



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

July 31, 2019

CERTIFIED MAIL # 7016 0910 0000 3454 8765 9405

Mark E. Mantei, MHSA, FACHE  
Chief Executive Officer  
Vancouver Clinic  
[mmantei@tvc.org](mailto:mmantei@tvc.org)

RE: CN Application #19-14

Dear Mr. Mantei,

We have completed review of the Certificate of Need application submitted by Vancouver Clinic. The application proposes the approval of a 6-operating room (OR) multispecialty ambulatory surgical facility (ASF) located in Vancouver, within Clark County. Enclosed is a written evaluation of the application.

For the reasons stated in this evaluation, the application submitted by Vancouver Clinic proposing to establish a six operating room ambulatory surgical facility in Vancouver, within the Clark County secondary service planning area is consistent with the applicable criteria of the Certificate of Need Program, provided Vancouver Clinic agrees to the following in its entirety.

**Project Description:**

This certificate approves the establishment of a six operating room ambulatory surgical facility located in Vancouver, within Clark County. Surgical services provided include orthopedics, ENT, podiatry, urology, pain management, general surgery, gynecology, ophthalmology, cardiology, and sports medicine.

**Conditions:**

1. Vancouver Clinic agrees with the project description as stated above. Vancouver Clinic 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. Vancouver Clinic will provide charity care in compliance with its charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. Vancouver Clinic will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in Kitsap County. Currently, this amount is 1.22% gross revenue and 3.80% of adjusted revenue. Vancouver Clinic will maintain records of charity

care applications received and the dollar amount of charity care discounts granted. The department requires these records to be available upon request.

3. Vancouver Clinic will finance the project as stated in the application
4. Vancouver Clinic agrees that the ASF will maintain Medicare and Medicaid certification, regardless of facility ownership.

**Approved Costs:**

The approved capital expenditure for this project is \$31,862,603

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:**

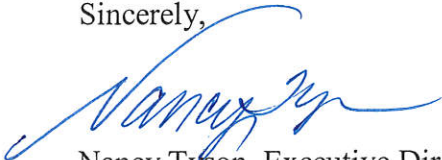
Department of Health  
Certificate of Need Program  
Mail Stop 47852  
Olympia, WA 98504-7852

**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 the Certificate of Need Program at (360) 236-2955.

Sincerely,



Nancy Tyson, Executive Director  
Health Facilities and Certificate of Need

Enclosure

# **EVALUATION DATED JULY 31, 2019 OF THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY VANCOUVER CLINIC PROPOSING TO ESTABLISH AN AMBULATORY SURGICAL FACILITY IN CLARK COUNTY**

## **APPLICANT DESCRIPTION**

### **Vancouver Clinic**

Vancouver Clinic (VC) is a for-profit Washington State professional service corporation that operates a variety of multispecialty clinics in Clark County. It was founded in 1936. Vancouver Clinic currently operates one licensed ambulatory surgical facility (ASF)<sup>1</sup> with the Washington State Department of Health, operating under the same name. The existing multispecialty ASF holds accreditation from the Accreditation Association for Ambulatory Health Care (AAAHC). [source: Certificate of Need historical records, ILRS, VC website]

The corporate structure includes a governing Board of Directors that oversees all operations. [source: Application Exhibit 1]

VC currently operates a multispecialty 7-operating room (OR) ASF serving patients aged 12 months and older that do not require overnight stay or hospitalization. [source: Certificate of Need Historical records and Screening pdf2]

## **PROJECT DESCRIPTION**

With this application, VC proposes to establish an ambulatory surgical facility with six operating rooms (ORs) located in Vancouver, within Clark County. As mentioned above, VC already operates a multispecialty ASF in Vancouver. This facility would be an addition to their existing network of services. After Certificate of Need approval, this facility would cover a variety of multispecialty services, and the existing ASF would largely provide endoscopy services. [sources: Certificate of Need historical files, Application pdf9]

Surgical services within the six operating rooms would include orthopedics, ENT, podiatry, urology, pain management, general surgery, gynecology, ophthalmology, cardiology, and sports medicine. VC would serve patients aged 12 months and older that require surgical services that can be served appropriately in an outpatient setting. [sources: Application pdf19]

The estimated capital expenditure associated with this project is \$31,862,603, the majority of which will be for construction and equipment. Other costs include taxes, fees, and the costs of financing. [source: Application pdf25]

If this project is approved, VC would commence construction almost immediately after approval, and anticipates the first partial year of operation would be 2021. Based on the timing of this decision and the associated steps that an applicant must take in order to execute a Certificate of

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<sup>1</sup> For the purposes of Certificate of Need review, the terms “Ambulatory Surgical Facilities” (ASFs) and “Ambulatory Surgery Centers” (ASCs) are largely interchangeable, as CN-approved ASFs (the category of licensure) are almost always ASCs (an indicator of Medicare certification). The department’s review will consistently refer to these facilities as ASFs; however, the applicant does reference ASCs through the application, and quotations from the applicant will reflect as such.

Need, the expected first full year of operation as a 4-OR CN-approved ASF would be 2022, and 2024 would be year three [source: Application pdf12]

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

This application is subject to review as the construction, development, or other establishment of health care facility under Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code 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:

- (b) “The department may consider any of the following in its use of criteria for making the required determinations:*
  - (i) Nationally recognized standards from professional organizations;*
  - (ii) Standards developed by professional organizations in Washington State;*
  - (iii) Federal Medicare and Medicaid certification requirements;*
  - (iv) State licensing requirements;*
  - (v) Applicable standards developed by other individuals, groups, or organizations with recognized expertise related to a proposed undertaking; and*
  - (vi) The written findings and recommendations of individuals, groups, or organizations with recognized 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). Additionally, WAC 246-310-270 (ambulatory surgery) contains service or facility specific criteria for ASF 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>	<b>Date</b>
Letter of Intent Submitted	July 13, 2018
Application Submitted	September 27, 2018
Department's pre-review activities <ul style="list-style-type: none"><li>• DOH 1st Screening Letter</li><li>• Applicant's Responses Received</li></ul>	October 18, 2018 November 21, 2018
Beginning of Review	December 6, 2018
Public Hearing Conducted	N/A
Public Comments accepted through end of public comment	January 10, 2019
Rebuttal Comments Due	January 24, 2019
Department's Anticipated Decision Date	March 11, 2019
Department's Actual Decision Date	July 31, 2019

### **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."*

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.*

During the course of review, several entities requested to receive information about this application. One entity, Advanced Endoscopy Center, qualified for interested and affected person status.

## **SOURCE INFORMATION REVIEWED**

- VC's Certificate of Need application
- VC's screening response received November 21, 2018
- Compliance history for credentialed or licensed staff from the Medical Quality Assurance Commission and Nursing Quality Assurance Commission
- Compliance history for VC from the Washington State Department of Health – Office of Health Systems Oversight (OHSO)
- DOH Provider Credential Search website: <http://www.doh.wa.gov/pcs>
- Historical charity care data for years 2015, 2016, and 2017 obtained from the Department of Health's Office of Hospital/Finance and Charity Care (HFCC)
- Year 2018 Annual Ambulatory Surgery Provider Survey for Surgical Procedures Performed During Calendar Year 2017 for hospitals, ambulatory surgical facilities, or ambulatory surgical facilities located in Clark County
- Year 2018 Claritas population estimates
- Department of Health internal database – Integrated Licensing & Regulatory Systems (ILRS)
- Accreditation Association for Ambulatory Health Care, Inc. website: <http://www.aaahc.org/>
- VC website: <https://tvc.org>
- Washington State Department of Revenue website: <http://www.dor.wa.gov>
- Center for Medicare and Medicaid Services website: <https://www.cms.gov>
- Certificate of Need historical files

## **CONCLUSIONS**

For the reasons stated in this evaluation, the application submitted by Vancouver Clinic proposing to establish a six operating room ambulatory surgical facility in Vancouver, within the Clark County secondary service planning area is consistent with the applicable criteria of the Certificate of Need Program, provided Vancouver Clinic agrees to the following in its entirety.

### **Project Description:**

This certificate approves the establishment of a six operating room ambulatory surgical facility located in Vancouver, within Clark County. Surgical services provided include orthopedics, ENT, podiatry, urology, pain management, general surgery, gynecology, ophthalmology, cardiology, and sports medicine.

### **Conditions:**

1. Vancouver Clinic agrees with the project description as stated above. Vancouver Clinic 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. Vancouver Clinic will provide charity care in compliance with its charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. Vancouver Clinic will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in Clark County. Currently, this amount is 1.22% gross

revenue and 3.80% of adjusted revenue. Vancouver Clinic will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires these records to be available upon request.

3. Vancouver Clinic will finance the project as stated in the application
4. Vancouver Clinic agrees that the ASF will maintain Medicare and Medicaid certification, regardless of facility ownership.

**Approved Costs:**

The approved capital expenditure for this project is \$31,862,603

## **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 Vancouver Clinic 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 ASFs 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. Vancouver Clinic is located in Vancouver, within the Clark County secondary health service 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. Dedicated interventional pain management surgical services are also among the excluded rooms and procedures.

#### **Vancouver Clinic**

VC determined the existing capacity in the Clark County planning area to be 10 dedicated outpatient ORs and 25 mixed use ORs, shown below. [source: Application pdf22]

**Department's Table 1  
VC OR Count**

<b>Facility Name</b>	<b>Outpatient OR</b>	<b>Mixed Use OR</b>
Legacy Salmon Creek Hospital		10
PeaceHealth Southwest Medical Center		15
Southwest Washington Regional Surgery Center	8	
Vancouver Eye Care Surgery & Laser Center	2	
<b>OR Count in Numeric Methodology</b>	<b>10</b>	<b>25</b>



Based on 2017 utilization and 2015 population data, VC projected the Clark population to be 514,993 in 2022. Applying the use rate to the projected population and subtracting the existing number of ORs in the planning area, VC projected a need for 6.07 outpatient ORs in Clark County. [source: Application Exhibit 7]

VC provided the following statements as well:

*“Application of the methodology using available data sources identifies the need for 6.07 additional dedicated outpatient operating rooms in Clark County. A copy of the methodology is included in Exhibit 7.*

*In the unlikely event that the CN Program does not find numeric need, WAC 246-310-270 (4) allows an applicant, absent numeric need, to demonstrate that circumstances outside of the ordinary exist in the market that would warrant the granting of a CN. TVC has identified a number of reasons why an additional ASC should be approved, even absent numeric need:*

- a. One of the existing two mixed-use hospital providers (Legacy Salmon Creek) operates its current ORs well above occupancy thresholds and is near capacity on a daily basis based on the metric identified in the methodology. The ASC OR projection methodology contained in WAC 246-310-270(9) uses 94,250 minutes as the capacity of a hospital operating room. Using data contained in its revised 2018 ASC survey, Legacy Salmon Creek’s operating rooms average nearly 97,000 minutes annually, or above the WAC defined capacity.*
- b. Similarly, the second mixed use hospital provider (PeaceHealth Southwest Washington Medical Center) also operates at high capacity. Using data contained in its 2018 ASC survey, PeaceHealth’s operating rooms are also above the WAC defined capacity. This factor, coupled with the fact that they are the region’s trauma center and often result in bumping and delays for outpatient cases.*
- c. There are only two CN approved ASCs, and only one Southwest Washington Regional Surgery Center, is a multi-specialty ASC. A choice of multi-specialty providers will benefit patients and payers.*
- d. The second CN approved ASC is the Vancouver Eye Care Surgery & Laser Center. By definition, this facility is almost exclusively an eye center and is not available or accessible for the vast majority of cases TVC proposes to perform in the TVC Salmon Creek ASC.*
- e. Medicare continues to add annually to its list of the type of surgeries approved for outpatient surgery. Given the occupancy levels in the two hospital mixed use surgery departments and the limited CN approved ASCs, Clark County residents and payers will be increasingly faced with the need to leave the County for surgery in general, and especially for lower-cost surgical options without additional dedicated ASC capacity.”*  
[source: Application pdf16-17]

#### Public Comment

The department received several letters of support and one letter of opposition for this project. A representative sample of the supportive public comment is highlighted below. Applicable excerpts from the opposition is also included.

Peter Adler, President – Molina Healthcare of Washington

*The populations of both Clark County and Vancouver are growing and aging, and this has increased demand for outpatient surgery services. Accommodating this growth is complicated by the relatively low number of CN approved ASCs and the high utilization of the existing hospital surgery capacity. The Vancouver Clinic's ASC will fill this void, while also assuring high quality, affordable and accessible care.*

Catherine Field, Market President – Humana

*Because of the limited ASC capacity and the very high utilization of existing OR providers in the County, too many members are undergoing ASC appropriate surgeries in the higher cost hospital setting, or travelling out of County for care. TVC's proposed ASC will increase access and reduce costs, and for these reasons, Humana urges the State's timely approval.*

Sean Gregory, Chief Executive – PeaceHealth Southwest Medical Center

*As you know, the trend in healthcare technology allows more and more surgical cases to be done safely on an outpatient basis. Furthermore, our population in Clark County is both growing and aging and we expect demand for outpatient surgical services to rise commensurately.*

*The Vancouver Clinic's current certificate of need request to open a new six OR multi specialty ASC will offer a lower cost, safe and accessible setting for outpatient surgery. This application is clearly aligned with the need in our community. We are pleased to support this application and urge the State to expeditiously approve it.*

Bryce R Helgersen, President – Legacy Health

*The Vancouver Clinic has kept us closely apprised of an ambulatory care expansion at its Salmon Creek campus, which is adjacent to our Legacy Salmon Creek Medical Center Campus. We believe that the aging population and growth that we are experiencing in Clark County clearly calls for additional capacity, and we are supportive of the clinic's thorough planning.*

Joseph Carlisle, Buckley Law PC on behalf of Advanced Endoscopy Center PLLC

*Advanced Endoscopy is concerned that the Applicant's proposed ASC project is not in compliance with the Department of Health Certificate of Need Program regulatory and procedural framework. Specifically, the CN Application filed by the Applicant does not address the impact the proposed project would have on endoscopy providers in the Clark County region, and as framed, the proposed project would effectively add three dedicated endoscopy procedure rooms to the region without obtaining approval from the Department of Health Certificate of Need Program. Advanced Endoscopy is also concerned with the methodology employed by the Applicant in its effort to establish a need for additional ASC ORs, as it did not account for the availability of other endoscopy rooms in the Clark County region, Applicant's use of which could alleviate the outpatient surgery scheduling concerns raised in the Application.*

*The basic premise of the Applicant's Application is that its current facility is at capacity due to the combined volume of endoscopy procedures and outpatient surgeries performed there, that local hospital facilities are busy, and that as a result a need exists for a new six (6) OR ASC. Because the Application is premised on the impact that endoscopy procedures have on the scheduling of outpatient surgeries at the Applicant's current ASC, consideration should be given to the capacity of other existing endoscopy facilities in the Clark County region. Consideration should also be given to the effect the proposed project would have on those facilities and the health care system in the Clark County region. Indeed, the Applicant proposes to relocate its three current ASC ORs and add three more ASC ORs, and then convert the former space of its relocated ASC ORs to endoscopy rooms. In other words, rather than apply to relocate its three current ASC ORs and add three more ASC ORs at its proposed project, the Applicant has requested six new ASC ORs, so that it can maintain all of the procedure rooms at its current location for endoscopy procedures. However, the Applicant did not request approval to convert those ORs to endoscopy rooms, nor has it shown either a need for additional endoscopy rooms in Clark County or a lack of impact on the current health care system in Clark County with respect to endoscopy. The Applicant should be required to provide such information regarding need for additional endoscopy rooms and the impact such addition would have, and be subject to formal review from the CN Program before it is allowed to proceed.*

*While the Applicant properly excluded endoscopy-only and endoscopy or pain management rooms from the need methodology used with respect to ASC ORs, that exclusion improperly minimizes the impact the proposed project will have on endoscopy-only ASCs if approved without all appropriate modifications and conditions placed on the CN, as well as on the Applicant's current ASC. As stated above, the Applicant's proposed project would allow it to add another three endoscopy-only procedure rooms to the Clark County region. The Applicant does not address this impact anywhere in its Application, despite its statement that it intends to convert those three ORs to endoscopy rooms. See Application, pg. 6. The Applicant should be required to address this impact and the CN Program should factor this impact into its decision on the Application.*

#### Rebuttal

Vancouver Clinic rebutted Advanced Endoscopy's comments in three segments, below:

#### ***#1 AEC Does Not Properly Define the TVC Proposal and TVC's 1998 CN Exemption is not Impacted by This Proposal***

*According to AEC, "the basic premise of the Applicant's Application is that its current facility is at capacity due to the combined volume of endoscopy and outpatient surgeries performed there, and that local hospital facilities are busy ... " AEC further suggests that "the Applicant proposes to relocate its three current ASC ORs and add three more ASC ORs and then convert the former space of its relocated ASC ORs to endoscopy rooms." This statement is not correct. Further, and because AEC incorrectly defines the project, it then suggests that our 1998 Exemption is void because we are relocating the facility. Again, this is a fundamental misunderstanding.*

*TVC proposes to continue to operate the 1998 CN Exempt ASC at its current location-so there is no relocation, addition of rooms or added specialties proposed at 87th Street. TVC fully defined the project in the Project Description within the CN Application.*

[excerpt omitted]

*Finally, TVC notes for the record that consistent with the CN Program's application of the methodology, the existing TVC ASC at 87th Street's utilization but not capacity was included in the application of the methodology in WAC 246-310-270(9).*

***#2 TVC Properly Accounted for All Existing GI Capacity in Clark County and No New Dedicated GI Capacity is Proposed as a Result of this Project. Because we are not proposing new Endoscopy capacity, we did not consider the capacity of other Existing Endoscopy Providers.***

*100% of dedicated GI Capacity was defined in the ASC methodology included in the Application-this includes both the four rooms at 87th Street and the two rooms at AEC. Per WAC and per the consistent operating practice of the CN Program, dedicated endoscopy rooms (and the minutes associated with them) are excluded from ASC methodology in WAC 246-310-270(9). The record should reflect that page 65 of TVC's application indicates that there are six hospital-based endoscopy rooms, nine free-standing endoscopy rooms (including the two at AEC and four at 87th Street) for a total of 15 (compared to AEC's count of 12 on page 3 of its public comment letter).*

*Further, TVC is not proposing to have endoscopy rooms at the new ASC. In addition, and to clarify the information included on page 6 of our CN application, following the opening of the new ASC, the 87th Street CN exempt ASC will use only the four procedure rooms, as only GI cases will be performed there. Again, to further clarify information provided in the application, TVC notes that the intent is to either "mothball" the three ORs or reconfigure the space to improve flow, but only four procedure rooms will be in use until demand justifies additional capacity. Depending on the CN rules in place at the time, TVC is fully prepared to submit a CN application should it need to operate more than four endoscopy rooms at 87th Street.*

*There is no increase in GI capacity proposed as a result of this application, and AEC's statements to the contrary are misinformed.*

***#3 TVC has Demonstrated Need for the Proposed ASC and the Need was Reaffirmed by Letters Received During Public Comment from Payers and Providers***

*AEC suggests that TVC has not demonstrated need for its proposed six OR ASC. Letters of support in the record, from both providers and payers, refute this claim and document the need well beyond the quantitative methodology in WAC.*

*As noted in the ASC methodology submitted with our screening response, a strict application of the methodology demonstrates that at least five additional ORs are needed (both mixed use and dedicated outpatient). In addition, as noted in the application, WAC 246-310-270(4) allows an applicant, absent numeric need, to demonstrate that circumstances outside of the ordinary exist in the market that would warrant the granting of a CN. In our application, TVC*

*identified a number of reasons why additional ASC capacity should be approved, even absent numeric need:*

- *The existing high utilization of the two hospitals in Clark County based on the recent surveys. In addition, both hospitals submitted letters of support for the TVC application and noted that the growth and aging of the Clark County population combined with shifting of cases to outpatient would result in increased demand for ASC services.*
- *Included in the outpatient surgery capacity are two ORs (located at Vancouver Eye Care Surgery & Laser Center) that are limited in use to ophthalmology procedures and are therefore, not available nor accessible to the majority of the patients that TVC proposes to serve (additional information is provided on pages 13-14 of TVC's application).*
- *There is increasing demand by patients and payers for options that offer high quality care but at a lower cost such as that proposed by TVC.*

*Both existing Clark County-based hospital systems support the Application. Letters of support from Regence, Molina and Humana clearly illustrate the anticipated benefits to consumers and payers of the proposed new 6 OR ASC.*

*In conclusion, AEC's concerns are misplaced and TVC is confident that the record thoroughly documents the need, not only for additional dedicated outpatient surgery capacity in Clark County, but also demonstrates need for our proposed ASC.*

#### Department's Numeric Methodology and Evaluation

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 – Clark County.

According to the department's records, there are ten planning area providers with OR capacity. Of these providers, two are hospitals and eight are ambulatory surgical facilities.

Because there is no mandatory reporting requirement for utilization of ASFs or hospital ORs, the department sends an annual utilization survey to all hospitals and known ASFs in the state. When this application was submitted, the most recent utilization survey data available was for year 2017. The data provided in the utilization survey is used, if available. When survey data is unavailable, the department uses either the approximate volumes provided with license updates, or the previous year survey.

For hospitals, all known OR capacity and procedures are included in the methodology calculations for the planning area, with the exception of ORs dedicated to endoscopy, pain management, or other specialized dedicated services.

Table 2 below, contains a listing of the 5 ASFs in the planning area.

**Department's Table 2  
Clark County ASFs**

<b>Facility</b>	<b>CN Approved or Exempt?</b>
Vancouver Eye Care Surgery and Laser Center	Approved
Southwest Washington Regional Surgery Center	Approved
Pacific Cataract and Laser Institute	Exempt
Salmon Creek Plastic Surgery	Exempt
The Vancouver Clinic Surgery Center	Exempt
Michael Workman Plastic Surgery	Exempt
Advanced Endoscopy Center	Approved
Pacific Gastro Health	Exempt

[source: ILRS, CN historical records]

Of the ASFs shown above, two include ORs that are exclusively dedicated to endoscopy or pain management. Advanced Endoscopy Center has two total ORs, both of which are dedicated to endoscopy. Pacific Gastro Health has one OR which is dedicated to endoscopy. The numeric methodology deliberately excludes the OR capacity and procedures from the numeric need methodology.<sup>2</sup> As a result, the ORs and procedures for these operating rooms will not be counted in the numeric need methodology.

Out of the remaining ASFs within the planning area, four are located within the offices of private physicians, whether in a solo or group practice that have received an exemption (considered a Certificate of Need-exempt ASF). The use of these ASFs – Pacific Cataract and Laser Institute, Salmon Creek Plastic Surgery, Michael Workman Plastic Surgery, and The Vancouver Clinic Surgery Center – is restricted to physicians that are employees or members of the clinical practices that operate the facility. Therefore, these facilities does not meet the ASF definition in WAC 246-310-010. For Certificate of Need-exempt ASFs, the number of surgeries, but not ORs, is included in the methodology for the planning area. In summary, OR capacity will be counted for two Certificate of Need-approved ASFs and two hospitals.

The data points used in the department's numeric methodology are identified in Table 3. The methodology and supporting data used by the department is provided in Appendix A attached to this evaluation.

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<sup>2</sup> WAC 246-310-270(9)(iv)

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

<b>Assumption</b>	<b>Data Used</b>
Planning Area	Clark County
Population Estimates and Forecasts	Age Group: 0+ OFM Population Data updated year 2017 Year 2017 – 470,851 Year 2022 – 515,776
Use Rate	Divide calculated surgical cases by 2017 population results in the service area use rate of 82.321/1,000 population
Year 2017 Total Number of Surgical Cases	17,927 – Inpatient or Mixed-Use; 20,834 – Outpatient 38,761 – Total Cases
Percent of surgery: outpatient vs. inpatient	Based on DOH survey and application: 53.75% outpatient; 46.25% inpatient
Average minutes per case	Based on DOH survey and ILRS: Outpatient cases: 51.24 minutes Inpatient cases: 110.74 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 Clark County Providers: 12 dedicated outpatient ORs 23 mixed use ORs
Department's Methodology Results	Need for 4.98 outpatient ORs

Based on the assumptions described in Table 3 above, the department's application of the numeric methodology indicates a need for 4.98 outpatient ORs in 2022.

When comparing the applicant's and department's methodology, there are some slight differences in the population forecast and in the volumes recorded at Legacy Salmon Creek.

Population Estimates/Forecasts

The source of the applicant's projected population is the similar to that used by the department (OFM). However, the population counts are slightly off.

**Department's Table 4**  
**Clark County Population**

<b>Applicant Projection Year</b> <b>Ages 0-85+</b>	<b>DOH Projection Year</b> <b>Ages 0-85+</b>
2022	2022
514,993	515,776

[source: Application pdf18, OFM 2017 population data]

The data points used in this numeric need methodology are tightly connected. VC's population forecast is slightly different, but this difference material in the calculation of numeric need. When the department tested the numeric need methodology with VC's population, the difference in need was negligible - .01 operating rooms.

#### Inpatient Volumes at Legacy Salmon Creek

The department received a survey from Legacy Salmon Creek reporting that 2017 volumes totaled 7,312 procedures in mixed-use ORs. VC's methodology counts this facility at 11,540 procedures in mixed-use ORs.

It is unclear why this discrepancy exists, but it does have clear use-rate implications, which bring the need down from 6 operating rooms to approximately 5.

There is sufficient numeric need for a portion of the operating rooms proposed by VC – as noted earlier, VC also provided rationale for approval of all six operating rooms in the event numeric need was not found.

Again, the department recognizes the numeric methodology deliberately excludes special purpose rooms, such as endoscopy ORs. The corresponding volumes within these excluded ORs would also be excluded. The annual survey distributed by the department does not ask for the volumes associated with these ORs in order to avoid confusion on the topic.

The applicant requested consideration under WAC 246-310-270(4), which allows for the approval of additional operating rooms in a planning area absent numeric need if circumstances warrant it.

Advanced Endoscopy – a CN approved endoscopy-only provider in the planning area – provided comments with concerns related to the implications of approval of this project. Their concerns are specific to the services being offered at VC's existing ASF and how those would change as a result of this project. Advanced Endoscopy's comments appear to be predicated upon the assumption that VC would expand endoscopy services at the existing ASF. Though they are correct that VC stated they would likely revert back to being primarily an endoscopy facility, they did not state that the multispecialty rooms would be allocated for that purpose. VC reinforces this point by clarifying this in rebuttal. In short, VC would continue to operate only 4 endoscopy rooms at the original ASF, and the supply of endoscopy operating rooms in the planning area would not change as a result of this project.

Advanced Endoscopy's comments of opposition rely on the assumption that endoscopy capacity would open further and impact their capacity. This is not the case. They did not provide comments opposing the need for multispecialty services. Therefore, their comments will not be considered any further.

Information in the application supports that VC is a highly utilized provider in the planning area that provides multispecialty services to a wide age range. Historical volumes provided by the applicant support that utilization of the existing facility has grown over time. The



department received no letters of opposition regarding the expansion of multispecialty services, and actually received letters of support from both hospitals in the planning area.

Approval of this proposal will add patient choice to the planning area. At present, there are three CN-approved ASFs. One is exclusively dedicated to ophthalmic surgery, one is exclusively dedicated to endoscopy, and the remaining surgery center provides multispecialty services. There is some overlap between the existing multispecialty CN-approved ASF – Southwest Washington Regional Surgery Center – and the proposed facility, but Vancouver Clinic proposes the following surgical types at this new facility that are not currently offered by any non-hospital based CN-approved providers:

- Urology
- Gynecology
- Cardiology

As stated above, the rule does allow flexibility to approve operating rooms absent numeric need. Based on the consistent high historical utilization of VC's existing facility, stated lack of scheduling flexibility, associated patient wait time, support from area hospitals, and lack of applicable opposition from other planning area providers, the department concludes this project is needed, assuming agreement to the conditions in the conclusions section of this evaluation.

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

WAC 246-310-270(6) requires a minimum of two ORs in an ASF.

#### Vancouver Clinic

VC has proposed that the ASF will have six ORs. [source: Application pdf5]

#### Public Comment

None

#### Rebuttal

None

#### Department Evaluation

WAC 246-310-270(6) requires a minimum of two ORs in an ASF. As VC has proposed that their facility will have four ORs, **this standard is met.**

In summary, based on the department's numeric methodology, numeric need for the additional OR capacity in the Clark County secondary health service planning area is only partially demonstrated.

As stated above, the rule does allow flexibility to approve operating rooms absent numeric need. Based on the consistent high historical utilization of VC's existing facility, stated lack of scheduling flexibility, associated patient wait time, support from area hospitals, and lack of applicable opposition from other planning area providers, the department concludes this

project is needed, assuming agreement to the conditions in the conclusions section of this evaluation.

The department concludes that other resources in the planning area would likely not be available and accessible to absorb the multispecialty volumes proposed by this application. Furthermore, CN approval would increase the availability and accessibility of outpatient operating rooms, as CN-approved ASFs are required to provide charity care and CN-exempt ASFs are not. **This sub-criterion is met.**

- (2) All residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.

To evaluate this sub-criterion, the department evaluates an applicant's admission policy, willingness to serve Medicare patients, Medicaid patients, and to serve patients that cannot afford to pay for services.

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 planning area would have access to the proposed services. This is accomplished by providing an admission policy that states patients would be admitted without regard to race, ethnicity, national origin, age, sex, pre-existing condition, physical, or mental status.

Medicare certification is a measure of an agency's willingness to serve the elderly. With limited exceptions, Medicare is coverage for individuals age 65 and over. It is also well recognized that women live longer than men and therefore more likely to be on Medicare longer.

Medicaid certification is a measure of an agency's willingness to serve low income persons and may include individuals with disabilities.

Charity care shows a willingness of a provider to provide services to individuals who do not have private insurance, do not qualify for Medicare, do not qualify for Medicaid, or are under insured. With the passage of the Affordable Care Act in 2010, the amount of charity care decreased over time. However, with recent federal legislative changes affecting the ACA, it is uncertain whether this trend will continue. Specific to ASFs, WAC 246-310-270(7) requires that ASFs shall implement policies to provide access to individuals unable to pay consistent with charity care levels reported by the hospitals affected by the proposed project.

### **Vancouver Clinic**

VC provided copies of the following policies, along with the following comments.

- Admission Policy [source: Application Exhibit 10]
- Patient Nondiscrimination Policy [source: Application Exhibit 8]
- Charity Care Policy [source: Screening Response Exhibit 4]

VC confirmed that these are the policies currently in place at the existing surgery center. [source: Screening response pdf5-6]

Their non-discrimination policy includes language required by the CN program to ensure access to all patients:

*“It is the policy of The Vancouver Clinic Ambulatory Surgery Center (ASC) that, as a recipient of federal financial assistance, the ASC does not exclude, deny benefits to, or otherwise discriminate against any person on the ground of race, sex, color, or national origin, or on the basis of disability or age in admission to, participation in, or receipt of the services and benefits of any of its programs and activities or in employment therein, whether carried out by the ASC directly or through a contractor or any other entity with whom the ASC arranges to carry out its programs and activities.”* [source: Application Exhibit 8]

#### Medicare and Medicaid Programs

VC’s existing facility is currently Medicare and Medicaid certified. The proposed facility would also be certified under these programs. VC provided its existing and projected source of revenues by payer for the proposed ASF in Table 5. VC stated “[the] Table...includes the existing sources of revenue for TVC’s existing ASC. TVC Salmon Creek ASC has assumed the same payer mix.” [source: Application pdf11]

**Department’s Table 5  
Historical and Projected Payer Mix\***

<b>Payer Group</b>	<b>Current/Projected</b>
Medicare	22.86%
Medicaid	14.81%
Commercial	55.48%
Workers Comp	1.00%
Other Government	5.57%
Other	0.28%
<b>Total</b>	<b>100%</b>

#### Public Comments

None

#### Rebuttal

None

#### Department Evaluation

VC provided their admission, non-discrimination, and charity care policies, stating that each are currently in use at their existing facility and would be adopted at the proposed facility. The admission policy that was provided includes the required information, including the criteria for admitting patients and a description of the types of patients that would be served. These policies are consistent with those approved by the department in past evaluations.

The financial data provided in the application shows Medicare and Medicaid revenues consistent with Table 5 above. The department concluded that VC intends for this proposed surgery center to continue to be accessible and available to Medicare and Medicaid patients based on the information provided.

The Charity Care policy includes the process one must use to access charity care.

WAC 246-310-270(7)

WAC 246-310-270(7) requires that ASFs shall implement policies to provide access to individuals unable to pay consistent with charity care levels reported by the hospitals affected by the proposed ASF. For charity care reporting purposes Washington State is divided into five regions: King County, Puget Sound, Southwest, Central, and Eastern. VC is located with Clark County within the Southwest region. Currently, there are 14 hospitals operating in the region. Of those, two hospitals<sup>3</sup> are within the planning area.

VC projected that the ASF will provide charity care consistent with historical practice. For this project, the department reviewed the most recent three years of charity care data for the 14 existing hospitals currently operating within the Southwest Region and focused on the two potentially affected acute care hospital located in the planning area. The three years reviewed are 2015, 2016, and 2017.<sup>4</sup> Table 6 below is a comparison of the historical average charity care for the Southwest Region as a whole, the historical average charity care within the planning area, and the projected charity care to be provided at the ASF. The adjustments mentioned above are included.

**Department's Table 6**  
**Charity Care – Three Year Average and Projection**

	<b>% of Total Revenue</b>	<b>% of Adjusted Revenue</b>
3-year Southwest	1.03%	3.27%
3-year Clark County	1.22%	3.80%
Projected VC-2024	1.30%	--

[sources: Community Health Systems Charity Care 2015-2017, Screening 2 response Exhibit A]

As shown above, the average proposed by VC exceeds the planning area and regional averages.

VC has been providing health care services for many years. Charity care is health care provided at no cost or reduced cost to low income patients. Only people who meet certain income and asset criteria are eligible to receive charity care.

The focus of this sub-criterion is charity care percentages specific to VC. In past ASF CN applications, the department has been attaching a charity care condition to the approvals, based, in part, on the fluctuation of charity care percentages since the passage of the Affordable Care Act in March 2010.

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<sup>3</sup> Legacy Salmon Creek Hospital and PeaceHealth Southwest Medical Center

<sup>4</sup> As of the writing of this evaluation, the year 2018 charity care report is not yet available

If this project is approved, the department concludes that VC must agree to the charity care condition stated below.

Vancouver Clinic will provide charity care in compliance with its charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. Vancouver Clinic will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in Clark County. Currently, this amount is 1.22% gross revenue and 3.80% of adjusted revenue. Vancouver Clinic will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires these records to be available upon request.

Based on the information provided in the application and with VC's agreement to the condition, the department concludes **this sub-criterion is met.**

(3) *The applicant has substantiated any of the following needs and circumstances the proposed project is to serve.*

(a) *The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their services or resources, or both to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas.*

**Department Evaluation**

This criterion is not applicable to this application.

(b) *The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.*

**Department Evaluation**

This criterion is not applicable to this application.

(c) *The special needs and circumstances of osteopathic hospitals and non-allopathic services.*

**Department Evaluation**

This criterion is not applicable to this application.

(4) *The project will not have an adverse effect on health professional schools and training programs. The assessment of the conformance of a project with this criterion shall include consideration of:*

(a) *The effect of the means proposed for the delivery of health services on the clinical needs of health professional training programs in the area in which the services are to be provided.*

### **Department Evaluation**

This criterion is not applicable to this application.

- (b) If proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools serving the area will have access to the services for training purposes.*

### **Department Evaluation**

This criterion is not applicable to this application.

- (5) The project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization or proposed health maintenance organization and the services proposed are not available from nonhealth maintenance organization providers or other health maintenance organizations in a reasonable and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.*

### **Department Evaluation**

This criterion is not applicable to this application.

## **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 Vancouver Clinic 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.

### **Vancouver Clinic**

The assumptions used by VC to determine utilization and the projected number of procedures during the projection period are summarized below. [source: Application pdf19-21]

***Applicant's Table***

**TVC Salmon Creek ASC Projected Utilization, 2021-2025**

Specialty	2021	2022	2023	2024	2025
Orthopedics	1,545	1,606	1,783	1,854	2,058
ENT	800	896	1,004	1,124	1,259
Podiatry	693	700	707	813	834
Urology	210	290	400	552	762
Pain Management	1,030	1,041	1,051	1,062	1,072
General Surgery	800	880	968	1,065	1,171
Gynecology	524	568	614	664	719
Ophthalmology	779	856	942	1,036	1,140
Cardiology <sup>5</sup>	115	120	125	130	135
Sports Medicine	144	144	144	144	144
<b>Total</b>	<b>6,640</b>	<b>7,101</b>	<b>7,738</b>	<b>8,444</b>	<b>9,294</b>

*Source: Applicant*

***Orthopedics:***

*TVC assumed approximately 4% growth each between 2018 and 2020 due to population growth and aging (the 65+ age cohort, a high utilizer of orthopedic services is expected to grow annually by 5% over the next five years). TVC believes that this growth assumption is conservative as its orthopedic volumes have grown 30% in just the last two years. Beginning in 2021, TVC assumed additional growth as new capacity is available to accommodate the shift from Medicare, particularly for orthopedic procedures to the outpatient setting as well as the addition of new providers (TVC has plans to add one new orthopedic surgeon in 2020, 2022 and 2024).*

***ENT:***

*TVC assumed approximately 3% growth until 2021. Beginning in 2022, TVC assumed additional growth due to the recruitment of new providers in 2020 and 2022 as well as additional available capacity at the TVC Salmon Creek ASC (TVC expects to shift some cases being performed in the hospital setting to the expanded facility).*

***Podiatry:***

*TVC assumed modest growth until 2023 when a new provider will be added. A one time bump up in utilization is expected at that time and then growth is assumed to be about 3% per year.*

***Urology:***

*Assumes approximately 2% annual growth between 2018 and 2021. Larger growth expected upon opening of the TVC Salmon Creek ASC due to the addition of new providers as well as the ability to accommodate additional cases (TVC expects to shift some cases being performed in the hospital setting to the expanded facility).*

***Pain Management:***

*Conservatively only assumes 1% annual growth each year as it is anticipated that some procedures will shift to the clinic setting.*

***General Surgery:***

*Assumes about 3% annual growth each year until 2021. As with other specialties, TVC expects to shift general surgery cases from the hospital setting once the expanded capacity becomes available. Additional growth is supported by the addition of a new general surgeon.*

***Gynecology:***

*Assumes about 3% annual growth each year until 2021. As with other specialties, TVC expects to shift gynecology cases from the hospital setting once the expanded capacity becomes available. Finally, TVC has also assumed that there will be gynecology cases that are currently required to be performed in the hospital setting that will qualify to be performed in an ASC setting.*

***Ophthalmology:***

*TVC's ophthalmology service line is still in development. A new provider was added in 2018. Therefore, a higher rate of growth is anticipated for this service line (10%/year) throughout the projection horizon.*

***Cardiology:***

*Assumes approximately 3% annual growth each year until 2021 (only three additional cases per year); at that time, annual growth was increased to 4% (utilization is expected to grow slightly faster with additional available OR capacity or an average of five additional cases per year).*

***Sports Medicine:***

*TVC has assumed that while the total number of Sports Medicine procedures will increase between 2021-2025, the growth will be negated with the shift of cases to the clinic setting. Therefore, no growth in Sports Medicine was projected.” [source: Application pdf20-21]*

In response to the department's question, VC identified that these volumes were based on current non-endoscopy volumes at the existing surgery center. [source: screening response pdf2]

VC provided historical profit and loss statements as the basis for their financial projections as well as a detailed table of projected volumes. The remaining assumptions VC used to project revenue, expenses, and net income for the proposed surgery center for the projection years are summarized below. [source: Application pdf28]



**Department's Table 7  
Historical and Projected Payer Mix**

<b>Payer Group</b>	<b>Percent</b>
Medicare	22.86%
Medicaid	14.81%
Commercial	55.48%
Workers Comp	1.00%
Other Government	5.57%
Other	0.28%
<b>Total</b>	<b>100%</b>

[source: Application pdf28]

- *Current payer mix, and gross and net revenue were used. No Inflation included.*
- *Average gross revenue per case was calculated using actual current billed fees for existing cases, and using estimated fees for the anticipated new cases that will be performed in this new ASF.*
- *Contractual Percentage, which is the percent of gross revenue actually paid by each payer group, less bad debts and less charity care, is based on actual experience at The Vancouver Clinic in 2017 for surgical procedures in our existing ASF*
- *Charity Care is 1.30% of gross revenue*
- *Bad debts are 0.95% of gross revenue*
- *Inflation was not included in any operating expense forecasts.*
- *Labor costs are based on actual labor used in the Vancouver Clinic's existing ASF, and include clinical staff nurses, circulators, MAs and related support staff for Sterile Processing, using current productivity case volumes to determine the forecasted staffing level as case volume increases over time. A 1.0 FTE is based on a work year of 2,080 hours.*
- *Benefit costs are based on actual benefit costs incurred in the Vancouver Clinic's existing ASF, which is 25.6% of wages*
- *There is no separate cost for Medical Director expenses, as the Medical Director is employed by the Vancouver Clinic, and is considered part of the administrative cost of the overall clinic. Based on estimates of time spent acting as Medical Director of the ASC a portion of the Medical Director's costs are allocated to ASC, as part of Salaries and Wages, and Employee Benefits.*
- *Supplies, purchased services, laundry, pharmacy medicine supplies and general medical supplies are calculated on a per-case basis, based on actual cost experience in the Vancouver Clinic's existing ASF.*
- *Utilities, repairs, maintenance, insurance, housekeeping and related facility costs are based on actual per-square-foot cost experience in the Vancouver Clinic's existing ASF. Rentals and leases for equipment are based on actual percent of revenue experience in the Vancouver Clinic's existing ASF.*
- *Taxes and Licenses are primarily related to the B&O tax paid to the State of Washington, which is 1.5%.*
- *Other expenses include travel and meals costs.*

- *Billing and collection costs are not charged to the ASF, as they are processed in an integrated Central Billing Office (CBO). The marginal cost of managing the billing and collection process for ASF procedures would not be materially different for the CBO compared to the work flows that handle all of the other billing and collections for the Vancouver Clinic as a whole.*
- *Building construction and related design, engineering, architectural and constructions drawings permitting and inspections total \$18,498,936. Building costs are depreciated on a straight-line basis over 40 years.*
- *Equipment, including IT infrastructure, furniture and fixtures and Medical Equipment total \$13,363,667. These items are depreciated on a straight line basis over 5 years, 7 years and 10 years, respectively.*
- *No indirect allocated costs have been included into this forecast, because there would be no material incremental cost to administrative functions, including executive leadership, finance, legal, human resources, marketing or supply chain services.*  
[source: Screening Response Attachment 7]

VC's projected revenue, expenses, and net income for the ASF are shown in Table 8 below.  
[source: Screening Response Attachment 7]

**Department's Table 8**  
**Projected Revenue and Expenses**

	<b>CY2021 (partial year one)</b>	<b>CY2022 (year one)</b>	<b>CY2023 (year two)</b>	<b>CY2024 (year three)</b>
Net Revenue	\$14,249,049	\$15,155,267	\$16,511,055	\$18,006,334
Total Expenses	\$13,052,528	\$13,893,627	\$14,775,085	\$15,756,275
<b>Net Profit/(Loss)</b>	<b>\$1,196,521</b>	<b>\$1,261,640</b>	<b>\$1,735,970</b>	<b>\$2,250,059</b>

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 operating expenses, including salaries and wages, benefits, insurance, rentals and leases, and depreciation.

Public Comment

None

Rebuttal

None

**Department Evaluation**

To evaluate this sub-criterion, the department first reviewed the assumptions used by VC to determine the projected number of procedures and occupancy of the ASF. VC used their historical multispecialty volumes as baseline, and provided adjustments in categories based on maintaining or increasing their market share. After reviewing VC's utilization assumptions, the department concludes they are reasonable.

VC based its revenue and expense assumptions for the ASF on the assumptions listed above. As they currently operate an ASF in the planning area, and VC has documented experience in operating this ASF, their assumptions are reasonable.

Site costs were not included in the pro forma, as the facility would be owned by the Vancouver Clinic. VC provided zoning and ownership information documenting their interest in the site.

VC identified the medical director, Dr. Daren Benson, DPM. As an employee of VC, there is no associated agreement and no separate contract line item in the pro forma.

The pro forma financial statements show revenues exceeding expenses within the first full year of operation and to continue doing so. Based on the information above, 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.

### **Vancouver Clinic**

The capital expenditure associated with the establishment of VC's new Salmon Creek facility is \$31,862,603, which is dedicated construction costs, fixed and moveable equipment purchases, fees, taxes, and financing costs. [source: Application pdf25]

VC provided an equipment list and a description of the work to be completed, along with a non-binding contractor's estimate. [source: Application Exhibit 11]

### **Public Comment**

None

### **Rebuttal**

None

### **Department Evaluation**

As stated above, under WAC 246-310-210(2) and WAC 246-310-220(1) VC is expected to maintain the payer mix receiving services at their existing surgery center, with approximately 23% of revenue coming from Medicare, 15% coming from Medicaid, and the remainder coming from other payers including workers comp, commercial, self pay, and other government payers.

Based on the non-binding contractors estimate provided by VC, the department accepts that the capital expenditure is both reasonable and accurate.

The payer mix identified by VC is based on its existing payer mix with very little change. This approach for determining a payer mix is reasonable.

In addition, the department evaluated the charges per procedure, following contractual adjustments, below:

**Department's Table 9**  
**Net Revenue per Procedure**

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Net Revenue	\$14,249,049	\$15,155,267	\$16,511,055	\$18,006,334
Projected Procedures	6,640	7,101	7,738	8,444
<b>Net Revenue per Procedure</b>	<b>\$2,145.94</b>	<b>\$2,134.24</b>	<b>\$2,133.76</b>	<b>\$2,132.44</b>

The net revenue per procedure is generally consistent with average charges the department would expect for a multispecialty ASF.

Based on the information above, the department concludes that approval of this project would likely not have an unreasonable impact on costs and charges for healthcare services in Clark County. **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.

**Vancouver Clinic**

VC provided the following information related to the financing of this project:

*“TVC will fund this project with debt financing, to be obtained from US Bank. Equipment financing of approximately \$13.4 million expected to be in the form of a loan amortizing over a 7 year period. Leasehold improvement financing of approximately \$18.5 million is expected to be in the form of a loan amortizing over a 25 year period.”* [source: Screening response pdf40]

As stated above, VC intends to fund the project using financing through US Bank. VC provided a letter of financial commitment from VC's Chief Financial Officer and a letter from US Bank outlining draft terms for the loans. In addition to the financial commitment letter, VC provided historical financial information for year 2017 and draft amortization schedules for both loans. [source: Screening Response Attachments 5 and 6, Application Appendix 1]

### Public Comments

None

### Rebuttal

None

### Department Evaluation

VC intends to finance this project through debt financing with US Bank. This approach is appropriate, as they provided sufficient documentation to demonstrate the loan would be granted, and historical financial information supports that this loan will not adversely affect VC's ability to maintain operations. The cost for this project is not borne at the facility level and is instead at the corporate level.

If this project is approved, the department would attach a condition requiring VC to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **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 Vancouver Clinic 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.

### Vancouver Clinic

*"TVC offers a competitive wage and benefit package and has been very successful in recruiting and retaining staff. In light of this history, TVC does not foresee any difficulties in obtaining additional staff as needed. It is expected that some existing TVC staff will be interested in working at the TVC Salmon Creek ASC. The TVC Salmon Creek ASC will be a dedicated outpatient provider with scheduled hours of operation and this often serves as a recruiting strategy or enticement for staff who desire a predictable business hour schedule."* [source: Application pdf30]

*"Table 12 on page 26 of the application details the current and projected staff for the proposed ASC. As Table 12 indicates, TVC currently has 43.2 FTEs and is projecting to have a total of 62.5 total FTEs by 2024 (an increase of 19.3; not 50+).*

*While TVC acknowledges healthcare professional shortages, we note for the record that since January 2018, TVC has successfully recruited 117 new clinical employees; and, on average, successfully hires for nearly 250 positions each year. As described in the application, TVC is*

*a very attractive environment in which to work, it offers a competitive wage and benefit package. In addition, the ASC offers qualified staff predictable hours of operation, and no-on call (as is required in the Hospital setting).” [source: Screening response pdf5]*

VC provided a listing of projected staffing levels, below. [source: Screening response pdf10]

**Department’s Table 10  
Historical and Projected Staffing**

<b>Position</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Administrator	1.0	1.0	1.0	1.0
Clinical Director	1.0	1.0	1.0	1.0
RNs	29.0	30.0	33.0	33.0
LPNs/Techs	16.0	17.0	20.0	20.0
Scope Washers	1.0	1.0	1.0	1.0
Receptionist	2.0	2.0	2.0	2.0
Surgery Coordinator	1.0	1.0	1.0	1.0
Medical Assistant	1.0	1.0	2.0	2.0
Radiology Tech	0.2	0.5	0.5	0.5
Environmental Services	1.0	1.0	2.0	2.0
<b>Total</b>	<b>53.2</b>	<b>55.5</b>	<b>63.5</b>	<b>63.5</b>
<b>Change</b>		<b>2.3</b>	<b>8.0</b>	<b>0.0</b>

VC also identified their key staff:

*“The medical director for the TVC Salmon Creek ASC will be Daren Benson, DPM. Dr. Benson’s professional license number is PO00000756. TVC does not have a Director of Nursing but has a Clinical Supervisor (Lindsey Jackson, RN). Ms. Jackson’s credential number is RN60270121. Included in Exhibit 16 is a listing of all clinical staff and their respective provider numbers.” [source: Application pdf30]*

**Public Comment**

None

**Rebuttal**

None

**Department Evaluation**

As shown above, the ASF would recruit heavily for year one, with minor incremental increases throughout the projection period and beyond.

Information provided in the application demonstrates that VC is a well-established provider of healthcare services in the planning area. VC currently operates their ASF in Vancouver as well as a variety of multispecialty clinics. Information within the application supports that utilization has consistently grown in the planning area.

Furthermore, VC identified that some staff may relocate to the new facility; the department concludes that VC has the ability to staff the proposed ASF.

Based on the above information, the department concludes that VC has the ability to recruit a sufficient supply of qualified staff for this project. **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.

### **Vancouver Clinic**

VC provided the following statement relating to ancillary and support services required for the proposed project. [source: Application pdf30]

*“TVC’s existing ASC currently purchases most ancillary services from community based vendors. These existing relationships will be modified to include The TVC Salmon Creek ASC.”*

### **Public Comment**

None

### **Rebuttal**

None

### **Department Evaluation**

VC has been providing healthcare services in Clark County for many years. The ancillary and support required for the operation of the ASF are already in place and available.

Based on the information reviewed in the application, the department concludes that there is reasonable assurance that VC will maintain the necessary relationships with ancillary and support services to provide outpatient surgical services at the proposed ASF. The department concludes that there is no indication that the operation of this new CN-approved ASF would adversely affect the existing relationships VC maintains. **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 and Medicaid certified. 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.

### **Vancouver Clinic**

VC provided the following statement related to this sub-criterion:

*“TVC does not have any history with respect to the actions described in the CN criterion referenced above.”*

*“TVC operates all existing programs in conformance with applicable federal and state laws, rules and regulations and will continue to do so.”* [source: Application pdf31]

### **Public Comment**

None

### **Rebuttal**

None

### **Department Evaluation**

As a part of this review, the department must conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.<sup>5</sup> To accomplish this task, the department reviewed the quality of care and compliance history for VC and the medical professionals that would practice there.

### **CMS Survey Data**

The only licensed facility operated by Vancouver Clinic is their existing Vancouver ASF – therefore this is the only facility by which the department can gauge compliance with this sub-criterion. VC is accredited by the Accreditation Association for Ambulatory Health Care.<sup>6</sup>

Using CMS Quality, Certification & Oversight Reports (QCOR), the department reviewed historical survey data for VC. Within the last three years, VC has not been surveyed by CMS. Their most recent survey was in FY2013 and resulted in no deficiencies or follow up visits. The Office of Health Systems Oversight with the Department of Health has not taken action against VC’s license. [source: ILRS, QCOR Survey Activity Report for VC]

In addition to the facilities identified above, the department also reviewed the compliance history of the physicians and other staff associated with VC. All physicians associated with VC have active credentials. The department did not find any restrictions on the licensed providers within the last three years.

Based on the information above, the department concludes that VC demonstrated reasonable assurance that the facility would continue to operate in compliance with state and federal requirements if this project is approved. **This sub-criterion is met.**

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

<sup>6</sup> “AAAHC accreditation means that the organization participates in on-going self evaluation, peer review and education to continuously improve its care and services. The organization also commits to a thorough, on-site survey by AAAHC surveyors, who are themselves health care professionals, at least every three years.” [source: AAAHC website]



- (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.

#### **Vancouver Clinic**

VC provided the following statement related to this sub-criterion:

*"TVC has long-term collaborative relationships with other providers to expand program offerings and ensure access and continuity of appropriate care for residents of Clark County. These relationships include, for example, home health, hospice, dialysis facilities, radiology, to name a few. In addition, patients requiring transfer to a higher level of care would be transferred to either PeaceHealth Southwest Washington Medical Center or to Legacy Salmon Creek. A copy of the existing transfer agreement with PeaceHealth Southwest Washington Medical Center is included in Exhibit 18."* [source: Application pdf31]

#### **Public Comment**

None

#### **Rebuttal**

None

#### **Department Evaluation**

With the increased access CN approval brings, the department concludes that the addition of multispecialty operating rooms to the planning area does not represent unwarranted fragmentation of services. Furthermore, the applicant provided statements identifying how the ASF would operate in relation to the existing facilities and services in the planning area. The relationships already exist, and VC currently operates with a highly utilized ASF in Vancouver. Based on this information, the department concludes that the ASF would have an appropriate relationship to the service area's existing health care system. **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.

#### **Department Evaluation**

This sub-criterion is evaluated in sub-section (3) above, **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 Vancouver Clinic 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, in terms of cost, efficiency, or effectiveness, the department takes a multi-step approach. First the department determines if the application has met the other criteria of WAC 246-310-210 thru 230. If the project has failed to meet one or more of these criteria then the project cannot be considered to be the best alternative in terms of cost, efficiency, or effectiveness as a result the application would fail this sub-criterion.

If the project has met the applicable criteria in WAC 246-310-210 through 230 criteria, the department then assesses the other options considered by the applicant. If the department determines the proposed project is better or equal to other options considered by the applicant and the department has not identified any other better options this criterion is determined to be met unless there are multiple applications.

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria contained throughout WAC 246-310 related to the specific project type. The adopted superiority criteria are objective measures used to compare competing projects and make the determination between two or more approvable projects which is the best alternative. If WAC 246-310 does not contain any service or facility type superiority criteria as directed by WAC 246-310-200(2) (a)(i), then the department would 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.

#### **Department Evaluation**

##### **Step One:**

The department concluded that VC met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves to step two.

##### **Step Two:**

##### **Vancouver Clinic**

VC provided the following statements related to their consideration of alternatives prior to submitting this project. [source: Application pdf32-33]

*"Several options were considered, including:*

- 1) Expand the current ASC at 87th Avenue,*
- 2) Establish an ASC in another of TVC's existing six locations*
- 3) Utilize one or both of the existing hospitals to accommodate the expected volume, or*
- 4) Build a new location and include an ASC*

*Options 1 and 2 were thoroughly vetted but ultimately abandoned because there is no shelled or otherwise unused space at either the current 87th Avenue or at any other TVC Clinic locations. To expand or add a new ASC would either require downsizing primary care or building an expansion onto an existing building. Downsizing primary care is inconsistent with our mission and with health care transformation. Expanding an existing building was considered, but on a cost per square foot basis was higher in cost and was a compromise with respect to patient flow, parking access and overall facility efficiency. These considerations, coupled with the significant disruption to current operations that would occur if an expansion of a current facility were constructed, resulted in the options being ruled out.*

*TVC did explore diverting otherwise outpatient cases to the mixed use capacity at either or both existing hospitals. This was ruled out because of the high occupancy of both existing hospitals, the added cost of hospital-based surgery and the fact that payers and patients want dedicated outpatient space.*

*Once the other options were ruled out, TVC evaluated the construction of a new multispecialty location that included a multispecialty ASC. A number of sites were evaluated based on access, cost, ease of construction, and ability to accommodate our programmatic demands. The selected Salmon Creek site was the preferred option.”*

#### Public Comment

None

#### Rebuttal

None

#### Department Evaluation

The statements provided in relation to this sub-criterion can be substantiated, and the department did not identify any alternatives that would be superior in terms of cost, efficiency, or effectiveness. The department concurs that the requested project is reasonable and is the best option of the three presented by VC for the planning area and surrounding communities. **This sub-criterion is met.**

#### Department Evaluation

##### **Step Three:**

This step is applicable only when there are two or more approvable projects. VC’s application is the only application under review to add outpatient surgical capacity in the Clark County secondary health service planning area. Therefore, this step does not apply.

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;

**Department's Evaluation**

Consistent with the evaluation under WAC 246-310-210, the costs identified within this project have been substantiated by a contractor and are reasonable for the scope of project.

**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.

**Department's Evaluation**

This sub-criterion was evaluated in conjunction with WAC 246-310-220 above **and is considered met.**

(3) The project will involve appropriate improvements or innovations in the financing and delivery of health services which foster cost containment and which promote quality assurance and cost effectiveness.

**Vancouver Clinic**

TVC sponsored more than 50 staff members from every category of role to participate in the design work over 10 full day sessions (500 person days) incorporating all of their years of experience in designing a world-class facility. Below is a brief summary of ways in which the project will promote staff or system efficiency and productivity.

- Supply Chain - Visual management incorporated in all locations which will allow nonclinical staff to manage replenishment tasks. This includes receiving, restocking and ordering. All supplies including linen and drug storage conveniently located adjacent to the point of use.
- Replicated 'neighborhood' concept in the pre/post area will provide consistency of supply and equipment location as well as consistent patient care area setup which allows for ease of providing care in any neighborhood (all are setup the same).
- Co-location of ORs and Preop/PACU area to facilitate team communication (daily huddles) and patient care.
- Patient & Family comfort care provided at point of use including blanket warmers, forced air blowers and nutrition.
- Equipment storage and case staging area centrally located for easy access to ORs.
- The principle of circular (one way) workflow travel pathways from clean to dirty maintained in all areas including within the OR, from the OR to soiled hold, decontamination to sterile processing, and then to temporary storage.
- Implementation of multiple signal systems (visual, auditory) that alert staff to patient needs, allow for staff communication, and support LEAN concept of a pull system.
- Corridors near staff areas (breakroom, respite room, locker room) allow space for visual aids as a means to communicate work status, abnormalities and performance.
- One way flow in SPD from case pick (instruments & soft goods) to case cart staging.
- Every equipment or supply has a designated "home". No need to go looking for a needed item.

- *Encourages a pull system (as opposed to push) to create flow that streamlines upstream and downstream connections, highlights constraints, and exposes problems that are critical to innovation and improvement.*
- *Creates a single piece flow system that provides the best patient experience (high touch, high quality), enables staff to see variation and problems (standard work and flow) and produces cost-effective delivery of care.” [source: application pdf29-30]*

Public Comment

None

Rebuttal

None

Department Evaluation

Based on information provided within the application, and evaluated under WAC 246-310-210 and 230, the department is satisfied that his project is appropriate and needed. This project has the potential to improve the delivery of health services. The department concludes the addition of multispecialty operating rooms will appropriately improve the delivery of health services in Clark County. **This sub-criterion is met.**

# APPENDIX A

**Ambulatory Surgery Need Methodology  
WAC 246-310-270**

Facility	License Number	CN Approved?	ZIP Code	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Inpatient min/case	Cases in Mixed Use ORs	Minutes In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Minutes in Outpatient ORs	Data Source
Legacy Salmon Creek Hospital/Legacy Salmon Creek	HAC.FS.00000208	yes	98686-2742	2	0	0	10	103.72	7,312	758,418				2018 survey for 2017 data
PeaceHealth Southwest Medical Center	HAC.FS.60435729	yes	98664-3200	4	0	2	13		10,615	1,226,741		972	41,719	2018 survey for 2017 data
Vancouver Eye Care Surgery and Laser Center	ASF.FS.60099966	yes	98683-7584	0	0	2	0				50.00	1,903	95,150	2018 survey for 2017 data. Default minutes applied
Southwest Washington Regional Surgery Center	ASF.FS.60099977	yes	98664-3294	0	0	8	0				50.00	9,750	487,500	ILRS plus default minutes
Pacific Cataract and Laser Institute	ASF.FS.60101114	no	98686-3252	0	0	1	0				50.00	2,130	106,500	2018 survey for 2017 data. Default minutes applied
Salmon Creek Plastic Surgery	ASF.FS.60101710	no	98685-2628	0	0	1	0				50.00	300	15,000	ILRS plus default minutes
The Vancouver Clinic Surgery Center	ASF.FS.60103037	no	98664-1913	4	0	3	0				55.56	5,677	315,392	2018 survey for 2017 data
Michael Workman Plastic Surgery	ASF.FS.60113911	no	98683-9644	0	0	1	0				61.18	102	6,240	2018 survey for 2017 data
Advanced Endoscopy Center	ASF.FS.60280600	yes	98686-3032	2	0	0	0				#DIV/0!			2018 survey for 2017 data
Pacific Gastro Health	ASF.FS.60624870	no	98664-2011	1	0	0	0				#DIV/0!			2018 survey for 2017 data
<b>Totals</b>				<b>13</b>	<b>0</b>	<b>18</b>	<b>23</b>		<b>17,927</b>	<b>1,985,159</b>	<b>51.24</b>	<b>20,834</b>	<b>1,067,501</b>	
<b>Outpatient ORs Counted in Methodology</b>				<b>12</b>				Avg min/case inpatient		<b>110.74</b>	Avg min/case outpatient		<b>51.24</b>	
Total Surgeries				38,761										
Total Planning Area Population-2017				470,851										
Use Rate				82.321										
Total Planning Area Population-2022				515,776										
% Outpatient of total surgeries				53.75%										
% Inpatient of total surgeries				46.25%										

**Ambulatory Surgery Need Methodology**  
**WAC 246-310-270**

Service Area Population-2022		515,776										
Use Rate		82.3211										
Projected Surgeries in Projection Year		42,459										
a.i.	94,250	minutes/year/mixed-use OR										
a.ii.	68,850	minutes/year/dedicated outpatient OR										
a.iii.	12	dedicated outpatient OR's x 68,850 minutes =			826,200	minutes dedicated OR capacity	16,125	Outpatient surgeries				
a.iv.	23	mixed-use OR's x 94,250 minutes =			2,167,750	minutes mixed-use OR capacity	19,576	Mixed-use surgeries				
b.i.	projected inpatient surgeries =		19,637	=	2,174,567	minutes inpatient surgeries						
	projected outpatient surgeries =		22,822	=	1,169,353	minutes outpatient surgeries						
b.ii.	Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's											
		22,822	-	16,125	=	6,697	outpatient surgeries					
b.iii.	average time of inpatient surgeries			=	110.74	minutes						
	average time of outpatient surgeries			=	51.24	minutes						
b.iv.	inpatient surgeries*average time			=	2,174,567	minutes						
	remaining outpatient surgeries(b.ii.)*avg time			=	343,153	minutes						
					2,517,720	minutes						
c.i.	if b.iv. < a.iv. , divide (a.iv.-b.iv.) by 94,250 to determine surplus of mixed-use OR's											
	<b>Not Applicable - Go to c.11. and ignore any value here.</b>											
		2,167,750										
	-	2,517,720										
		-349,970	/	94,250	=	-3.71						
c.ii.	if b.iv. > a.iv., divide (inpatient part of b.iv - a.iv.) by 94,250 to determine shortage of inpatient OR's											
	<b>USE THESE VALUES</b>											
		2,174,567										
	-	2,167,750										
		6,817	/	94,250	=	0.07						
	divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's											
		343,153	/	68,850	=	4.98						