



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

Certificate of Need Program
111 Israel Road Southeast – MS 4-7852
Olympia, Washington 98504

December 1, 2015

Dave Fitzgerald, Chief Executive Officer
Proliance Surgeons, Inc. PS
805 Madison Street, #901
Seattle, Washington 98104

Dear Mr. Fitzgerald:

RE: DOR 16-11

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

INFORMATION CONSIDERED

- Ambulatory Surgery Center (ASC) exemption application received October 2, 2015
- Supplemental information received November 23, 2015
- Revised Code of Washington (RCW) 70.38
- Washington Administrative Code (WAC) 246-310
- Washington Secretary of State and Department of Revenue information obtained from the respective websites
- Department of Health external provider look-up
- Department of Health Integrated Licensing and Regulatory System (ILRS)
- Hillside Medical Surgery Center Certificate of Need facility file
- Certificate of Need historical files

FACTS CONSIDERED

- On August 11, 1993, Proliance Surgeons, Inc., PS established the professional services corporation with the Washington Secretary of State's office.
- Proliance Surgeons, Inc., PS is governed by the following ten individuals: Susan Cero, president/chairman; Jeff Stickney, treasurer; David Fitzgerald, secretary; Carol Cornejo, director; Michael Sailer, director; Charles Peterson II, director; Tom Gumprecht, director; Julian Arroyo, director; Fred Huang, director; and Michael McAdam, director. [source: Secretary of State website]
- Proliance Surgeons, Inc., PS has been registered with the Washington State Department of Revenue since January 1, 1994. [source: Department of Revenue website]

- Proliance Surgeons, Inc., PS has approximately 55 operational practice sites located in Washington State.
- Proliance Surgeons, Inc., PS has approximately 150 owning physicians.
- On April 10, 1996, Hillside Medical Surgery Center, obtained an exemption from Certificate of Need review for the establishment of an ASC located at 104 – 27th Avenue Southeast in Puyallup [98373], within Pierce County. In 1996, the practice and surgery center was known as Ear Nose and Throat Specialists.
- On February 15, 2015, Ear Nose and Throat Specialists purchased an additional clinical practice and requested a new exemption related to the new operations. The exemption was issued on September 29, 2005.¹
- After the purchase, the practice and the surgery center remained at 104 – 27th Avenue Southeast in Puyallup.
- This application proposes to purchase of the practice and exempt surgery center, now known as Hillside Medical Surgery Center.
- ASC will be operated under the practice corporation of Proliance Surgeons, Inc., PS. The ASC will continue to be located at the 104 – 27th Avenue Southeast in Puyallup site.
- The surgery center will continue to have one operating room and support space.
- The change of ownership for Hillside Medical Surgery Center requires a new exemption for the ASC under the new ownership.
- At this time, four physicians intend to use the ASC. Future owners or employees may have access to the ASC.² Specific physician credentialing information and practice association is below.

| Name | Credential Status | Practice Status |
|----------------------|--------------------------|------------------------|
| Randall Paul Bennett | Active | Partner |
| Nici Eddy Bothwell | Active | Member |
| Charles V. Edmond | Active | Partner |
| Vivian M. Yu | Active | Member |

- The procedures proposed include those typically associated with orthopedic and otolaryngology. A listing of common procedures is included in the exemption application.
- The ASC will not be operated as a separate legal entity from the Proliance Surgeons, Inc., PS practice.
- No management agreement is proposed.

¹ Determination of Reviewability (DOR) #06-04.

² Employed physicians must be employed by Proliance Surgeons, Inc. PS a minimum of 75% and perform their full range of services through Proliance Surgeons, Inc. PS.

CONCLUSION

Based on the totality of information considered, the department concludes the proposed ASC would be exempt from Certificate of Need review. This exemption is not transferable and the conclusions reached concerning this proposed ASC are based on the facts about this facility and it should not be assumed the department would reach the same conclusion in future exemption requests for other future ASCs.

If changes are made in the operation or ownership of this proposed ASC, the ASC may no longer be eligible for this exemption. In that case, prior Certificate of Need review and approval or new exemption would be required. Examples of such changes include the following. This list is not intended to be all inclusive.

- The scope of services is expanded to include services subject to Certificate of Need review under the provisions of WAC 246-310-020.
- The provision of any procedure as identified under WAC 246-310-705(4).
- The ASC is operated under a management agreement.
- The ASC is organized as a separate legal entity from the practice.
- The ASC is moved to a different site than identified in the exemption application.
- Use of the ASC is extended to any physician who is not a member/owner or employed by Proliance Surgeons, Inc., PS.
- Use of the ASC is extended to any physician that is an independent contractor.
- The ASC obtains a new or separate Medicare certification from the clinical practice.
- The ASC ceases operations or relinquishes its Medicare certification and then chooses to resume services as an ASC.
- The ASC or the practice is purchased or leased.
- ASC patients are routinely transferred from the ASC for observation care at one of the area's hospitals.

APPEAL OPTION

This decision may be appealed using the appeal option listed below.

Appeal Option 1:

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

Mailing Address:

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

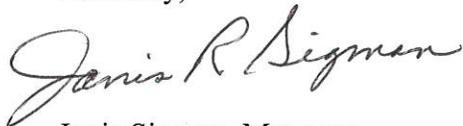
Physical Address

Department of Health
Adjudicative Service Unit
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 this decision, please call me at (360) 236-2955

Sincerely,

A handwritten signature in cursive script that reads "Janis R. Sigman". The signature is written in black ink and is positioned to the left of the typed name.

Janis Sigman, Manager
Certificate of Need Program
Community Health Systems

cc: Department of Health, Investigations and Inspections Office #60100019
Department of Health, Construction Review Services #60533722