESC would continue to operate at its current location of 12303 Northeast 130th Lane, #440 in Kirkland. [source: Application, p8]

ESC currently has three operating rooms, two patient recovery rooms, and 12 examination rooms. The surgery center serves patients of all ages who require surgical services that can be served appropriately in an outpatient setting. Services currently provided at the ASC include breast services, colorectal services, hernia services, vein services, and other. 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. A general description of the current and proposed services is shown in the table below. [source: Application, p9 and February 19, 2015, supplemental information, p9 and Attachment 6]

Services	Description
Breast:	Surgical and non-surgical biopsies, mastectomy, sentinel lymph node biopsy, breast lumpectomy, post-mastectomy reconstruction.
Colorectal:	Anal abscesses/fistula, anal warts, colorectal cancer screening, hemorrhoid repair.
Hernia:	Hernia repair, incisional and ventral hernias, mesh options.
Vein:	vein closure procedures, vein stripping, removal of vein access device
Other:	Excision of tumor or soft tissue in the back, neck, shoulder, arm, or pelvis, colonoscopy, and sigmoidoscopy.

The estimated capital expenditure for this project is \$9,473,000 and is solely related to the acquisition of ESC and required insurance coverage. EvergreenHealth states that there is no remodel, construction, or new equipment proposed for ESC as a result of this purchase. [source: Application, p23 and February 19, 2015, supplemental information, p3 and p9]

Since there is no construction involved, if this project is approved, EvergreenHealth expects ESC would be operating under its ownership on July 1, 2015. Under this timeline, year 2016 is ESC’s first full calendar year of operation under new ownership and year 2018 is year three. [source: Application, p11]

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.

⁴ Once purchased by EvergreenHealth, ESC no longer qualifies for the group practice exemption obtained in 1994. As a result EvergreenHealth must receive Certificate of Need approval to continue operations of ESC.

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:

“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).⁵ 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.

⁵ 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).

APPLICATION CHRONOLOGY

Action	EvergreenHealth
Letter of Intent Submitted	December 24, 2014
Application Submitted	January 9, 2015 ⁶
Department’s pre-review activities <ul style="list-style-type: none"> • DOH 1st Screening Letter • EvergreenHealth Responses Received 	January 26, 2015 February 19, 2015
Beginning of Review <ul style="list-style-type: none"> • public comments accepted throughout review • No public hearing requested or conducted 	February 26, 2015
End of Public Comment	April 2, 2015
Rebuttal Comments Due	April 17, 2015 ⁷
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 ⁸	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

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.”*

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

⁶ WAC 246-310-080 requires a letter of intent to be submitted a minimum of 30 days and a maximum of six months before an application is submitted. EvergreenHealth’s application was submitted 16 days after the letter of intent. The application was held for the remaining 14 letter of intent days before the department’s screening timeline started.

⁷ There were no public comments submitted for this application. As a result, no rebuttal comments could be accepted.

⁸ There were no public comments submitted on the PUI documents. As a result, no rebuttal comments could be accepted.

SOURCE INFORMATION REVIEWED

- King County Public Hospital District #2 dba EvergreenHealth's Certificate of Need application received on January 9, 2015
- 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 Issued (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 Administrative Code 246-453-010(5) and (7) for the definitions of 'charity care' and 'appropriate hospital-based medical services'
- Washington State Secretary of State website at www.sos.wa.gov
- Washington State Department of Revenue website at www.dor.wa.gov
- EvergreenHealth website at www.evergreenhealth.com
- Proliance Surgeons, Inc. PS website at www.proliancesurgeons.com
- Evergreen Surgical Center website at www.evergreensurgicalclinic.com
- Joint Commission website at www.qualitycheck.org
- Accreditation Association for Ambulatory Health Care website at www.aaahc.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 ambulatory surgery center in Kirkland, within King County. The surgery center would serve patients of all ages who require surgical services that can be served appropriately in an outpatient setting. Services to be provided at the ambulatory surgery center include breast services, colorectal services, hernia services, vein services, and other as described in the application.

Conditions:

1. King County Public Hospital District #2-EvergreenHealth agrees with the project description as stated above. King County Public 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 Surgical Clinic.
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4. The ambulatory surgery center must obtain its own Medicare and Medicaid certification, separate from the hospital's provider numbers, throughout the operation of the facility, regardless of ownership.
5. To ensure patients receive the lower cost services as stated in the application, EvergreenHealth must not charge hospital provider based rates at the ambulatory surgery center.
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7. King County Pubic Hospital District #2-EvergreenHealth and any subsequent owners of the ambulatory surgery center must not develop any policies or practices that discriminate against admission of patients based on payer source.
8. The ambulatory surgery center will provide charity care in compliance with the charity care policy referenced above, 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 \$9,473,000 and is solely related to the acquisition of ESC and required insurance coverage.

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 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. ESC 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, pp14-15 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 2018, the applicant projected east King County's population to be 606,762. Applying the use rate to the projected population and subtracting the existing number of ORs in the planning area, EvergreenHealth projected a need for 21.2 dedicated outpatient ORs in east King County for projection year 2018.

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.⁹ 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]

Zip Code	City by Zip Code in 1980 SHP	City by Zip Code Added Based on Map
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

⁹ 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**

Hospitals	City/Zip
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**

Ambulatory Surgery Centers	City/Zip
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
Evergreen Surgical Clinic ASC	Kirkland/98034
Group Health Cooperative Bellevue Endoscopy	Bellevue/98004
John H. Brunzman, MD	Redmond/98073

Table 2 (continued)

East King County Planning Area Ambulatory Surgery Centers/Facilities

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. The numeric methodology deliberately excludes the OR capacity and procedures from the numeric methodology.¹⁰ As a result, the ORs and procedures for these five facilities will not be counted in the numeric methodology.¹¹

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.¹² For these, the OR capacity and utilization is counted in the numeric methodology. One of the six—Seattle Children's ASC [CN #1395]—is dedicated to patients 0-14. Information provided in the EvergreenHealth indicates that ESC 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.

¹⁰ WAC 246-310-270(9)(iv).

¹¹ Five facilities are: Eastside Endoscopy-Bellevue; Eastside Endoscopy-Issaquah; Evergreen Endoscopy Center; Virginia Mason-Bellevue; and Virginia Mason-Issaquah.

¹² 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].

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**

Assumption	Data Used
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
Department's Methodology Results	Numeric need for an additional 27.43 outpatient ORs

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.

When comparing the applicant's and department's methodology, there are differences for projected population, total number of surgical cases, and use rate for the planning area. The differences for these three data points are discussed in the table below.

**Table 4
Applicant's and Department's Methodology Comparisons**

Data Points	Department's Numbers	Applicant's Numbers
2013 Population Estimate	645,312	566,729
2018 Population Forecast	698,709	606,762
Total Number of Surgical Cases	67,273	63,032
Calculated Use Rate	104.249 / 1,000	111.22 / 1,000
Projected Number of Outpatient ORs	27.43	24.02

Year 2013 and Year 2018 Population

For 2013, the applicant used the population associated with only the 21 zip codes listed in the 1980 SHP for east King County, resulting in a lower population. The same zip codes were used for projected year 2018, which also resulted in a lower population. The department used the 21 zip codes in the 1980 SHP plus the additional 13 zip codes within the planning area as discussed earlier in this evaluation.

Total Number of Surgical Cases

A comparison of the worksheets attached to the methodology shows that the department and EvergreenHealth counted exactly the same for inpatient surgeries at 23,262. The outpatient surgeries differed by 4,241 cases. The department counted 44,011 and EvergreenHealth counted 39,770 total cases. This difference is attributed to timing. EvergreenHealth would have prepared its application in December 2014 and used the number of cases at the exempt surgery centers that were active at that time. The department's methodology was calculated in early May 2015. This five month difference accounts for additional exempt surgery centers approved in the planning area. The average number of cases of the 36 facilities is 1,222. The 4,241 difference in cases could be the addition of three exempt surgery centers in the planning area.

Use Rate

For the applicant, dividing the 2013 total number of surgical cases by the lower year 2013 population results in a planning area use rate of 111.22/1,000. The department's methodology uses a higher 2013 population and divides by a larger total number of surgical cases. This calculation results in a use rate of 104.249/1,000 for the planning area. The use rate is then applied to the projected 2018 population. The applicant again applied the lower use rate to the lower 2018 projected population. The department's use rate and projected 2018 population was higher.

In some ASC projects, the differences described above can significantly affect the outcome of the methodology. The differences in this instance are not significant. The applicant projected need for an additional 24 outpatient OR in the planning area and the department projected need for an additional 27 ORs.

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. ESC is currently operating with three ORs and EvergreenHealth intends to maintain all ORs currently in operation. [source: Application, p9 and February 19, 2015, supplemental information, p9 and Attachment 6] Based on this information, this standard is met.

In summary, based on the department's numeric methodology, numeric need for additional OR capacity in the east King County planning area is demonstrated. Further, EvergreenHealth meets 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 the EvergreenHealth Non-Discrimination Policy. The current Admission Policy was created when the facility became operational as an exempt ASC under the ownership of Proliance Surgeons, Inc. PS. The current policy does not include any of the non-discrimination language referenced above. [source: February 19, 2015, supplemental information, Attachment 7]

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]

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, Appendix 9]

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 23.0% of its gross revenues to be from Medicare and 8.5% from Medicaid. [source: Application, p10 & p24; Exhibit 9 and February 19, 2015, supplemental information, pp10-11]

To ensure that EvergreenHealth would continue participation in both the Medicare and Medicaid programs, if this project is approved, the department would attach a condition related to this sub-criterion requiring the ASC to maintain Medicare and Medicaid certification throughout operation of the facility, regardless of ownership.

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 Proliance Surgeons, Inc. PS. 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 11]

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 ESC 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. It also does not include a reference to the surgery center by name or inference. The pro forma financial documents provided in the application include a charity care 'line item.' Because of the omitted information, the department considered the charity care policy to be a draft. [source: Application, Exhibit 10]

To ensure that ESC would provide charity care at ESC, if this project is approved, the department would attach a condition requiring EvergreenHealth to provide a copy of the charity care policy specific to ESC. The charity care policy must include a reference to ESC and include the required non-discrimination language.

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. ESC 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.¹³

¹³ EvergreenHealth in Kirkland; Overlake Hospital Medical Center in Bellevue; Snoqualmie Valley Hospital in Snoqualmie; and Swedish Health Services-Issaquah in Issaquah.

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 2013.¹⁴ 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 ESC.¹⁵ [source: 2011-2013 HPDS charity care summaries]

Table 5
Charity Care Percentage Comparisons

	% of Total Revenue	% of Adjusted Revenue
King County Region	1.93%	3.60%
EvergreenHealth	1.14%	2.04%
Four Hospital's Combined	1.54%	2.70%
ESC Projected	0.28%	0.41%

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 5 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 ESC 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, p5]

"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, p6]

¹⁴ As of the writing of this evaluation, year 2014 charity care data is not available.

¹⁵ 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.

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*”

While EvergreenHealth demonstrated that it provides a variety of marketing or community outreach services, 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 ESC. **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 ESC. The assumptions used are summarized below. [source: Application, p7 & 19 and February 19, 2015, supplemental information, pp2-3]

- Since ESC is currently operating as an exempt surgery center, EvergreenHealth reviewed the historical number of procedures by type for years 2009 through 2013.
- Procedures/services include abdominal, breast, colorectal, endocrine, vein, hernia repair, male genital procedures, skin lesion drainage or removal, excision of tumors, nerve blocks and wound repair.
- EvergreenHealth does not anticipate expanding the types of procedures listed above.
- EvergreenHealth assumed the number of procedures would remain basically the same as the 2014 volume. This assumption is based on the current maturity of ESC; the current

number of ORs at ESC; and the number of physicians using the surgery center would not increase.

Using the assumptions stated above, EvergreenHealth’s projected the number of surgical cases, by type, for the ASC. Since the volumes are not projected to increase for years 2016 through 2018, the table below shows the projections for year 2018. [source: Application, p19 and February 19, 2015, supplemental information, p2]

**Table 6
Evergreen Surgical Clinic
Year 2018 Projected Number of Procedures**

Procedures/Services	Year 2018	Percentage of Total
Abdominal Services	56	3.7%
Breast Services	249	16.2%
Colorectal Services	241	15.7%
Endocrine System	9	0.6%
Excision of Tumor	36	2.3%
Hernia Repair	441	28.7%
Male Genital Procedures	34	2.2%
Nerve Blocks	218	14.2%
Skin Lesion	197	12.8%
Vein Services	36	2.3%
Wound Repair	19	1.3%
Total for ASC	1,536	100.0%

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 ESC. 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 below. [source: Application, Exhibit 9]

**Table 7
Evergreen Surgical Clinic
Projected Years 2015 through 2018**

	Year 2015	Year 2016	Year 2017	Year 2018
Net Revenue	\$ 4,197,042	\$ 8,325,696	\$ 8,325,696	\$ 8,325,696
Total Expenses	\$ 3,748,707	\$ 6,546,573	\$ 6,546,573	\$ 6,546,573
Net Profit / (Loss)	\$ 448,335	\$ 1,779,123	\$ 1,779,123	\$ 1,779,123

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: Application, Exhibit 9 and February 19, 2015, supplemental information, pp10-11]

As shown above, EvergreenHealth projected net profits in all projection years. 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 12333 Northeast 130th Lane, #420 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, Proliance Surgeons, Inc. PS is leasing the space for ESC from EvergreenHealth. Once the change of ownership is completed, the lease agreement will no longer be necessary because EvergreenHealth will own both ESC and the site. Allocated costs include the ASC's portion of the building, utilities, and common equipment and areas.

EvergreenHealth identified two medical directors for ESC. Since both physicians will be employees of EvergreenHealth, no medical director contracts 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, ESC will be operated under EvergreenHealth, even though it will be separately licensed from the hospital. EvergreenHealth provided a copy of ESC's current balance sheet under the Proliance Surgeons, Inc. PS 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, p11 and Attachment 10]

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 \$9,473,000 and is solely related to the acquisition of ESC and required insurance coverage. EvergreenHealth states that there is no remodel, construction, or new equipment proposed for ESC as a result of this purchase. [source: Application, p23 and February 19, 2015, supplemental information, p3 and p9]

Since the type and number of procedures are not expected to change with EvergreenHealth's ownership, to determine a projected payer mix for the ASC, EvergreenHealth assumed the current payer mix would not change. The projected payer mix is shown in the table on the following page. [source: Application, p10 and p24]

Table 8
Current/Projected Payer Mix

Payer Source	Percentage
Medicare	23.0%
Medicaid	8.6%
Commercial	62.0%
Other Insurance ¹⁶	6.4%
Total	100.0%

Table 8 above demonstrates that Medicare and Medicaid patients would continue to be treated at the ASC and make up 31.6% of the payer source. Commercial insurers make up the majority at 62% and considering some of the types of procedures to be provided at the ASC, a significant percentage of commercial payer source is expected.

To demonstrate compliance with this sub-criterion, EvergreenHealth provided a table comparing the current and proposed average charges and reimbursements (payments) for 11 most common procedures at ESC.¹⁷ [source: February 19, 2015, supplemental information, pp4-5 and Attachment 3] The table shows approximately 27% increase in average charges and reimbursement for 10 of the 11 most common procedures. EvergreenHealth states that the increase a results of successful negotiation with payers for more profitable contracts than ESC. EvergreenHealth notes that if the ESC were to be operated under the hospital’s license, the average increase in charges and reimbursement could be as high as 175%. Further, EvergreenHealth asserts that ownership of ESC allows broader access to the surgery center, especially for Medicaid patients. For these reasons, EvergreenHealth states that this option of purchasing ESC is less costly for patients and payers, even with the 27% increase.

The department concurs that EvergreenHealth’s purchase of ESC could allow for broader access for Medicaid patients. Whether the 27% increase in costs and charges would be offset by better patient access will be determined in the future. To ensure that EvergreenHealth continues to allow the broad access to the surgery center, if this project is approved, the department would require EvergreenHealth to maintain licensure for ESC as a freestanding center, rather than under the hospital license. Further, to ensure that patients receive the lower cost services, the department would condition the approval disallowing EvergreenHealth to charge hospital based rates at the ASC.

There was no public comment submitted related to this sub-criterion. Based on the source documents evaluated, 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,

¹⁶ ‘Other’ payers include self-pay and other government payers.

¹⁷ Eleven most common procedures are: abdominal services, breast services, colorectal services, endocrine system, excision of tumor, hernia repair, male genital procedures, nerve blocks, skin lesion drainage or removal, vein services, and wound repair. [source: February 19, 2015, supplemental information, Attachment 3]

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 \$9,473,000 is solely for the acquisition of ESC and required insurance coverage. The table below shows the capital expenditure breakdown for the project. [source: February 19, 2015, supplemental information, p3]

**Table 9
EvergreenHealth's Capital Expenditure Breakdown**

Item	Cost	% of Total
Acquisition of ESC	\$9,050,000	95.5%
Malpractice Insurance Tail Coverage	\$ 423,000	4.5%
Total Project Cost	\$ 9,473,000	100.0%

EvergreenHealth provided a copy of the draft Asset Purchase and Sale Agreement for ESC. The draft agreement is between EvergreenHealth [buyer] and Proliance Surgeons, PS [seller]. 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 ESC.

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, p23, Appendix 1, and February 19, 2015, supplemental information, Attachment 2]

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 \$9,473,000 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 ESC is currently operating as an exempt surgery center under the ownership of Proliance Surgeons, Inc. PS. 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, p26 and February 19, 2015, supplemental information, p8]

With no construction involved, if this project is approved, EvergreenHealth expects ESC would be operating under its ownership on July 1, 2015. Under this timeline, year 2016 is ESC’s first full calendar year of operation under new ownership and year 2018 is year three. [source: Application, p11]

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, p25 and February 19, 2015, supplemental information, p8]

Table 10
Evergreen Surgical Clinic
2015– 2018 Current and Projected FTEs

Staff/FTEs	Partial Year 2015	Year 2016 Increase	Year 2017 Increase	Year 2018 Increase	Total FTEs
Administration	1.32	0.00	0.00	0.00	1.32
Registered Nurses	4.93	0.00	0.00	0.00	4.93
OR Techs	2.98	0.00	0.00	0.00	2.98
Nursing Assistants	3.73	0.00	0.00	0.00	3.73
Other*	7.61	0.00	0.00	0.00	7.61
Total FTE’s	28.20	0.00	0.00	0.00	28.20

* Other staff includes reception, bookkeeper, patient services coordinator, and office assistants.

Since existing staff is already in place at ESC, EvergreenHealth also provided a listing of current licensed or credentialed staff, which includes all physicians and nursing staff. [source: February 19, 2015, supplemental information, Attachment 5]

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 ESC. The proposed change of ownership for the ASC does not include relocation or expansion of services. Ancillary and support services already in place at ESC include laboratory services, diagnostic imaging, pharmacy, and housekeeping. EvergreenHealth states that the existing

ancillary and support services are expected to continue to support the facility under new ownership and no changes in existing agreements are proposed. [source: Application, p26 and February 19, 2015, supplemental information, p8]

Further, EvergreenHealth identified two medical directors for the surgery center. Since both physicians are currently employed at EvergreenHealth, no medical director contracts will be established. EvergreenHealth provided a copy of the medical director roles and responsibilities for the ASC. [source: Application, p5 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, pp2-4 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.¹⁸ 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.¹⁹ 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

¹⁸ WAC 246-310-230(5).

¹⁹ 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]

completed by Washington State surveyors. All surveys resulted in no significant non-compliance issues.²⁰ [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.²¹ [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 ESC, including both medical directors. The review revealed no recorded sanctions for staff. [source: Medical Quality Assurance Commission data]

Currently, ESC holds a three-year accreditation by the Accreditation Association for Ambulatory Health Care [AAAHC].²² EvergreenHealth intends to continue this accreditation. [source: Application, p4]

Given the compliance history of the health care facilities owned and operated by EvergreenHealth, the staff at ESC, and accreditation of ESC, 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 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.

²⁰ 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.

²¹ 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.

²² The Accreditation Association for Ambulatory Health Care (AAAHC) is a private, non-profit organization formed in 1979. AAAHC develops standards to advance and promote patient safety, quality care, and value for ambulatory health care through peer-based accreditation processes, education, and research. A certificate of accreditation is awarded to organizations that are found to be in compliance with AAAHC Standards. AAAHC currently accredits more than 5,000 organizations in a wide variety of ambulatory health care settings including ambulatory surgery centers, community health centers, medical and dental group practices, medical home practices, and managed care organizations, as well as Indian and student health centers, among others. AAAHC is also the official accrediting organization for the US Air Force and the US Coast Guard. [source: AAAHC website]

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 and continue to provide existing needed services in the planning area. Additionally, the ASC would remain 'freestanding' after the purchase. This means that the surgery center would obtain its own ASC license, rather than EvergreenHealth including the surgery center under its hospital license. EvergreenHealth states it has negotiated more favorable contracts with payer than ESC was able to negotiate. As a result, the surgery center will continue to provide the same services with little impact to the community for the services. Finally, 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. [source: Application, pp27-28]

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, p28]

Acquire the facility and close the ASC

EvergreenHealth rejected this option because the volumes currently associated with ESC would have to be accommodated in other EvergreenHealth ORs that are already highly utilized. Since the other ORs are hospital based, this option could result in higher operating costs and higher rates to patients and payers.

Acquire the facility and operate the ASC under the hospital's license

Since the facility is physically attached to the hospital, this option would not require prior Certificate of Need review. However, EvergreenHealth rejected this option because, as stated above, once the ORs are hospital based, this option could result in higher operating costs and higher rates to patients and payers.

Department's Review

Once EvergreenHealth concluded that it wanted to purchase ESC from Proliance Surgeons, Inc. PS and obtain separate licensure for the existing ASC, the only option available was to submit this Certificate of Need application. No other options were identified by the department.

No public comments were submitted for this sub-criterion. 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.

Further, the department concluded that need for the project had been demonstrated. This conclusion was based, in part, on the applicant's assertion that the surgery center would be licensed as a freestanding facility, rather than under any of the hospitals within the EvergreenHealth. The department concludes that the addition of ORs in a freestanding surgery center could increase community access to lower cost outpatient surgery services in the planning area. **This sub-criterion is met.**

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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											
		Not Applicable - Go to c.11. and ignore any value here.											
		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											
		USE THESE VALUES											
		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							



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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						



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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.
Totals	7	0	69	38	324.3	23,262	2,550,887	3,056	44,011	2,952,673	
					Avg min/case inpatient		109.66	Avg min/case outpatient		67.09	
ORs counted in numeric methodology			19	38							
ILRS: Integrated Licensing & Regulatory System											
Population data source: Claritas 2014											
Total Surgeries	67,273							67,273			
Area population 2013 [15+]	519,331									645,312	
Use Rate	129,538									104,249	
Planning Area projected 15+ population Year: 2018	498,867									698,709	
% Outpatient of total surgeries	65.42%										
% Inpatient of total surgeries	34.58%										