



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

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

February 29, 2016

Christopher Knapp, CLO
The Everett Clinic, PLLC
3901 Hoyt Avenue
Everett Washington 98201

Dear Mr. Knapp:

RE: DOR 16-18

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

INFORMATION CONSIDERED

- Ambulatory Surgery Center (ASC) exemption application received December 31, 2016
- Supplemental information received February 26, 2016
- Revised Code of Washington (RCW) 70.38
- Washington Administrative Code (WAC) 246-310
- Washington Secretary of State and Department of Revenue information obtained from the respective websites
- Department of Health external provider look-up
- Department of Health Integrated Licensing and Regulatory System (ILRS)
- Certificate of Need historical files

FACTS CONSIDERED-THE EVERETT CLINIC PS

- On February 9, 1925, The Everett Clinic, PS established the professional corporation with the Washington Secretary of State's office.
- The Everett Clinic, PS is governed by four members: Shawn Slack, Scott Schaaf, Stephen Dahlberg, and Laurent Nicolov.[source: Secretary of State website]
- The Everett Clinic, PS is currently registered with the Washington State Department of Revenue. [source: Department of Revenue website]
- The Everett Clinic, PS has two practice sites located in Everett, within Snohomish County.

PRACTICE SITE-TRASK SURGERY CENTER

- On April 8, 1982, Certificate of Need (CN) #681 was issued to Surgical Facility Associates approving the establishment of an ambulatory surgery center at '26th and Colby' in Everett or 'Pacific and Rucker' in Everett. The surgery center was ultimately established at 3025 Rucker Avenue in Everett [98201] and was known as Everett Surgical Center.
- On January 29, 2001, Everett Surgical Center ceased operations and closed the facility. Once the surgery center closed, CN #681 is no longer valid.
- On January 2, 2002, The Certificate of Need program issued an ambulatory surgery center exemption to The Everett Clinic for the establishment of a surgery center at the 3025 Rucker Avenue site. The exempt surgery center is known as Trask Surgery Center/
- Trask Surgery Center has been operational and located at the same site since its establishment in 2002.
- Trask Surgery Center has four operating rooms and holds a current surgery center license [#ASF.60100213]

PRACTICE SITE-KEMP SURGERY CENTER

- On July 15, 1992, the Certificate of Need Program issued an ambulatory surgery center exemption to The Everett Clinic for the establishment of an ambulatory surgery center to be located at 3927 Rucker Avenue in Everett [98201]. The surgery center was later renamed Kemp Surgery Center.
- Kemp Surgery Center has been operational and located at the same site since its establishment. Kemp Surgery Center has eight operating rooms and holds a current surgery center license [#ASF.60100209].

DOR #16-18

- The Everett Clinic is entering into a transaction with DaVita Healthcare Partners, Inc. that will result in the reorganization of The Everett Clinic from a professional services corporation to a professional limited liability company (PLLC).¹
- Kemp Surgery Center would operate under the new corporation of The Everett Clinic, PLLC. Trask Surgery Center will close.
- Kemp Surgery Center would continue operations at its current site of 3927 Rucker Avenue in Everett [98201].
- Only physicians associated with The Everett Clinic would use Kemp Surgery Center. A listing of the physicians was provided in the exemption request. Appendix A attached to this letter is a complete listing of the current physicians associated with The Everett Clinic. Future owners or employees may have access to the ASC.²

¹ The Washington State Secretary of State website shows that The Everett Clinic PLLC became registered as of February 26, 2016.

² Employed physicians must be employed by The Everett Clinic, PLLC a minimum of 75% and perform their full range of services through The Everett Clinic, PLLC.

- A draft copy of The Everett Clinic, PLLC limited liability company agreement was provided as part of this exemption application.
- The current procedures performed at Kemp Surgery Center pain management, physiatry, endoscopy, GYN, orthopedics, hand surgery, podiatry, otolaryngology, eye surgery, urological surgery, and general surgery.
- The ASC will not be operated as a separate legal entity from The Everett Clinic, PLLC practice.
- No management agreement is proposed.

CONCLUSION

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

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

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

Christopher Knapp, CLO
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DOR 16-18
February 29, 2016
Page 4 of 4

APPEAL OPTION

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

Mailing Address:

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

Physical Address

Department of Health
Adjudicative Service Unit
111 Israel Road SE
Tumwater, WA 98501

If you have any questions or would like to arrange for a meeting to discuss this decision, please call me at (360) 236-2955.

Sincerely,



Janis Sigman, Manager
Certificate of Need Program
Community Health Systems