



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

May 31, 2016

CERTIFIED MAIL # 7009 0960 0000 5565 0673

Trisha West, MHA, Director  
EvergreenHealth  
12040 NE 128th St., MS-100  
Kirkland, WA 98034

RE: Certificate of Need Application #16-20

Dear Ms. West:

We have completed review of the Certificate of Need (CN) application submitted by King County Public Hospital District #2, dba EvergreenHealth proposing to establish an ambulatory surgery center in Kirkland, within East 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 King County Public Hospital District #2, dba 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 East King County. The surgery center would serve patients ages 15 years and older who interventional pain management surgical services that can be appropriately performed in an outpatient setting.

**Conditions**

1. King County Public Hospital District #2 – EvergreenHealth agrees with the project description as stated above. 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. Prior to providing services at Evergreen Pain Center, King County Public Hospital District #2 – EvergreenHealth will submit an updated charity care policy that includes Evergreen Pain Center as a listed facility in the same manner as the current policy includes Evergreen Surgical Clinic Ambulatory Surgery Center to the department's Hospital Patient Data Systems for review and approval.
3. King County Public Hospital District #2 – EvergreenHealth will provide charity care at the EvergreenHealth Pain Center in compliance with the updated charity care policy as identified

in condition #2. King County Public Hospital District #2 – EvergreenHealth will use reasonable efforts to provide charity care at the ambulatory surgery center in an amount consistent with the most recent three-year average of EvergreenHealth’s budgeted charity care. For years 2013-2015, this amount is 0.98%. King County Public Hospital District #2 – EvergreenHealth will maintain records at the ambulatory surgery center documenting the amount of charity care it provides, and demonstrating its compliance with its charity care policy.

4. King County Public Hospital District #2 – EvergreenHealth agrees that the EvergreenHealth Pain Center will maintain Medicare and Medicaid certification, regardless of facility ownership.

**Approved Capital Costs:**

The approved capital expenditure for this project is \$6,660,347, which includes the construction, moveable equipment, and associated fees and taxes.

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

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

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

Mailing Address:

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

Physical Address:

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

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

Sincerely,



Bart Eggen  
Acting Director, Community Health Systems

Enclosure

**EVALUATION DATED MAY 31, 2016 OF THE CERTIFICATE OF NEED  
APPLICATION SUBMITTED BY KING COUNTY PUBLIC HOSPITAL DISTRICT #2 –  
EVERGREENHEALTH PROPOSING TO ESTABLISH AN AMBULATORY SURGERY  
CENTER IN EAST KING COUNTY**

**APPLICANT DESCRIPTION**

King County Public Hospital District #2 established Evergreen General Hospital in 1972, at 12333 Northeast 130th Lane in Kirkland. In 1986, the hospital’s name was changed to Evergreen Hospital Medical Center. In 2012, the name was changed to EvergreenHealth. The hospital continues to operate under the governance of the public hospital district’s five-member elected board as a part of an integrated healthcare system. [source: EvergreenHealth website, application p. 1]

EvergreenHealth provides a variety of healthcare services throughout the public hospital district, through their multispecialty group practice of over 200 physicians, ten primary care clinics, two urgent care centers, one ambulatory surgery center, and 29 specialty care practices. The facilities and services licensed by the state are listed in the table below:

<b>Name</b>	<b>Facility/Service Type</b>
EvergreenHealth Medical Center	Acute Care Hospital
EvergreenHealth Hospice	Hospice Agency/Hospice Care Center
EvergreenHealth Home Health	Home Health Agency
EvergreenHealth General Surgery ASC	Ambulatory Surgery Center
EvergreenHealth Monroe <sup>1</sup>	Acute Care Hospital

This application was submitted by the 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, hospital, and associated services collectively as ‘EvergreenHealth’ throughout this evaluation. [source: application pp. 1, 3]

**PROJECT DESCRIPTION**

With this application, EvergreenHealth proposes to establish a new, three-operating room ambulatory surgery center (ASC) located in Kirkland, within the East King County secondary service planning area. The ASC would be known as the EvergreenHealth Pain Center. This ASC, while not physically attached to the hospital, would be located on the hospital campus in the DeYoung Pavilion. It would be licensed as an outpatient department of the hospital. The establishment of this ASC is part of a larger project, in which EvergreenHealth intends to co-locate a number of specialty services within a dedicated multi-disciplinary Musculoskeletal Center. Specialty areas served would include orthopedics, spine care, physiatry, neurosurgery,

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<sup>1</sup> In 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 healthcare system and is now managed by EvergreenHealth. Effective March 1, 2015, Valley General Hospital changed its name to EvergreenHealth Monroe. [source: EvergreenHealth website]

interventional pain management, and podiatry. [source: application p. 8, February 18, 2016 supplemental information pp. 1-3]

The ASC would serve patients ages 15 and older that can be served appropriately in an outpatient setting. Surgical services to be provided at the ASC would be limited to interventional pain management procedures. Types of procedures to be provided include epidural injections<sup>2</sup>, facet joint injections<sup>3</sup>, neurolytic blocks<sup>4</sup>, and spinal cord stimulation<sup>5</sup>. [source: February 18, 2016 supplemental information pp. 3, 5]

EvergreenHealth currently provides these services in the Evergreen Surgery Center – a nine-operating room ASC in Kirkland that operates as an outpatient department of the hospital. Three of the ORs in this facility have historically been dedicated to interventional pain procedures. The applicant stated that these ORs, while appropriate for interventional pain management procedures, are also fully capable of providing other surgical services. In order to meet demands for outpatient surgery, EvergreenHealth elected to establish new dedicated ORs for interventional pain management procedures within another building. EvergreenHealth states that by removing these services from Evergreen Surgery Center, the existing surgical space would be “freed to meet the increasing demand for general outpatient surgical rooms.” [source: application p. 8]

The Musculoskeletal Center would occupy the 4th and 5th floors of the DeYoung Pavilion, located at 12039 NE 128th Street in Kirkland – across the street from the main hospital campus. EvergreenHealth Pain Center would occupy part of the 4th floor and include six prep rooms, three ORs<sup>6</sup>, and six recovery rooms. The EvergreenHealth Pain Center would occupy 7,544 gross square feet. Shared services between the ASC and the rest of the Musculoskeletal Center would be limited to restrooms, staff break rooms, lockers, clean/soiled utility, waiting area, and reception/scheduling. The costs of constructing these shared spaces have been allocated and included in the estimated capital expenditure. [source: application pp. 8, 12; February 18, 2016 supplemental information p. 5]

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<sup>2</sup> An epidural injection is the delivery of medicine directly into the space outside of the sac of fluid around the spinal cord – the epidural space. The procedure is performed to relieve pressure on a nerve as it leaves the spine. While not a curative procedure, symptom relief lasts for weeks to months. [source: US National Library of Medicine]

<sup>3</sup> A facet joint injection procedure involves the injection of anti-inflammatory medication directly into the joint, guided by fluoroscopy. [source: [www.spine-health.com](http://www.spine-health.com)]

<sup>4</sup> A neurolytic block uses an agent to chemically destroy neural structures involved in the perception of pain to promote long lasting pain relief. [source: [www.coccyx.org](http://www.coccyx.org)]

<sup>5</sup> In spinal cord stimulation, soft, thin wires with electrical leads on their tips are placed through a needle in the back near to the spinal column. The leads are placed through a needle inserted in the back (no incision is required). A small incision is then made and a tiny, programmable generator is placed in the upper buttock or abdomen which emits electrical currents to the spinal column to electrically block pain signals. [source: [www.spine-health.com](http://www.spine-health.com)]

<sup>6</sup> While the application refers to these rooms as “treatment rooms” and “procedure rooms,” for Certificate of Need purposes, they are considered operating rooms, and will be referred to as such throughout this evaluation.

The estimated capital expenditure for the proposed ASC is \$6,660,347. Of this amount, approximately 45% is associated with building construction, 36% is associated with moveable equipment, and the remaining 19% is associated with architect/engineer fees, consulting fees, financing costs, supervision and inspection, and sales tax. [source: application p. 25]

EvergreenHealth completed a technical assistance with Construction Review Services in February 2016, and expects to submit construction drawings immediately following Certificate of Need approval in June 2016<sup>7</sup>. Construction is expected to commence in August 2016 and be complete in December 2016. EvergreenHealth anticipates they will begin to offer services in the ASC in January 2017. Under this timeline, 2017 would be the ASC's first full calendar of operation and 2019 would be year three. [source: application cover page; February 18, 2016 supplemental information p. 4]

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

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

### **EVALUATION CRITERIA**

WAC 246-310-200(1)(a)-(d) identifies the four determinations that the department must make for each application. WAC 246-310-200(2) provides additional direction in how the department is to make its determinations. It states:

*“Criteria contained in this section and in WAC 246-310-210, 246-310-220, 246-310-230, and 246-310-240 shall be used by the department in making the required determinations.*

*(a) In the use of criteria for making the required determinations the department shall consider:*

- (i) The consistency of the proposed project with service or facility standards contained in this chapter;*
- (ii) In the event the standards contained in this chapter do not address in sufficient detail for a required determination the services or facilities for health services proposed, the department may consider standards not in conflict with those standards in accordance with subsection (2)(b) of this section; and*
- (iii) The relationship of the proposed project to the long-range plan (if any) of the person proposing the project”*

In the event that WAC 246-310 does not contain service or facility standards in sufficient detail to make the required determinations, WAC 246-310-200(2)(b) identifies the types of standards the department may consider in making its required determinations. Specifically WAC 246-310-200(2)(b) states:

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

- (i) Nationally recognized standards from professional organizations;*
- (ii) Standards developed by professional organizations in Washington State;*
- (iii) Federal Medicare and Medicaid certification requirements;*
- (iv) State licensing requirements;*

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<sup>7</sup> CRS #60629448

- (v) *Applicable standards developed by other individuals, groups, or organizations with recognized expertise related to a proposed undertaking; and*
- (vi) *The written findings and recommendations of individuals, groups, or organizations with recognized experience related to a proposed undertaking, with whom the department consults during the review of an application.”*

To obtain Certificate of Need approval, the applicant must demonstrate compliance with the criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment).<sup>8</sup> Additionally, WAC 246-310-270 (ambulatory surgery) contains service or facility specific criteria for ASC projects and must be used to make the required determinations for applicable criteria in WAC 246-310-210.

**TYPE OF REVIEW**

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

**APPLICATION CHRONOLOGY**

<b>Action</b>	
Letter of Intent Submitted	October 20, 2015
Application Submitted	December 11, 2015
Department’s pre-review activities <ul style="list-style-type: none"> <li>• DOH 1st Screening Letter</li> <li>• Applicant’s Responses Received</li> <li>• DOH 2nd Screening Letter</li> <li>• Applicant’s Responses Received</li> </ul>	<p>January 5, 2016</p> <p>February 18, 2016</p> <p>N/A<sup>9</sup></p> <p>N/A</p>
Beginning of Review	February 25, 2016
Public Hearing Conducted	N/A <sup>10</sup>
Public Comments accepted through end of public comment	March 31, 2016
Rebuttal Comments Due	N/A <sup>11</sup>
Department’s Anticipated Decision Date	May 31, 2016
Department’s Actual Decision Date	May 31, 2016

**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.”*

<sup>8</sup> Each criterion contains certain sub-criteria. The following sub-criteria are not relevant to this project: WAC 246-310-210(3), (4), (5), and WAC 246-310-240(3).

<sup>9</sup> EvergreenHealth waived a second screening, and instead requested that the department begin review regardless of whether the information was complete.

<sup>10</sup> No public hearing was requested or conducted

<sup>11</sup> There were no public comments submitted for this application. As a result, no rebuttal comments could be accepted.

As noted above, WAC 246-310-010(2) requires an affected person to first meet the definition of an ‘interested person.’ WAC 246-310-010(34) defines “interested person” as:

- (a) *The applicant;*
- (b) *Health care facilities and health maintenance organizations providing services similar to the services under review and located in the health service area;*
- (c) *Third-party payers reimbursing health care facilities in the health service area;*
- (d) *Any agency establishing rates for health care facilities and health maintenance organizations in the health service area where the proposed project is to be located;*
- (e) *Health care facilities and health maintenance organizations which, in the twelve months prior to receipt of the application, have submitted a letter of intent to provide similar services in the same planning area;*
- (f) *Any person residing within the geographic area to be served by the applicant; and*
- (g) *Any person regularly using health care facilities within the geographic area to be served by the applicant.*

Overlake Hospital Medical Center (Overlake) was the sole entity that sought interested person status related to this project. Overlake operates a hospital campus in Bellevue within the East King County secondary service planning area, and therefore qualified as an interested person under WAC 246-310-010(34). Since no public hearing was conducted, Overlake must submit written comments to qualify as an “affected person” under WAC 246-310-010(2). No public comment was submitted by Overlake. As a result, Overlake did not meet the “affected person” criteria.

#### **SOURCE INFORMATION REVIEWED**

- EvergreenHealth’s Certificate of Need application submitted December 11, 2015
- EvergreenHealth’s screening responses received February 18, 2016
- Compliance history for credentialed or licensed staff from the Medical Quality Assurance Commission, Nursing Quality Assurance Commission, and Health Systems Quality Assurance Customer Service Center
- Compliance history for EvergreenHealth facilities and services from the Washington State Department of Health – Office of Investigation and Inspection
- DOH Provider Credential Search website [www.doh.wa.gov/pcs](http://www.doh.wa.gov/pcs)
- Historical charity care data for years 2012, 2013, and 2014 obtained from the Department of Health Hospital and Patient Data Systems Office
- Year 2015 Annual Ambulatory Surgery Provider Survey for Surgical Procedures Performed During Calendar Year 2014 for hospitals, 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.
- Department of Health internal database – Integrated Licensing & Regulatory Systems (ILRS)
- EvergreenHealth website: [www.evergreenhealth.com](http://www.evergreenhealth.com)
- Washington State Department of Revenue website: [www.dor.wa.gov](http://www.dor.wa.gov)
- Certificate of Need historical files

## **CONCLUSIONS**

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

### **Project Descriptions:**

This certificate approves the establishment of a three-operating room ambulatory surgery center in Kirkland, within East King County. The surgery center would serve patients ages 15 years and older who interventional pain management surgical services that can be appropriately performed in an outpatient setting.

### **Conditions:**

1. King County Public Hospital District #2 – EvergreenHealth agrees with the project description as stated above. 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. Prior to providing services at Evergreen Pain Center, King County Public Hospital District #2 – EvergreenHealth will submit an updated charity care policy that includes Evergreen Pain Center as a listed facility in the same manner as the current policy includes Evergreen Surgical Clinic Ambulatory Surgery Center to the department's Hospital Patient Data Systems for review and approval.
3. King County Public Hospital District #2 – EvergreenHealth will provide charity care at the EvergreenHealth Pain Center in compliance with the updated charity care policy as identified in condition #2. King County Public Hospital District #2 – EvergreenHealth will use reasonable efforts to provide charity care at the ambulatory surgery center in an amount consistent with the most recent three-year average of EvergreenHealth's budgeted charity care. For years 2013-2015, this amount is 0.98%. King County Public Hospital District #2 – EvergreenHealth will maintain records at the ambulatory surgery center documenting the amount of charity care it provides, and demonstrating its compliance with its charity care policy.
4. King County Public Hospital District #2 – EvergreenHealth agrees that the EvergreenHealth Pain Center will maintain Medicare and Medicaid certification, regardless of facility ownership.

### **Approved Costs:**

The approved capital expenditure for this project is \$6,660,347, which includes the construction, moveable equipment, and associated fees and taxes.

## **CRITERIA DETERMINATIONS**

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

Based on the source information reviewed and the applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes that EvergreenHealth has met the 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. The EvergreenHealth Pain Center would be located in Kirkland, within the East King County planning area.

The methodology estimates OR need in a planning area using multiple steps as defined in WAC 246-310-270(9). This methodology relies on a variety of assumptions and initially determines existing capacity of dedicated outpatient and mixed-use operating 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 Methodology**

EvergreenHealth determined the existing capacity in the East King County planning area to be 26 dedicated outpatient ORs and 39 mixed use ORs. Based on 2014 utilization and population data, the methodology identified a use rate of 117.59/1,000 population. Focusing on year 2019, the applicant projected East King County's population to be 618,933. Applying the use rate to the projected population and subtracting the existing number of ORs in the planning area, EvergreenHealth projected a need for 16.02 dedicated outpatient ORs in East King County for projection year 2019. [source: February 18, 2016 supplemental information pp. 57-59]

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

The numeric portion of the methodology requires a calculation of the annual capacity of the existing providers inpatient and outpatient OR's in a planning area – East King County. To determine the zip codes associated with East King County, the department relied on the map and breakdown of zip codes identified in the 1980 State Health Plan for East King County. While the State Health Plan was sunset in 1989, for some projects, it continues to be a

reliable tool. The department continues to use the zip codes listed by planning area as a starting point for determining ASC planning area zip codes.

For ASC planning areas, the state health plan identifies 21 East King County zip codes.<sup>12</sup> When the 21 zip codes are charted on the Department of Ecology King County zip code map, inclusion of another 11 zip codes appears reasonable based on the geographic location of the zip codes. Table 1 on the following page shows the zip codes and associated cities for the 32 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]

**Table 1**  
**East King County Planning Area Zip Codes**

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

<sup>12</sup> Included in the SHP zip codes for East King County is zip 98026, for a total of 22 zip codes. 98026 is the city of Edmonds within Snohomish County and will not be included in the East King County zip codes.

<b>Zip Code</b>	<b>City by Zip Code</b>
98174	Seattle
98224	Baring
98288	Skykomish

According to the department’s historical records, there are 47 planning area providers – including the applicant – with OR capacity. Of the 47 providers, four are hospitals and 43 are ASCs. Below, Table 2 shows a listing of the four hospitals. [source: CN historic files and DOH ILRS database]

**Table 2  
East King County Planning Area Hospitals**

<b>Hospitals</b>	<b>City/Zip</b>
EvergreenHealth	Kirkland/98034
Overlake Hospital Medical Center	Bellevue/98004
Snoqualmie Valley Hospital	Snoqualmie/98065
Swedish Medical Center – Issaquah	Issaquah/98029

[source: ILRS]

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 December 2015, the most recent utilization survey was mailed in May 2015 and collected data for year 2014, however not all providers had submitted responses. The data provided in the utilization survey is used, if available. All four of the hospitals completed and submitted the 2015 Annual Ambulatory Surgery Provider Survey.

Table 3, below, contains a listing of the 44 ASCs in the planning area.

**Table 3  
East King County Planning Area Ambulatory Surgery Centers**

<b>Ambulatory Surgery Centers</b>	<b>City/Zip</b>
Aesthetic Facial Plastic Surgery	Bellevue/98004
Aesthetic Physicians dba Sono Bello	Bellevue/98004
Allure Laser Center	Kirkland/98033
Anderson Sobel Cosmetic Surgery	Bellevue/98004
Athenix Body Sculpting Institute	Bellevue/98005
Aysel Sanderson, MD	Kirkland/98033
Bellevue Plastic Surgery Center	Bellevue/98004
Bellevue Spine Specialists	Bellevue/98005
Bellevue Surgery Center	Bellevue/98009
Bel-Red ASF	Bellevue/98004
Center for Plastic Surgery	Bellevue/98004

<b>Ambulatory Surgery Centers</b>	<b>City/Zip</b>
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
EvergreenHealth Surgical Center	Kirkland/98034
Evergreen Surgical Clinic ASC	Kirkland/98034
Group Health Cooperative Bellevue Endoscopy	Bellevue/98004
John H. Brunsman, MD	Redmond/98073
Naficy Plastic Surgery and Rejuvenation Center	Bellevue/98004
Northwest Center for Aesthetic Plastic Surgery	Bellevue/98004
Northwest Laser and Surgery Center	Bellevue/98005
Northwest Nasal Sinus Center	Kirkland/98033
Overlake Reproductive Health, Inc.	Bellevue/98004
Overlake Surgery Center	Bellevue/98004
Pacific Cataract and Laser Institute-Bellevue	Bellevue/98004
Plastic Surgery Northwest	Kirkland/98034
Proliance Eastside Surgery Center	Kirkland/98034
Proliance Highlands Surgery Center	Issaquah/98029
Remington Plastic Surgery Center	Kirkland/98034
Redmond Ambulatory Surgery Center, LLC	Redmond/98053
Retina Surgery Center	Bellevue/98004
Sammamish Center for Facial Plastic Surgery	Sammamish/98074
Seattle Children's-Bellevue	Bellevue/98004
SoGab Surgery Center	Kirkland/98033
Stern Center for Aesthetic Surgery	Bellevue/98004
Virginia Mason-Bellevue Endoscopy*	Bellevue/98004
Virginia Mason-Issaquah Endoscopy*	Issaquah/98027
Washington Institute Orthopedic Center	Kirkland/98034
Washington Urology Associates-Bellevue	Bellevue/98004
Washington Urology Associates-Kirkland	Kirkland/98034
Yarrow Bay Plastic Surgery Center	Kirkland/98033

[source: ILRS]

Of the 44 ASCs shown above, five are endoscopy facilities (designated with an asterisk). The numeric methodology deliberately excludes the OR capacity and procedures from the numeric methodology.<sup>13</sup> As a result, the ORs and procedures for these five facilities will not be counted in the numeric methodology.<sup>14</sup>

<sup>13</sup> WAC 246-310-270(9)(iv).

<sup>14</sup> Five facilities include: Eastside Endoscopy-Bellevue; Eastside Endoscopy-Issaquah; Evergreen Endoscopy Center; Virginia Mason-Bellevue; and Virginia Mason-Issaquah.

Out of the remaining 39 ASCs, 28 are located within a solo or group practice that have received an exemption (considered a Certificate of Need-exempt ASC) and the use of these ASCs is restricted to physicians that are employees or members of the clinical practices that operate the facilities. Therefore, these 28 facilities do not meet the ASC definition in WAC 246-310-010. For Certificate of Need-exempt ASCs, the number of surgeries, but not ORs, is included in the methodology for the planning area.

The remaining 11 ASCs are Certificate of Need-approved facilities.<sup>15</sup> For these, the OR capacity and utilization is counted in the numeric methodology, with the exception of the Seattle Children's Bellevue ASC. The proposed EvergreenHealth Pain Center would only serve patients ages 15 and older. The Seattle Children's Bellevue ASC is exclusively dedicated to patients aged 0-14. Furthermore, the types of surgeries performed at the pediatric facility do not include interventional pain management<sup>16</sup>. Two surgery centers – The Retina Surgery Center and Proliance Highlands Surgery Center – became Certificate of Need approved in early 2016 under CN #1565 and CN #1567, respectively. As existing exempt surgery centers, their surgical volumes were already factored into the methodology. Their ORs were added to the planning area count of total CN-approved ORs upon approval. One additional surgery center, Redmond Ambulatory Surgery Center, LLC was recently approved under CN #1573. While there is no surgical volume for this new surgery center, the approved ORs are counted in the numeric methodology. [source: CN historical files]

In summary, data will be used for 28 Certificate of Need-exempt ASCs and 10 Certificate of Need-approved ASCs. If a facility does not complete and return a utilization survey, then the other data source that can be used is the department's internal database known as the Integrated Licensing and Regulatory System (ILRS). Per WAC 246-330-100(2), licensed ambulatory surgical facilities must submit to the department an annual update form. The data provided on this annual update includes the number of ORs and the approximate number of procedures performed at the facility during the year. This data is updated in ILRS as it is received. The department uses the listed number of surgical procedures and multiplies this number by 50 minutes – the default minutes per outpatient surgery as identified under WAC 246-310-270(9)(b)(iii).

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

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<sup>15</sup> Bel-Red Ambulatory Surgical Facility [CN #1485]; Eastside Surgery Center [CN #1462]; Evergreen Surgical Center [under EvergreenHealth HAC license]; EvergreenHealth Ambulatory Surgical Care [CN #1549]; Northwest Nasal Sinus Center [CN #1250]; Overlake Surgery Center [CN #1192]; Proliance Eastside Surgery Center [CN #1342], Seattle Children's ASC [CN # 1395], The Retina Surgery Center [CN #1565], Proliance Highland Surgery Center [CN #1567], and Redmond Ambulatory Surgery Center, LLC [CN #1573]

<sup>16</sup> Services are restricted to gastroenterology, general surgery, ophthalmology, orthopedics, otolaryngology, plastic surgery, and urology. [source: evaluation for Certificate of Need application #08-44, p. 16]

**Table 4  
Department's Methodology Assumptions and Data**

<b>Assumption</b>	<b>Data Used</b>
Planning Area	East King County
Population Estimates and Forecasts	Age Group: 15+ Claritas Population Data released year 2015: Year 2014 – 474,155 Year 2019 – 513,228
Use Rate	Divide calculated surgical cases by 2014 population results in the service area use rate of 144.358/1,000 population
Year 2014 Total Number of Surgical Cases	23,418 – Inpatient or Mixed-Use; 45,030 – Outpatient 68,448 – Total Cases
Percent of surgery: ambulatory vs. inpatient	Based on DOH survey and ILRS data: 65.79% ambulatory (outpatient); 34.21% inpatient
Average minutes per case	Based on DOH survey and ILRS Data: Outpatient cases: 61.99 minutes Inpatient cases: 110.17 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: 36 dedicated outpatient ORs 39 mixed use ORs
<b>Department's Methodology Results</b>	<b>Surplus of 3.61 mixed-use ORs</b>

Based on the assumptions described in Table 4 above, the department's application of the numeric methodology indicates a surplus of 3.61 mixed-use ORs in year 2019.

When comparing the applicant's and department's methodology, there are differences in the ZIP codes used (and consequently, the populations), the number of surgical cases, the use rate for the planning area, and the number of Certificate of Need-approved outpatient ORs. Below is a brief description of those differences.

Surgical Cases, Calculated Use Rate, Zip Codes

All planning area hospitals provided responses, and 33 of the 43 ASCs responded to the department's survey used for this analysis. For facilities that did not provide responses to the annual survey, the department relied on data from ILRS. EvergreenHealth used a mix of ILRS data and 2013 survey responses, which accounts for some of the differences in surgical cases. The department used 68,448 surgical cases for 2014, whereas EvergreenHealth used 67,830. It was unclear what age range the 67,830 included. The department's calculated use rate was 144.358/1,000, whereas EvergreenHealth calculated a use rate of 117.59/1,000. The department's calculated use rate is consistent with past Certificate of Need methodologies, as

it uses the most recent year's actual data along with ILRS surgical volumes at fifty minutes per case (WAC 246-310-270(9)(a)(ii)).

There was also a minor difference in the ZIP codes used. Two zip codes – 98015 and 98041 were included in the EvergreenHealth population projection. Upon evaluating these areas, the department determined that neither of these ZIP codes are applicable. 98015 is explicitly identified in the Southeast King County planning area, and was not included. 98041 is a PO Box ZIP code in Bothell. Therefore, there is no associated population for 98041, and including it is unnecessary. The department also included ZIP codes 98174, 98224, and 98288<sup>17</sup>. These three ZIP codes appear to be reasonable based on their geographic location.

#### Number of Existing Outpatient ORs

The department counted 36 ORs in the planning area, while the applicant counted 26. At the time EvergreenHealth submitted their application, three other ASC projects were under review in the East King County planning area. One was a joint-venture between Swedish Health Services and Proliance Surgeons, Inc., P.S. (Redmond Ambulatory Surgery Center, LLC), for a new 3-operating room ASC in Redmond which was approved on April 8, 2016. The others were submitted by Proliance Surgeons, Inc., P.S. to convert two exempt ASC facilities to CN approved<sup>18</sup>. They were approved February 25, 2016<sup>19</sup>.

One further difference in the OR counts is found in how the applicant counted their own ORs. Evergreen Surgical Clinic ASC – approved under CN #1549 – is approved for three Certificate of Need-approved ORs. The applicant incorrectly counted this facility at two ORs. [source: application pp. 57-59]

If this project is approved, three ORs currently located at Evergreen Surgical Center will change from being dedicated to pain management to general use. Evergreen Surgical Center received CN approval in 1981. King County Public Hospital District #2 acquired the ASC in 1999. The use of the ORs was not limited to the types of procedures that could be performed. However, EvergreenHealth has self-limited the use of these ORs to pain management. As a result, previous certificate of need reviews for ASCs did not count these ORs as a part of the OR supply in the numeric need methodology. With this proposed project, these three ORs will no longer be limited and must be counted in the numeric need methodology.

Between the time of EvergreenHealth's application and the date of this evaluation, nine additional outpatient ORs were approved in the East King County planning area. Out of these nine, five were existing ORs within CN exempt facilities that reported surgical volumes. The remaining four ORs were new to the planning area. When these new ORs are included in the methodology, the projected need changes from showing a need for 16.88

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<sup>17</sup> 98224 (Baring) and 98288 (Skykomish) are both explicitly identified in the 1980 State Health Plan to be included in the Snohomish East planning area. Upon examining the geographic location of these two ZIP codes, they are located in King County, not Snohomish, and should be evaluated as such.

<sup>18</sup> The Retina Surgery Center and Proliance Highlands Surgery Center.

<sup>19</sup> The Retina Surgery Center, CN #1565– 2 ORs and Proliance Highlands Surgery Center, CN #1597– 4 ORs.

dedicated outpatient ORs to a surplus of 3.61 mixed-use ORs. As previously stated, special purpose rooms including those dedicated to endoscopy, cystoscopy, interventional pain management, heart surgery, and delivery rooms are specifically excluded from the numeric need methodology. Therefore, even though the numeric methodology shows a surplus of 3.61 mixed use ORs, that surplus would not be a basis to deny this application.

The department next considered the following arguments presented by EvergreenHealth: *“While EvergreenHealth needs prior CN approval...the determination of “need” is not limited to the methodology contained in the WAC. Our waiting list and data on prevalence and incidence of pain confirms that our proposed relocation of rooms is both needed and appropriate.”* The department’s ASC methodology specifically excludes special purpose rooms in the calculation of need. Special purpose rooms include those dedicated to endoscopy, cystoscopy, interventional pain management, heart surgery, and delivery rooms. [source: application pp. 17-18]

EvergreenHealth stated these ORs will be built as Class B operating rooms, and will not appropriate for surgical services beyond interventional pain management surgical services. The program confirmed with Construction Review Services that the proposed ORs would be designed for pain management procedures.<sup>20</sup>

In their application, EvergreenHealth provided the following information related to current utilization to justify approval of these ORs, absent numeric need: *“EvergreenHealth’s experience is that demand for pain care has significantly outpaced our ability to provide access and treatment... over the period of 2010-2015, interventional procedure volumes increased 25%, or about 5% per year. EvergreenHealth’s current wait time for an appointment is approximately 30 days. However, this wait time excludes the backlog of patients awaiting follow up care; meaning that the back-log is even greater.”* [source: application, p. 16]

Based on the source information evaluated the department concludes, **this sub-criterion is met.**

WAC 246-310-270(6)

WAC 246-310-270(6) requires a minimum of two ORs in an ASC. As EvergreenHealth has proposed that EvergreenHealth Pain Center will have three ORs, this standard is met. [source: February 18, 2016 supplemental information p. 1]

There was no public comment submitted related to this sub-criterion. In summary, based on the department’s numeric methodology, numeric need for additional OR capacity in the East King County planning area is demonstrated. The number of ORs proposed by the applicant does not exceed the planning area need. Further, the applicant meets the standard under WAC 246-310-270(6). **This sub-criterion is met.**

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<sup>20</sup> Based on Construction Review Services Technical Assistance #60629448, 2/26/2016

- (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, for CN purposes, it is considered a new provider of health care services as it establishes this new ASC under the hospital license. To demonstrate that all residents of the service area would have access to the services provided by the EvergreenHealth Pain Center, the applicant must demonstrate availability to all residents of the service area, including low-income, racial and ethnic minorities, handicapped and other underserved groups. They must also participate in the Medicare and Medicaid programs and commit to providing a percentage of charity care in the planning area.

#### Admission 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 a 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 their current Admission and Non-Discrimination policies. Collectively, these two policies speak to the admission procedures as well as the rights accorded to all patients upon their admission to any EvergreenHealth facility, including the proposed ASC. These policies include the required non-discrimination language referenced above that assures access to treatment, and address the requirements in WAC 246-330-125. Both of the policies provided with the application are consistent with the policies posted on the EvergreenHealth website, as well as with the policies submitted to the Department of Health. [source: application exhibit 10]

#### Medicare and Medicaid Programs

The department uses Medicare certification to determine whether the elderly would have access, or continue to have access to services. 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 Medical Center is both Medicare (50-0124) and Medicaid (3351004) certified.

The applicant has stated that they currently provide 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 their current and projected payer mix in Table 5, below. [sources: application p. 3, February 18, 2016 supplemental information p. 2]

**Table 5**  
**EvergreenHealth Payer Mix**

<b>Payer Group</b>	<b>Pain Procedures (current and projected)</b>
Medicare	34.2%
Medicaid	3.8%
Commercial	58.2%
Self-Pay/Other	3.8%

[source: February 18, 2016 supplemental information p. 3]

EvergreenHealth intends to license the EvergreenHealth Pain Center under the hospital license. Since the hospital currently provides services (including interventional pain management) to both Medicare and Medicaid populations, the department expects that the new ASC would also be available to Medicare and Medicaid patients.

Charity Care

A facility’s charity care policy should show a willingness of a provider to provide services to individuals who do not have private insurance, do not qualify for Medicare, or do not qualify for Medicaid. With the passage of the Affordable Care Act (ACA), the amount of charity care is expected to decrease, but not disappear. 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 its current Charity Care Policy that is used for all of its healthcare facilities. It is the policy approved by the department and posted on the department’s website. EvergreenHealth stated this same policy will be used at the EvergreenHealth Pain Center if this project is approved. The policy includes the process one must use to access charity care.

The policy provided by EvergreenHealth does not include any reference to the proposed surgery center by name or by inference, but does include its other ambulatory surgical center, Evergreen Surgical Clinic Ambulatory Surgery Center. Therefore, the department considers this policy to be a draft. If approved, the department would attach a condition requiring EvergreenHealth to update its charity care policy to include the EvergreenHealth Pain Center in the same manner as the current policy includes Evergreen Surgical Clinic Ambulatory Surgery Center. [sources: application pp. 67-70, EvergreenHealth website, DOH website]

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 (Hospital and Patient Data Section) divides Washington State into five regions: King County, Puget Sound, Southwest, Central, and Eastern. The EvergreenHealth Pain Center would be located in East King County within the King County region. Currently, there are 21 hospitals operating in the region. Of those, four are acute care hospitals located in East King County and could be affected by approval of this project.<sup>21</sup>

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<sup>21</sup> Includes EvergreenHealth in Kirkland, Overlake Hospital Medical Center in Bellevue, Snoqualmie Valley Hospital in Snoqualmie, and Swedish Health Services – Issaquah in Issaquah.

EvergreenHealth projected that they will provide charity care at 0.10% of total revenue and 0.20% of adjusted revenue. 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 2012, 2013, and 2014.<sup>22</sup> Table 6 below is a comparison of the historical average charity care for the King County Region as a whole and the historical four hospitals combined average.<sup>23</sup>

**Table 6  
Charity Care – Three Year Average**

	<b>% of Total Revenue</b>	<b>% of Adjusted Revenue</b>
<b>King County Region</b>	1.73%	3.33%
<b>Four Hospitals Combined</b>	1.36%	2.45%
<b>EvergreenHealth</b>	0.90%	1.62%

[sources: HPDS Charity Care 2012-2014, February 18, 2016 supplemental information p. 37]

As shown above, the three year regional average is higher than the calculated average provided by the four hospitals in the planning area and EvergreenHealth alone. Not shown separately in table 6, is EvergreenHealth’s 2014 charity care percentages which were 0.41% of total revenue and 0.77% of adjusted revenue. These percentages are a decrease from the previous year. 2013 charity care was provided at 0.89% of total revenue and 1.65% of adjusted revenue. The projected percentage of charity care at the EvergreenHealth Pain Center is also lower than the total and adjusted percentage of charity care for both the region and four combined hospitals.

EvergreenHealth provided the following statement regarding its low charity care percentages

*“Beginning in 2014, with the establishment of the Healthcare Exchange, EvergreenHealth’s percentage of charity care declined considerably. Therefore, the charity care estimates, included in the pro forma (Exhibit 11), are consistent with EvergreenHealth’s most recent experience rather than the 2012-2014 averages. EvergreenHealth has a documented history of providing charity care to all eligible patients. No changes are proposed with this project.”*  
[source: application p. 23]

The 2014 Report of Charity Care in Washington Hospitals offers the following analysis of decreased charity care across Washington State Hospitals with the introduction of the ACA:

*“Implementation of the ACA is changing the landscape of charity care in Washington State. More patients have health coverage, either through Medicaid expansion or through purchase*

<sup>22</sup> As of the writing of this evaluation, year 2015 charity care data is not yet available

<sup>23</sup> Harborview Medical Center is subsidized by the state legislature to provide charity care services. Charity care percentages for Harborview make up almost 50% of the total percentages provided in the King County Region. Therefore, for comparison purposes, the department excludes Harborview Medical Center’s percentages.

of private coverage. As a result, Washington saw the first decline in the amount of charity care reported by hospitals since the department began gathering these data...

As hospitals begin to report all data for calendar year 2014, the ACA becomes fully effective, and the number of insured stabilizes, we will likely see a continued decline in charity care in Washington over the next few years before it levels off again.” [source: 2014 Washington State Charity Care in Washington Hospitals – January 2016]

Table 7 shows the change in charity care between 2013 and 2014 for the four hospitals in East King County.

**Table 7  
Charity Care as a Percentage of Total Revenue  
For 2013 and 2014**

	<b>2013</b>	<b>2014</b>	<b>Difference</b>
EvergreenHealth	0.89%	0.41%	-0.48%
Overlake Hospital Medical Center	1.93%	1.61%	-0.32%
Snoqualmie Valley Hospital	1.24%	2.35%	1.11%
Swedish Health Services – Issaquah	1.66%	1.05%	-0.61%

[source: HPDS Charity Care 2013-2014]

The department also considered 2015 quarterly report data from HPDS. The quarterly data for 2015 is not finalized and changes may occur, but it does allow for a reasonable comparison between the two years. Table 8 compares 2014 data to the 2015 quarterly data for the four hospitals.

**Table 8  
Charity Care as a Percentage of Total Revenue  
For 2014 and 2015 Quarterly Data**

	<b>2014</b>	<b>2015</b>	<b>Difference</b>
EvergreenHealth	0.41%	0.33%	-0.08%
Overlake Hospital Medical Center	1.61%	0.97%	-0.64%
Snoqualmie Valley Hospital	2.35%	not reported	n/a
Swedish Health Services – Issaquah	1.05%	0.75%	-0.30%

[source: HPDS Charity Care 2014, 2015 Quarterly Reports]

The department compared annual hospital budget reports submitted to the department to the actual levels of charity care provided in the prior year. Neither Snoqualmie Valley Hospital nor Swedish Health Services – Issaquah provided budget reports for 2015 or 2016. Budgeted charity care data for 2015 and 2016 is included in Table 9 below, along with 2014 and 2015 actuals:

**Table 9**  
**Charity Care as a Percentage of Total Revenue**  
**Budget and Actuals 2014-2016**

	<b>2014 Actual</b>	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2016 Budget</b>
EvergreenHealth	0.41%	0.44%	0.33%	0.31%
Overlake Hospital Medical Center	1.61%	1.51%	0.79%	0.72%

[sources: HPDS Charity Care 2014, 2015 Quarterly Reports, 2015 and 2016 Hospital Budget Reports]

Based on these findings, it appears that two of the hospitals in East King County have based their anticipated levels of charity care on actual performance in the prior budget year.

The Certificate of Need program recognizes that charity care in Washington State is expected to continue to decline as more individuals receive healthcare coverage under the ACA, but is not expected to reach zero. The application states EvergreenHealth expects to provide charity care at 0.10% of total revenue, 0.20% of adjusted revenue. In actual dollars, this represents \$15,161 out of total patient services revenue of \$15,114,532 in 2019 (year 3 of operation). EvergreenHealth assumed 7,759 procedures in 2019 with an average of \$971 net revenue expected per procedure. Only 15.6 complete procedures would be covered by charity care per year by following this standard. EvergreenHealth’s projected charity care level for the EvergreenHealth Pain Center is not projected to be at a level that meets or exceeds the regional average. It is also projected to be less than the level of charity care of the hospital. [sources: application p. 7, February 18, 2016 supplemental information p. 37]

The department evaluated the impact on the ASC if it provided charity at both the regional average (1.36%) and at the average budgeted hospital level of charity care (0.98% for years 2013-2015). The results of this analysis are summarized in Table 10 below:

**Table 10**  
**Impact of Charity Care Percentages Changes Based On Total Revenue**  
**EvergreenHealth Pain Center**

	<b>Charity Care Dollars at 0.10%</b>	<b>Charity Care Dollars at 1.36%</b>	<b>Charity Care Dollars at 0.98%</b>
<b>2017</b>	\$13,752.00	\$186,456.33	\$134,358.24
<b>2018</b>	\$14,440.00	\$195,781.79	\$141,078.06
<b>2019</b>	\$15,161.00	\$205,557.64	\$148,122.41
	<b>Net Revenue exceeding expenses with charity care at 0.10%</b>	<b>Net Revenue exceeding expenses with charity care at 1.36%</b>	<b>Net Revenue exceeding expenses with charity care at 0.98%</b>
<b>2017</b>	\$2,015,355.00	\$1,842,650.67	\$1,894,748.76
<b>2018</b>	\$2,276,147.00	\$2,094,805.21	\$2,149,508.94
<b>2019</b>	\$2,549,533.00	\$2,359,136.36	\$2,416,571.59

[source: February 18, 2016 supplemental information p. 37]

As shown on the previous page, the operation of the EvergreenHealth Pain Center is still financially viable even if the charity care level is increased. Based on the above analysis, if this project is approved, the department would attach a condition requiring EvergreenHealth to make reasonable efforts to provide charity care at a level consistently with the average budgeted charity care projected by the hospital for the most recent three years. Currently, for years 2013-2015 that amount is 0.98% of total revenue. This condition would require EvergreenHealth to maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department would require that these records be available upon request.

There was no public comment submitted related to this sub-criterion. Based on the source documents reviewed in the application and the applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes that all residents including low income, racial and ethnic minorities, handicapped, and other underserved groups would have access to the services provided by the applicant. Therefore, **this sub-criterion is met.**

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

Based on the source information reviewed and applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes that EvergreenHealth has **met** the financial feasibility criteria in WAC 246-310-220.

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

WAC 246-310 does not contain specific WAC 246-310-220(1) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what the operating revenues and expenses should be for a project of this type and size. Therefore, using its experience and expertise the department evaluates if the applicant's pro forma 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 determine if EvergreenHealth would meet its immediate and long range operating costs, the department reviewed the assumptions used as a basis for its financial projections. Additionally, the department reviewed the EvergreenHealth Pain Center's financial statements for its first three full years of operation. Summarized below are the assumptions used by Evergreen as the basis for projecting utilization and the number of procedures it expects.

- Currently, Evergreen Surgery Center provides interventional pain management services in three dedicated ORs.
- Procedures are limited to interventional pain management and include: epidural injections, facet joint injections, neurolytic blocks, and spinal cord stimulation.
- EvergreenHealth does not intend to expand the services provided beyond interventional pain management.

- Using data produced by the National Center for Health Statistics and the Institute of Medicine, EvergreenHealth assumed that pain prevalence will continue to increase, along with a commensurate demand for interventional pain management procedures.
- EvergreenHealth assumed the number of procedures provided annually will increase at a rate even greater than the approximate 5% per year between 2010 and 2015 due to the addition of two new physicians in 2016.
- Evergreen assumes that volumes will continue to grow as OR space becomes available, as this will relieve the “backlog of patients awaiting an appointment or treatment. The current wait time for an appointment is approximately 30 days.”

Table 11, below, shows historical and projected utilization of pain management procedures provided at Evergreen Surgery Center, and to be provided at EvergreenHealth Pain Care:

**Table 11**  
**EvergreenHealth Pain Management Services**  
**Historical and Projected Utilization**

Year	Number of Procedures
2010	4,821
2011	4,345
2012	4,622
2013	5,154
2014	5,921
2015 <sup>24</sup>	5,528
2016	6,703
2017	7,038
2018	7,390
2019	7,759

[source: application p. 7]

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 the EvergreenHealth Pain Center. Costs of operation are not expected to change with the relocation of interventional pain management services, therefore the assumptions regarding projected revenue and expenses are based on actuals, with the addition of one RN. It is noted that all financial statements assume that the ASC would become operational effective January 1, 2017. Year 2017 is the first full calendar year and 2019 is year three. The projections are shown in Table 12 below. [source: February 18, 2016 supplemental information p. 37]

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<sup>24</sup> Annualized, and “slightly lower than 2014 due to a change in the availability [addition of administrative/medical directorship duties] of a key provider.” [source: application p. 7, February 18, 2016 supplemental information p. 2]

**Table 12**  
**EvergreenHealth Pain Center**  
**Projected Revenue and Expenses Years 2017 through 2019**

	<b>2017</b>	<b>2018</b>	<b>2019</b>
Net Revenue	\$6,830,481	\$7,172,102	\$7,530,222
Total Expenses	\$4,815,126	\$4,895,955	\$4,980,689
<b>Net Profit/(Loss)</b>	<b>\$2,015,355</b>	<b>\$2,276,147</b>	<b>\$2,549,533</b>
<b>Net Profit/(Loss) per Procedure</b>	<b>\$286.35</b>	<b>\$308.00</b>	<b>\$328.59</b>

[source: February 18, 2016 supplemental information p. 37]

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 both operating and non-operating expenses, including salaries and wages, benefits, insurance, rentals and leases, allocated costs (overhead) and depreciation. As shown above, EvergreenHealth anticipates that the relocation of interventional pain management services to the dedicated ASC will be profitable.

EvergreenHealth identified Dr. Ray Baker as the medical director, who is an EvergreenHealth employee. There is no associated medical director contract. EvergreenHealth provided a job description that outlines all responsibilities. [source: application pp. 39-40]

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 stated previously, the estimated capital expenditure for this project is \$6,660,343 and is related to the remodel of the 4th floor of the DeYoung Pavilion to accommodate 3 new ORs dedicated to interventional pain management. Since the type of procedures is not expected to change with the relocation from Evergreen Surgery Center, EvergreenHealth assumed the current payer mix would not change. The projected payer mix is shown in Table 13 below. [source: application pp. 8-9, February 18, 2016 supplemental information p. 9]

**Table 13**  
**EvergreenHealth Interventional Pain Management Services**  
**Current/Projected Payer Mix**

Payer Source	Percentage
Medicare	34.2%
Medicaid	3.8%
Commercial	58.2%
Other <sup>25</sup>	3.8%
<b>Total</b>	<b>100.0%</b>

[source: February 18, 2016 supplemental information p. 3]

Table 9 demonstrates that Medicare and Medicaid patients would continue to be treated at the ASC and make up 38% of the payer source. Commercial insurers make up the majority at 58.2%.

Any increase in operating costs upon moving interventional pain management services from Evergreen Surgery Center to the EvergreenHealth Pain Center will be associated with the increase in the number of procedures being performed in the existing operating rooms and therefore are not expected to have an unreasonable impact on cost and charges.

EvergreenHealth provided the following statement to demonstrate their adherence to this sub-criterion: *“The capital costs for the project are necessary to assure that the program can grow to support community need, operating costs are already being incurred throughout the organization and consolidated, and charges for services will remain the same.”* [source: application p. 26]

There was no public comment submitted related to this sub-criterion. Based on the above information, the department concludes **this sub-criterion is met.**

(3) *The project can be appropriately financed.*

WAC 246-310 does not contain specific source of financing criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs how a project of this type and size should be financed. Therefore, using its experience and expertise the department compared the proposed project’s source of financing to those previously considered by the department.

As the DeYoung Pavilion is an existing facility owned by EvergreenHealth, the costs of this project are solely attributed to the remodel to accommodate ORs, moveable equipment, and associate fees and taxes, which are broken down in Table 14:

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<sup>25</sup> “Other” includes self-pay and other government payers

**Table 14**  
**EvergreenHealth Pain Center**  
**Capital Expenditure Breakdown**

Item	Cost	% of Total
Building Construction	\$2,980,834	44.75%
Moveable Equipment	\$2,410,256	36.19%
Architect/Engineer Fees	\$626,966	9.41%
Consulting Fees	\$70,160	1.05%
Supervision and Inspection	\$6,013	0.09%
Financing Costs	\$53,964	0.81%
Sales Tax	\$512,150	7.70%
<b>Total Project Cost</b>	<b>\$6,660,343</b>	<b>100.00%</b>

The establishment of the EvergreenHealth Pain Center will be financed through limited tax general obligation (LTGO) bonds. EvergreenHealth provided a letter from the investment bank PiperJaffray, confirming the issuance, rate, and terms of the bonds. In 2015, EvergreenHealth issued \$54,000,000 in LTGO bonds. This amount is intended to finance the establishment of the Musculoskeletal Center (and associated EvergreenHealth Pain Center), the addition of laboratory space within the hospital, update the hospital system’s infrastructure, expand the Canyon Park and Kenmore Clinics, establish clinics in Mill Creek and Redmond Ridge, and to complete capital improvements and build out shelled space on the hospital campus. These LTGO bonds have interest rates between 4% and 5% and will mature between December 11, 2031 and December 1, 2037.

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

Based on the source information reviewed, the department concludes the proposed source of funding for this project is appropriate. **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 concludes that EvergreenHealth has **met** the structure and process (quality) 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.

This project would establish a new facility, but the services to be provided are already offered through EvergreenHealth. The required staff are already in place; when the EvergreenHealth Pain Center opens, there would be no disruption or change in employer for

these FTEs. The applicant expects that staffing will increase slightly when the surgery center begins operation and more physicians begin to offer services. Table 15 shows staffing levels for years 2016-2019:

**Table 15  
EvergreenHealth Pain Center FTEs**

	2016 Current	2017 Change	2018 Change	2019 Change	2019 Total
		Year 1	Year 2	Year 3	
Administration	1.0	0	0	0	<b>1.0</b>
RNs	4.0	1.0	0	0	<b>5.0</b>
Techs	3.0	0	0	0	<b>3.0</b>
Unit Technicians	3.0	0	0	0	<b>3.0</b>
Collections	2.0	0	0	0	<b>2.0</b>
Medical Records	1.0	0	0	0	<b>1.0</b>
Patient Registration Supervisor	1.0	0	0	0	<b>1.0</b>
Admissions Clerk	1.0	0	0	0	<b>1.0</b>
<b>Total Increase</b>	--	<b>1.0</b>	<b>0</b>	<b>0</b>	--
<b>Total FTE's</b>	<b>16.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>

[source: application p. 28, February 18, 2016 supplemental information p. 6]

EvergreenHealth does not anticipate facing any difficulty in recruiting and maintaining the needed staff to support surgical volume increases after Certificate of Need approval.

[source: application p. 29]

There was no public comment submitted related to this sub-criterion. Given that pain management surgical services are currently in operation with the majority of key staff in place, and that staffing increases will be minimal, the department concludes that the ASC would be adequately staffed. Based on the source information reviewed, the department concludes **this sub-criterion is met.**

- (2) The proposed service(s) will have an appropriate relationship, including organizational relationship to ancillary and support services, and ancillary and support services will be sufficient to support any health services included in the proposed project.

WAC 246-310 does not contain specific WAC 246-310-230(2) 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 relationships, ancillary and support services should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials contained in the application.

Since interventional pain management services are already offered on an outpatient basis under the hospital license, ancillary and support services are already in place. The proposed change in location for these services does not represent a change or expansion of services. All ancillary and support services will continue to be provided through the hospital. [source: application pp. 29-30]

There was no public comment submitted related to this sub-criterion. The department concludes that there is reasonable assurance that the EvergreenHealth Pain Center will continue its relationships with ancillary and support services and this project would not negatively affect those relationships. **This sub-criterion is met.**

- (3) *There is reasonable assurance that the project will be in conformance with applicable state licensing requirements and, if the applicant is or plans to be certified under the Medicaid or Medicare program, with the applicable conditions of participation related to those programs.*

WAC 246-310 does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2)(a)(i). There are 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 since 1972 through its hospital in Kirkland, physician clinics throughout King County, and its home health and hospice services (also based in Kirkland). EvergreenHealth entered an affiliation agreement effective March 1, 2015 for the management of EvergreenHealth Monroe (formerly Valley General Hospital) in Snohomish County. EvergreenHealth does not operate any healthcare facilities outside of Washington State. [source: application, pp. 1, 3]

As a part of this review, the department must conclude that the proposed services provided by EvergreenHealth at this new ASC would be provided in a manner that ensures safe and adequate care to the public.<sup>26</sup> To accomplish this task, the department reviewed the quality of care compliance history for all healthcare facilities owned, operated, or managed by EvergreenHealth.

EvergreenHealth is currently accredited by the Joint Commission.<sup>27</sup> Using the department's internal database, the department obtained survey data for EvergreenHealth in Kirkland, EvergreenHealth Monroe, its home health and hospice agencies, and its hospice care center. Since 2013, three surveys have been conducted and completed by Washington State surveyors. All surveys resulted in no significant non-compliance issues. [source: Department of Health Office of Investigation and Inspections]

The applicant provided the names and license numbers of all credentialed staff. The following physicians will practice at the EvergreenHealth Pain Center:

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<sup>26</sup> WAC 246-310-230(5)

<sup>27</sup> The Joint Commission accredits and certifies more than 20,000 health care organizations and programs in the United States. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards. Joint Commission accreditation is awarded to a health care organization that is in compliance with all standards at the time of the onsite survey or has successfully addressed requirements for improvement in an Evidence of Standards Compliance within 45 or 60 days following the posting of the Accreditation Summary Findings Report. [source: Joint Commission website]

**Table 16**  
**EvergreenHealth Pain Center**  
**Physicians and Surgeons**

<b>Name</b>	<b>Credential Number</b>	<b>Recorded Sanctions?</b>
Ray Baker*	MD00026153	No
Paul Dreyfuss	MD00040561	No
Douglas Burns	MD00035666	No
Charles Chabal	MD00022772	No
Yung Lee	OP00002059	No
Alison Stout	OP00001894	No
Brandon Messerli	OP60104140	No
Ryan Zehnder	MD60222712	No
Louis Jacobson	MD00020499	No
Adrielle Fry	MD60401698	No
Stephanie Kim	new provider	No

[sources: DOH Provider Credential Search, February 18, 2016 supplemental information p. 7]

Dr. Ray Baker, highlighted above with an asterisk, will serve as the medical director for the EvergreenHealth Pain Center. Dr. Baker is an employee of EvergreenHealth. There will be no separate contract or specific compensation for the medical director duties. [source: application pp. 4, 39-40]

Given the compliance history of the health care facilities owned and operated by EvergreenHealth, the staff compliance history and facility accreditation, 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 EvergreenHealth Pain Center would operate in compliance with state and federal requirements. Therefore, **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 direct 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.

To demonstrate compliance with this sub-criterion, EvergreenHealth provided the following rationale:

*“Over the past five years, EvergreenHealth’s physician development efforts (particularly in orthopedics, neurosciences) and its resultant patient mix has led EvergreenHealth to conclude that the most cost-effective and patient-centered way to coordinate care delivery for these specialty areas is to create a multi-disciplinary Musculoskeletal Center (the Center).... Evergreen intends to “house” orthopedics, spine care, physiatry, neurosurgery, interventional pain management and podiatry in a single location. Evergreen also intends to create within the new space, a procedure area for interventional pain management. The Center will offer patient convenience as patients will be able to have their clinic visit with any of the above specialties, have routine imaging, and have their procedure performed-all in the same location. Co-locating all of these specialties will also allow for collaboration among the providers and continuity across patient records (all records will be maintained within Center for inpatient, outpatient and procedural care).*

*The selected location for the Center is the DeYoung Pavilion, an EvergreenHealth owned medical office building.... In reality, this “new” ASC is simply the relocation of EvergreenHealth’s existing interventional pain procedure area from space physically connected to the main hospital to a location across the street from the main hospital. This CN is not proposing a new service. This project is subject to prior CN review and approval **only** because the existing program will be relocated to a site not physically connected to the main hospital.*

*The interventional pain service is currently a hospital-based outpatient department, and upon relocation will be retained as a hospital-based outpatient department. The new location is 120 yards from the main hospital.” [source: application pp. 8-9]*

The services to be provided at this ASC are already a resource for the planning area, available from within Evergreen Surgery Center – CON approved in 1981 under the hospital license. As such, the ASC’s working relationships with the existing healthcare network in East King County have already been established. Since the ASC services will remain on campus at the Kirkland location, the department expects these relationships to continue. As discussed above under WAC 246-310-230(2), EvergreenHealth has stated that all ancillary and support agreements will not be affected by Certificate of Need approval.

As an existing provider, approval of this project will not result in a fragmentation of outpatient surgical services.

No public comment was received by any other providers of surgical services – hospitals or ASCs – which further supports that this project will not fragment existing services.

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.

WAC 246-310 does not contain specific WAC 246-310-230(5) criteria as identified in WAC 246-310-200(2)(a)(i). There are 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. The department's review of this sub-criterion includes historical quality of care of the applicant to assess whether the applicant's history could be a positive indicator of the future.

This sub-criterion is evaluated in sub-section (3) above, and based on that evaluation; the department concludes that **this sub-criterion is 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 concludes that EvergreenHealth has **met** the cost containment criteria in WAC 246-310-240.

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

To determine if a proposed project is the best alternative, the department takes a multi-step approach. Step one determines if the application has met the other criteria of WAC 246-310-210 through 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 met the applicable criteria, the department would move to step two in the process and assess the other options the applicant or applicants considered prior to submitting the application under review. If the department determines the proposed project is better or equal to other options the applicant considered before submitting their application, the determination is either made that this criterion is met (regular or expedited reviews), or in the case of projects under concurrent review, move on to step three.

Step three of this assessment is to apply any service or facility specific criteria (tie-breaker) contained in WAC 246-310. The tiebreaker 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 criteria as directed by WAC 246-310-200(2)(a)(i), then the department would look to 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.

### **Step One:**

The department concluded that EvergreenHealth's application meets the review criteria under WAC 246-310-210, 220, and 230. Therefore, further analysis of this project is provided in step two.

### **Step Two:**

As this is an existing service, the only alternative identified by EvergreenHealth was to maintain the status quo by continuing to house interventional pain management services within Evergreen Surgical Center. This would be accomplished either by continuing to operate Evergreen Surgical Center as a 9 OR facility with 3 rooms dedicated to interventional pain management, or to build out more operating rooms on the hospital campus. EvergreenHealth provided the following statement in support of this project rather than electing to maintain the status quo or expand the existing facility:

*The status quo option was clearly the "easiest" in terms of regulatory requirements, but was ultimately rejected for several reasons. First, volumes at Evergreen Surgical Center (ESC) are increasing, and we also expect significant growth in interventional pain procedures over the next few years. Our analysis demonstrated that retaining the pain procedure rooms at ESC will constrain ESC's throughput and capacity in the near term future. Further, our analysis confirmed that pain procedures, because they do not require the same level of surgical environment are currently occupying valuable surgery center space that they do not need to.*

*By relocating interventional pain to the new Musculoskeletal Center, EvergreenHealth is effectively freeing up space at ESC and creating new surgical capacity. Our analysis suggests that the freed-up space will allow ESC to grow for several more years before having to physically build operating rooms. The cost to build new operating rooms at ESC is far more expensive than building interventional pain procedure space. For this reason, the best most cost effective solution is to co-locate within the Musculoskeletal Center. Further, from a care coordination and patient experience perspective, having the procedure rooms located within the larger Musculoskeletal Center was also perceived to be a benefit. [source: application p. 32]*

### **Department Evaluation**

EvergreenHealth provided rationale to support the relocation of interventional pain management procedures from Evergreen Surgery Center to the new Musculoskeletal Center in the DeYoung Pavilion. EvergreenHealth stated that providing these services in a separate ASC, dedicated to interventional pain management, is a more efficient and cost-effective use of its existing OR space.

Given that the alternatives to this project would be to do nothing, or to expand the existing hospital space at greater cost, the department concludes that the project as described in this evaluation is the best available alternative for the community.

### **Step Three:**

As EvergreenHealth was the sole applicant, step three was not necessary

Based on the information stated above, **this sub-criterion is met.**

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

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

As stated in the project description portion of this evaluation, this project involves construction. This sub-criterion is evaluated within the financial feasibility criterion under WAC 246-310-220(2). **This sub-criterion is met.**

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

As stated in the project description portion of this evaluation, this project involves construction. This sub-criterion is evaluated within the financial feasibility criterion under WAC 246-310-220(2). **This sub-criterion is met.**

# APPENDIX A

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

Facility	Credential Number	ZIP Code	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Inpatient min/case	2014 Inpatient Cases in Mixed Use ORs	2014 Inpatient Mins. In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Mins.	Data Source
EvergreenHealth	HAC.FS.00000164	98034		0	0	8	113.0	6,989	790,045				Data obtained from Year 2014 survey.
Overlake Hospital Medical Center	HAC.FS.00000131	98004	4	0	1	18	115.1	11,543	1,328,058	50	231	11,550	Data obtained from Year 2014 survey. Mins/surg equaled 9. Not likely correct. Used default 50 min/case
Snoqualmie Valley Hospital	HAC.FS.00000195	98065	1	0	0	1	30.0	181	5,430				Data obtained from Year 2014 survey.
Swedish Medical Center-Issaquah	HAC.FS.60256001	98029	4	0	0	12	97.0	4,705	456,336				Data obtained from Year 2014 survey.
Aesthetic Facial Plastic Surgery, PLLC	ASF.FS.60429354	98004	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 2015 license renewal
Aesthetic Physicians dba Sono Bello	ASF.FS.60291172	98004	0	0	2	0	0.0	0	0	111.5	548	61,081	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Allure Laser Center	ASF.FS.60574719	98033	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	ASF.FS.60278641	98004	0	0	1	0	0.0	0	0	133.8	86	11,508	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Athenix Body Sculpting Institute	ASF.FS.60329939	98005	0	0	2	0	0.0	0	0	50.0	639	31,950	Year 2014 data obtained from year 2015 survey. Did not provide minutes/case. Used 50 x # of cases.
Aysel K. Sanderson, MD, PS	ASF.FS.60101705	98033	0	0	1	0	0.0	0	0	219.0	83	18,180	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Bellevue Plastic Surgery Center [Newvue]	ASF.FS.60320007	98004	0	0	1	0	0.0	0	0	152.6	154	23,503	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Bellevue Spine Specialist	ASF.FS.60100993	98005	0	0	1	0				50.0	2,500	125,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. 2009 data - still active per facility webiste <a href="http://www.bellevuespinespecialist.com/">http://www.bellevuespinespecialist.com/</a>
Bellevue Surgery Center (Wash Center for Pain M)	ASF.FS.60287715	98004	0	0	2	0	0.0	0	0	14.1	915	12,920	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Bel-Red Ambulatory Surgical Facility	ASF.FS.60102983	98004	0	0	2	0	0.0	0	0	50.0	200	10,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for 2015 license renewal
Center for Plastic Surgery (David Stephens, MD)	ASF.FS.60134975	98004	0	0	1	0	0.0	0	0	50.0	151	7,550	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for 2015 license renewal
Cosmetic Surgery & Dermatology of Issaquah	ASF.FS.60100200	98027	0	0	2	0	0.0	0	0	60.0	1,011	60,660	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Eastside Endoscopy Center-Bellevue	ASF.FS.60100024	98004						ENDOSCOPY ORS & MINUTES NOT COUNTED-CN APPROVED					
Eastside Endoscopy Center-Issaquah	ASF.FS.60100200	98027						ENDOSCOPY ORS & MINUTES NOT COUNTED-CN APPROVED					
Eastside Surgery Center	ASF.FS.60477711	98027	1	0	2	0	0.0	0	0	50.0	186	9,300	Year 2014 data obtained from year 2015 survey. Minutes/case too low for facility providing orthopedic, podiatric, and ophthalmologic (186 cases, 1290 minutes reported = 6.9 minutes/case). Calculated using 50 x # of cases
Egrari Plastic Surgery Center	ASF.FS.60307710	98004	0	0	1	0	0.0	0	0	123.1	322	39,630	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Evergreen Endoscopy Center	ASF.FS.60103003	98034						ENDOSCOPY ORS & MINUTES NOT COUNTED					
Evergreen Surgical Center (under HAC license)	HAC.FS.00000164	98034	0		9					62.3	5,191	323,149	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
EvergreenHealth Ambulatory Surgical Care (Evergreen Surgical Clinic ASC)	ASF.FS.60584768	98034	0	0	3	0	0.0	0	0	71.1	1,177	83,730	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated. NB: 2015 CHOW "EvergreenHealth Ambulatory Surgical Care"
Group Health Cooperative-Bellevue	ASF.FS.60100954	98004	1	0	6	0	0.0	0	0	62.9	5,082	319,500	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
John H Brunzman	ASF.FS.60102987	98073	0	0	1	0				50.0	100	5,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. 2012 data - still active per facility webiste <a href="http://www.foot-clinic.net/">http://www.foot-clinic.net/</a>
Naficy Plastic Surgery and Rejuvenation Center	ASF.FS.60101790	98004	0	0	2	0	0.0	0	0	150.0	593	88,950	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Northwest Center for Aesthetic Plastic Surgery	ASF.FS.60101127	98004	0	0	1	0	0.0	0	0	50.0	200	10,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for 2015 license renewal
Northwest Laser and Surgery Center	ASF.FS.60277121	98005	0	0	2	0	0.0	0	0	50.0	466	23,300	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated. 15 min/surg not likely, used 50 X cases
Northwest Nasal Sinus Center	ASF.FS.60118035	98033	0	0	2	0	0.0	0	0	37.2	1,546	57,543	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Overlake Reproductive Health	ASF.FS.60350164	98004	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 2014 license renewal
Overlake Surgery Center	ASF.FS.60101029	98004	0	0	4	0	0.0	0	0	82.4	2,869	236,449	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Pacific Cataract and Laser Institute-Bellevue	ASF.FS.60101107	98004	0	0	2	0	0.0	0	0	50.0	4,285	214,250	Year 2014 data obtained from year 2015 survey. Did not provide minutes/case. Used 50 x # of cases.
Plastic Surgery Northwest	ASF.FS.60102710	98034	0	0	2	0	0.0	0	0	50.0	203	10,150	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for 2012 license renewal. NB: per ILRS, closed as of 6/24/2015
Prolifance Eastside Surgery Center	ASF.FS.60101042	98034	0	0	4	0	0.0	0	0	67.0	3,976	266,531	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.



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

Facility	Credential Number	ZIP Code	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Inpatient min/case	2014 Inpatient Cases in Mixed Use ORs	2014 Inpatient Mins. In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Mins.	Data Source
Proliance Highlands Surgery Center	ASF.FS.60101051	98029	0	0	4	0	0.0	0	0	70.2	4,572	320,923	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated. Recent CON Approval (CN #1567 - add 1 OR for facility total of 4)
Redmond Ambulatory Surgery Center, LLC	n/a	98053			3								
Remington Plastic Surgery Center	ASF.FS.60103007	98034	0	0	1	0	0.0	0	0	150.6	199	29,970	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Retina Surgery Center (The)	ASF.FS.60278648	98004	0	0	2	0	0.0	0	0	43.1	1,327	57,198	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated. Recent CON Approval (CN #1565 - add 1 OR for facility total of 2)
Sammamish Center for Facial Plastic Surgery	ASF.FS.60100119	98074	0	0	1	0	0.0	0	0	120.0	28	3,360	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Seattle Children's Bellevue	(under hospital license)	98004	0	0	2	0	PEDIATRIC ORS & MINUTES NOT COUNTED						Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
SoGab Surgery Center	ASF.FS.60107297	98033	0	0	1	0	0.0	0	0	178.2	101	18,000	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Stern Center for Aesthetic Surgery (The)	ASF.FS.60099126	98004	0	0	1	0	0.0	0	0	50.0	132	6,600	Year 2014 data obtained from year 2015 survey. Did not provide minutes/case. Used 50 x # of cases.
Virginia Mason-Bellevue ASC	ASF.FS.60101657	98004	1				ENDOSCOPY ORS & MINUTES NOT COUNTED						
Virginia Mason-Issaquah ASC	ASF.FS.60101658	98027	1				ENDOSCOPY ORS & MINUTES NOT COUNTED						
Washington Institute Orthopedic Center	ASF.FS.60101120	98034	0	0	1	0	0.0	0	0	50.0	767	38,350	Year 2014 data obtained from year 2015 survey. Did not provide minutes/case. Used 50 x # of cases.
Washington Urology Associates, PLLC-Bellevue	ASF.FS.60222057	98004	0	0	2	0	0.0	0	0	43.5	1,467	63,814	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Washington Urology Associates, PLLC-Kirkland	ASF.FS.60222149	98034	0	0	2	0	0.0	0	0	43.5	1,974	85,869	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Yarrow Bay Plastic Surgery Center	ASF.FS.60312375	98033	0	0	1	0	0.0	0	0	205.4	118	24,240	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
<b>Totals</b>			<b>13</b>	<b>0</b>	<b>82</b>	<b>39</b>	<b>355.1</b>	<b>23,418</b>	<b>2,579,869</b>	<b>2,952</b>	<b>45,030</b>	<b>2,791,258</b>	
							Avg min/case inpatient		<b>110.17</b>	Avg min/case outpatient		<b>61.99</b>	
<b>ORs counted in numeric methodology</b>					<b>36</b>	<b>39</b>							
ILRS: Integrated Licensing & Regulatory System													
Population data source: Claritas 2015													
<b>Total Surgeries</b>			<b>68,448</b>				<b>Total Surgeries</b>			<b>68,448</b>			
<b>Area population 2014 [15+]</b>			<b>474,155</b>				<b>Area population 2014 [0-85+]</b>			<b>586,695</b>			
<b>Use Rate</b>			<b>144.358</b>				<b>Use Rate</b>			<b>116.667</b>			
<b>Planning Area projected 15+ population Year: 2019</b>			<b>513,228</b>				<b>Planning Area projected 0-85+ population Year: 2019</b>			<b>628,271</b>			
% Outpatient of total surgeries			65.79%										
% Inpatient of total surgeries			34.21%										



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

	Service Area Population: 2019	513,228	Claritas	Age:15+								
	Surgeries @ 144.358/1,000:	74,088										
a.i.	94,250	minutes/year/mixed-use OR										
a.ii.	68,850	minutes/year/dedicated outpatient OR										
a.iii.	36	dedicated outpatient OR's x 68,850 minutes =			2,478,600	minutes dedicated OR capacity	39,986	Outpatient surgeries				
a.iv.	39	mixed-use OR's x 94,250 minutes =			3,675,750	minutes mixed-use OR capacity	33,366	Mixed-use surgeries				
b.i.		projected inpatient surgeries =	25,348	=	2,792,465	minutes inpatient surgeries						
		projected outpatient surgeries =	48,741	=	3,021,273	minutes outpatient surgeries						
b.ii.		Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's										
		48,741	-		39,986	=	8,755	outpatient surgeries				
b.iii.		average time of inpatient surgeries		=	110.17	minutes						
		average time of outpatient surgeries		=	61.99	minutes						
b.iv.		inpatient surgeries*average time		=	2,792,465	minutes						
		remaining outpatient surgeries(b.ii.)*ave time		=	542,673	minutes						
					3,335,138	minutes						
c.i.		if b.iv. < a.iv. , divide (a.iv.-b.iv.) by 94,250 to determine surplus of mixed-use OR's										
		<b>USE THIS VALUE</b>										
		3,675,750										
		- 3,335,138										
		340,612	/	94,250	=	3.61						
c.ii.		if b.iv. > a.iv., divide (inpatient part of b.iv - a.iv.) by 94,250 to determine shortage of inpatient OR's										
		<b>Not Applicable - Ignore the following values and use results of c.i.</b>										
		2,792,465										
		- 3,675,750										
		(883,285)	/	94,250	=	-9.37						
		divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's										
		542,673	/	68,850	=	7.88						