



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

September 4, 2019

CERTIFIED MAIL # 7016 3010 0001 0575 0198

Robert Wright, MD, Medical Director
Meridian Surgery Center
2018 – 17th Avenue Southeast, #201
Puyallup, Washington 98372

RE: Certificate of Need Application #19-16

Dear Dr. Wright:

We have completed review of the Certificate of Need application submitted by Cascade Hernia and Surgical Solutions, PS. The application proposes to establish an ambulatory surgery center in Puyallup, within east Pierce County. Enclosed is a written evaluation of the application.

For the reasons stated in the enclosed decision, the application is consistent with the applicable criteria of the Certificate of Need Program, provided Cascade Hernia and Surgical Solutions, PS agrees to the following in its entirety.

Project Description

This certificate approves the establishment of a two operating room ambulatory surgical facility located in Puyallup, within east Pierce County. Surgical services provided include bariatrics, ENT, gynecology, plastic, and podiatry, and general surgery as described in the application and can be appropriately performed in an outpatient setting.

Conditions

1. Cascade Hernia and Surgical Solutions, PS agrees with the project description. Cascade Hernia and Surgical Solutions, PS further agrees that any change to the project as described in the project description above is a new project that requires a new Certificate of Need.
2. Meridian Surgery Center will maintain Medicare and Medicaid certification, regardless of facility ownership.
3. Meridian Surgery Center will provide charity care in compliance with its charity care policies reviewed and approved by the Department of Health. Meridian Surgery Center will use reasonable efforts to provide charity care consistent with the average charity care provided by Good Samaritan Hospital located in Puyallup. The current planning area three-year average is 1.19% of gross revenue and 3.57% of adjusted revenue. Good Samaritan Hospital's three-year average is 1.83%

gross revenue and 5.16% adjusted revenue. Meridian Surgery Center will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires that these records be available upon request.

4. Cascade Hernia and Surgical Solutions, PS will finance the project as described in the application.

Approved Costs:

The approved capital expenditure for this project is \$279,694, which includes both the construction to increase the number of operating rooms and equipment purchases to expand the types of surgeries.

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:

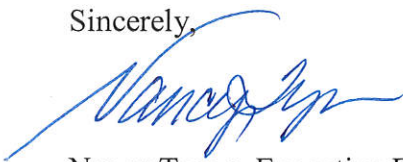
Department of Health
Certificate of Need Program
Mail Stop 47852
Olympia, WA 98504-7852

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 SEPTEMBER 4, 2019, FOR THE CERTIFICATE OF NEED APPLICATION FROM CASCADE HERNIA AND SURGICAL SOLUTIONS, PS PROPOSING TO CONVERT A CERTIFICATE OF NEED (CN) EXEMPT AMBULATORY SURGICAL FACILITY TO CN-APPROVED AMBULATORY SURGICAL FACILITY IN PUYALLUP, WITHIN EAST PIERCE COUNTY

APPLICANT DESCRIPTION

Cascade Hernia and Surgical Solutions, PS

Cascade Hernia and Surgical Solutions, PS is a Washington State professional service corporation.¹ The corporation is governed by two persons: Robert Wright, MD and Sally Wright, husband and wife. [source: Application, p2 and Secretary of State website]

Under this corporation is a Certificate of Need exempt surgery center. For this project, Cascade Hernia and Surgical Solutions, PS is the applicant and will be referenced in this document as ‘CHSS.’

PROJECT DESCRIPTION

Cascade Hernia and Surgical Solutions, PS

With this application, CHSS proposes to convert is Certificate of Need exempt surgery center to Certificate of Need approved. The surgery center, known as Meridian Surgery Center is located 208 – 17th Avenue Southeast, #201 in Puyallup [98372] within east Pierce County. [source: Application, p2]

Meridian Surgery Center has one operating room (OR) and provides general surgery. If this project is approved, the surgery center’s ORs would increase to two and the types of surgeries would include bariatrics, ENT, gynecology, plastic, and podiatry in addition to general surgery. CHSS provided the following description of ‘general surgery.’ [source: February 22, 2019, screening response, Attachment 1]

Skin/Soft Tissue	Melanoma Resection / Skin Cancer Resection / Foreign Body Removal / Lipoma Removal / Pilonidal Resection
Breast	Breast Biopsy / Mastectomy / Lumpectomy / Oncoplasty
Head and Neck	Mass Removal / Node Removal Procedures
GI and Endoscopy	Gallbladder / Appendix / Hemorrhoids/ Anus and Procedures
Abdominal	Inguinal Hernia / Ventral Hernia / Incisional Hernia / Umbilical Hernia
Vascular	Central Venous Access (port) / Node Biopsy / Sentinel Node Biopsy / Varicose Vein Procedures / Endovascular Procedures / Vascular Ultrasound
Endocrine	Thyroid / Parathyroid
Plastic	Flap Advancement Closure / Myofascial Advancement / Gynecomastia Removal / Panniculectomy / Breast Oncoplasty / Abdominoplasty / Arm and Leg Panniculectomy / Breast Reduction / Liposuction
Laparoscopy/Basic	Laparoscopic Cholecystectomy / Laparoscopic Hernia / Laparoscopic Appendectomy / Laparoscopic Node Biopsy / Laparoscopic Oophorectomy / Diagnostic Laparoscopic / Laparoscopic Tubal Ligation
Complex Laparoscopy	Laparoscopic Nissen Fundoplication / Laparoscopic Hill Posterior Gastropexy / Laparoscopic Hiatal Hernia Repair (with or without mesh) / Laparoscopic Gastric Sleeve Resection / Laparoscopic Band Procedures / Laparoscopic Band Revisions / Laparoscopic Band Removals / Endoscopic Gastric Balloon Placement

¹ UBI #602 696 189.

Further, as a Certificate of Need approved facility, physicians not associated with CHSS could have access to the surgery center. [source: Application, p7]

The estimated capital expenditure associated with this project is \$279,694, which includes both the construction to increase the number of ORs and equipment purchases to expand the types of surgeries. [source: Application, p20]

APPLICABILITY OF CERTIFICATE OF NEED LAW

This application proposes to convert an exempt surgery center to a Certificate of Need approved facility. This action is subject to review as the construction, development, or other establishment of new 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 ASC projects and must be used to make the required determinations for applicable criteria in WAC 246-310-210.

TYPE OF REVIEW

This application was submitted on October 9, 2018. On August 10, 2018, Proliance Surgeons, Inc. PS (Proliance) submitted an application proposing to expand an existing CN approved ambulatory surgery center in Puyallup, within east Pierce County. Since both applicants proposed projects in the east Pierce County planning area, they were reviewed concurrently under the regular timeline outlined in WAC 246-310-160.

On August 29, 2019, the department received notification of a change in the Proliance application that would result in a delay in the release of the decision. As a result, the department bifurcated the two applications and continued with this evaluation for the CHSS project. The timeline below includes both applications, and then shows the bifurcation and completion dates for the CHSS project.

APPLICATION CHRONOLOGY

Action	CHSS	Proliance Surgeons
Letter of Intent Submitted	August 13, 2018	July 6, 2018
Application Submitted	October 9, 2018	August 10, 2018
Department's pre-review activities: • DOH 1st Screening Letter • Applicant's Responses Received	October 30, 2018 December 14, 2018	August 31, 2018 & October 30, 2018 December 19, 2018
• DOH 2nd Screening Letter • Applicant's Responses Received	January 8, 2019 February 22, 2019	N/A ² N/A
Beginning of Review	March 1, 2019	
Public Hearing Conducted	N/A	
Public Comments accepted through the end of public comment	April 5, 2019	
Rebuttal Comments Submitted	April 19, 2019	
Department's Anticipated Decision Date	June 3, 2019	
Bifurcation of Applications	August 30, 2019	August 30, 2019
Department's Anticipated Decision Date	June 3, 2019	
Department's Anticipated Decision Date with 90-day Extension	September 3, 2019	
Department's Actual Decision Date	September 4, 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."*

² Proliance requested the department begin review after receipt of the first screening responses. Given that CHSS requested a second screening of its project, review of the Proliance application was held until both could be reviewed simultaneously.

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.*

Under concurrent review, each applicant is an affected person for the other application. Even though the Proliance decision will be released at a later date, Proliance continues to qualify as affected person for the CHSS project. During the course of review, two additional entities requested interested person status. They are identified below.

MultiCare Health System

MultiCare Health System is a not-for-profit health care organization that owns and operates five hospitals in King and Pierce counties. All five hospitals provide a variety of healthcare services to residents of King and Pierce counties and surrounding communities. MultiCare Health System also owns and operates a variety of healthcare clinics located in King, Kitsap, Pierce, Snohomish, and Thurston counties. [source: MultiCare Health System website] MultiCare Health System provided written comments on this project. MultiCare Health System meets the affected person qualifications identified above.

Providence Health & Services Washington

Providence Health & Services Washington submitted a request for interested and affected person status for this application. In Washington State, Providence Health & Services operates a variety of healthcare facilities. Providence Health & Services does not operate any healthcare facilities in Pierce County, but does operate St. Peter Hospital in Lacey, within Thurston County. While Providence St. Peter Hospital may provide healthcare services to residents Pierce County, this does not meet the interested person criteria outlined in WAC 246-310-010(34) above. Further, Providence Health & Services did not provide public comment on these projects. As a result, neither Providence Health & Services nor Providence St. Peter Hospital qualifies as an interested person and cannot qualify as an affected person for these projects.

In summary, each applicant qualifies as an affected person for the other application. MultiCare Health System also qualifies as an affected person for these two projects.

SOURCE INFORMATION REVIEWED

- Cascade Hernia and Surgical Solutions, PS Certificate of Need application
- Cascade Hernia and Surgical Solutions, PS December 14, 2018, screening responses
- Cascade Hernia and Surgical Solutions, PS February 22, 2019 screening responses

SOURCE INFORMATION REVIEWED (continued)

- Public comment received on or before April 5, 2019
- Compliance history for credentialed or licensed staff from the Medical Quality Assurance Commission and Nursing Quality Assurance Commission
- Compliance history for facilities and services from the Washington State Department of Health – Office of Health Systems Oversight
- DOH Provider Credential Search website: <http://www.doh.wa.gov/pcs>
- CMS QCOR Compliance website: https://qcor.cms.gov/index_new.jsp
- Historical charity care data for years 2015, 2016, and 2017 obtained from the Department of Hospital/Finance and Charity Care (HFCC) Financial Review
- Year 2018 Annual Ambulatory Surgery Provider Survey for Surgical Procedures Performed During Calendar Year 2017 for hospitals, ambulatory surgery centers, or ambulatory surgical facilities located in east Pierce County³
- Claritas population data – 2017 and 2022
- Department of Health internal database – Integrated Licensing and Regulatory Systems (ILRS)
- Cascade Hernia and Surgical Solutions website: <https://cascadehernia.com>
- Meridian Surgery Center website: <https://www.meridian surgery center.com>
- Washington State Secretary of State website: <https://sos.wa.gov>
- 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

CONCLUSION

Cascade Hernia and Surgical Solutions, PS

For the reasons stated in this evaluation, the application submitted by Cascade Hernia and Surgical Solutions, PS proposing to establish an ambulatory surgery in Puyallup, within east Pierce County, is consistent with applicable criteria of the Certificate of Need Program, provided Cascade Hernia and Surgical Solutions, PS agrees to the following in its entirety.

Project Description

This certificate approves the establishment of a two operating room ambulatory surgical facility located in Puyallup, within east Pierce County. Surgical services provided include bariatrics, ENT, gynecology, plastic, and podiatry, and general surgery as described in the application and can be appropriately performed in an outpatient setting.

Conditions

1. Cascade Hernia and Surgical Solutions, PS agrees with the project description as stated above. Cascade Hernia and Surgical Solutions, PS further agrees that any change to the project as described in the project description above is a new project that requires a new Certificate of Need.
2. Meridian Surgery Center will maintain Medicare and Medicaid certification, regardless of facility ownership.

³ For Certificate of Need purposes, “Ambulatory Surgery Centers” (ASCs) and “Ambulatory Surgical Facilities” (ASFs) are often used interchangeably – ASCs are Medicare-certified surgery centers, whereas ASFs are licensed facilities in the state of Washington. With limited exceptions, all CN-approved ASFs are also ASCs. CHSS self-identified as both for Meridian Surgery Center.

3. Meridian Surgery Center will provide charity care in compliance with its charity care policies reviewed and approved by the Department of Health. Meridian Surgery Center will use reasonable efforts to provide charity care consistent with the average charity care provided by Good Samaritan Hospital located in Puyallup. The current planning area three-year average is 1.19% of gross revenue and 3.57% of adjusted revenue. Good Samaritan Hospital's three-year average is 1.83% gross revenue and 5.16% adjusted revenue. Meridian Surgery Center will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires that these records be available upon request.
4. Cascade Hernia and Surgical Solutions, PS will finance the project as described in the application

Approved Costs

The approved capital expenditure for this project is \$279,694, which includes both the construction to increase the number of ORs and equipment purchases to expand the types of surgeries.

CRITERIA DETERMINATIONS

A. NEED (WAC 246-310-210)

Cascade Hernia and Surgical Solutions, PS

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department concludes that Cascade Hernia and Surgical Solutions, PS met the applicable need criteria in WAC 246-310-210 and has met the applicable ambulatory surgery facility criteria in WAC 246-310-270.

- (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.*

To evaluate this sub-criterion, the department uses facility-specific criteria found in WAC 246-310-270.

WAC 246-310-270(6)

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

Cascade Hernia and Surgical Solutions, PS

Currently Meridian Surgery Center is a Certificate of Need exempt facility that has one OR. In addition to expanding the types of surgeries provided at the surgery center, this project proposes to increase the number of ORs to two. [source: Application p7]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The application provided documentation and statements to demonstrate the surgery center would have two ORs. **This sub-criterion is met.**

WAC 246-310-270(9) – Ambulatory Surgery Numeric Need 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. Both proposed facilities are located in Puyallup, within east Pierce 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 OR 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.

Cascade Hernia and Surgical Solutions, PS

CHSS identified the surgery centers and hospitals in the east Pierce planning area and provided the following information regarding their calculation of the numeric need methodology. [source: Application, p13 and Table 7]

“The fact that only two dedicated outpatient ASCs, with a total of 5 operating rooms are available to serve more than 300,000 residents limits options, reduces choice, and potentially increases costs. The CN program is well aware that patients and payers are increasingly demanding improved access to value-based care; lower costs and better outcomes.”

In its numeric methodology, CHSS calculated a need for 9.05 ORs in year 2022. [source: December 14, 2018, screening responses, Attachment 4]

Public Comments

None

Rebuttal Comments

None

Department Numeric Need Methodology and Evaluation of CHSS Application

The numeric portion of the methodology requires a calculation of the annual capacity of the existing providers' inpatient and outpatient ORs in a planning area – east Pierce County.

According to the department's records, there are eight planning area providers with OR capacity. Of these providers, one is a hospital and seven 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 these applications began review, the most recent utilization survey data available was for year 2017. Therefore this data will be used. The data provided in the utilization survey is used, if available.

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

One hospital is located in the east Pierce planning area—MultiCare Health System’s Good Samaritan Hospital. The hospital reports five special procedure rooms and ten mixed use ORs. For these projects, the department will count the ten mixed use ORs at Good Samaritan Hospital.

The remaining facilities are seven ASFs in the planning area. Table 1 below summarizes the information on these seven surgery centers.

**Department’s Table 1
East Pierce County ASFs**

Facility	CN Approved or Exempt?
Cascade Eye and Skin Centers	Exempt
Hillside Medical Surgery Center	Exempt
Meridian Surgery Center (Applicant)	Exempt
Microsurgical Spine Center (formerly NeoSpine)	CN Approved
Philip C. Kierney, MD	Exempt
Puyallup Ambulatory Surgery Center (Proliance)	Exempt
The Surgery Center at Rainier	CN Approved

[source: ILRS and CN historical records]

As noted in the table below, of the seven facilities, five 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 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. It is also noted above that one of the CN exempt facilities is one of the facilities in this review—Meridian Surgery Center.

Focusing on the remaining two CN approved facilities, in its utilization survey response, The Surgery Center at Rainier identifies two ORs. While pain management is performed in one of the ORs, the survey response notes that the OR is not dedicated to pain management. As a result, two ORs and the number of surgeries will be counted for The Surgery Center at Rainier.

The other facility is Microsurgical Spine Center; it is a CN approved facility that has been operating in the planning area for many years. This facility has two ORs and both are dedicated to pain management. These two ORS are not counted in the numeric methodology.

In summary, for the surgery centers, the number of surgeries will be counted for all facilities listed above. The number of ORs will be counted for only The Surgery Center at Rainier.

The data points used in the department's numeric methodology are identified in Table 2. The methodology and supporting data used by the department is provided in Appendix A attached to this evaluation.

Department's Table 2
Department's Methodology Assumptions and Data

Assumption	Data Used
Planning Area	East Pierce County
Population Estimates and Forecasts	Age Group: 0+ Claritas Population Data updated year 2017 Year 2017 – 363,544 Year 2022 – 383,925
Use Rate	Divide calculated surgical cases by 2017 population results in the service area use rate of 64.322 population
Year 2017 Total Number of Surgical Cases	15,032 – Inpatient or Mixed-Use; 8,352 – Outpatient 23,384 – Total Cases
Percent of surgery: outpatient vs. inpatient	Based on DOH survey and application: 64.28% outpatient; 35.72% inpatient
Average minutes per case	Based on DOH survey and ILRS: Outpatient cases: 61.02 minutes Inpatient cases: 91.39 minutes
OR Annual capacity in minutes	68,850 outpatient surgery minutes; 94,250 inpatient or mixed-use surgery minutes (per methodology in rule)
Existing providers/ORs	Based on listing of east Pierce County Providers: 2 dedicated outpatient ORs 10 mixed use ORs
Department's Methodology Results	Need for 12.07 mixed use ORs

Based on the assumptions described in Table 2 above, the department's application of the numeric methodology indicates a need for of 12.07 outpatient ORs in projection year 2022.

When comparing CHSS's numeric methodology with the department's methodology, the end result of projected need for the east Pierce County planning area is not significantly different. CHSS projected a need for 9.05 ORs; and the department projected a need for 12.07 ORs. The differences can be attributed to:

- Population for the planning area—CHSS projected to year 2022, but the population numbers are approximately 100,000 different. When the department calculates a numeric methodology, it identifies any new ZIP codes that have been added to the planning area. As a result, generally the department's population data is more accurate.

- Use Rate—CHSS calculated an 84.09 use rate per 1,000 east Pierce County residents. The department's calculated use rate is 64.32 per 1,000 residents. While the department's use rate is lower, its population is higher.
- Outpatient OR Capacity Count—CHSS counted a total of five outpatient ORs; for the reasons discussed above, the department counted two outpatient ORs.

Given the explanation of the factors used in the department's methodology, this evaluation will consider its own methodology to be most reliable. Even with the differences in the two methodologies, both project a need for additional ORs in the planning area. The department projected need for 12.07 ORs in the planning area; CHSS proposes to add two ORs. The total number of requested outpatient ORs by the applicant does not exceed the net need identified within the numeric need methodology. Numeric need would not be a barrier to approval of this project.

WAC 246-310-210

In addition to demonstrating need for services within a planning area, the applicant must also demonstrate that existing services are not sufficiently available and accessible to meet that need. Below is the department's evaluation of this sub-criterion.

Cascade Hernia and Surgical Solutions, PS

CHSS provided the following additional information in support of its project. [source: Application, pp17-18]

"This project is not an unnecessary duplication, as the methodology in WAC 246-310-270(9) identifies need for additional outpatient operating room capacity in East Pierce over and above that which currently exists. Nearly 80% of our projected year 2 utilization is "current volume" already occurring at Meridian. Without CN approval, and under the new interpretive guidelines, we are frankly concerned about ongoing viability and seek assurance of our ability to continue to provide access. A loss of Meridian would cause disruption to patients, increased costs to patients and payers, and place increasing pressure on a Planning Area that already has a defined shortage of 9 ORs by 2022 and only two highly utilized dedicated CN approved outpatient ASCs.

In addition, as described earlier, patients and payers have also demonstrated an increasing desire for freestanding ASC services (both in terms of access and cost) further assuring that this CN application proposes services that will improve access, availability and cost."

Public Comments

The department received several letters of support for CHSS's request. Many cited access concerns. The examples below are representative of the other letters:

Kelly DeMeyere-Coursey, MD Medical Director Washington State Paladina Health

"Ambulatory Surgery Centers (ASCs) are an important asset to reduce healthcare costs both to patients on an individual level as well as to the system as a whole. It has also been shown, with consistency, that patient satisfaction rates are higher at ASCs and infection rates are lower than those compared to a hospital setting. In fact, Meridian Surgery Center has data to prove both of these points over the course of several years.

In Pierce County, we have limited options on where to send our healthier patients for surgical care. Any additional non-hospital based options for our patients are not only wanted, but needed in order to accomplish the above, aforementioned goals.”

Scott F. Kronlund, MD

“As we collectively strive to achieve the Triple Aim, ASCs play an integral part of all three aims; namely, assuring that clinically appropriate care is delivered in the safest, most cost-effective, and patient-friendly environment available. For many surgical patients, that means a community-based ASC. Today, options are limited in East Pierce County for non-hospital-based surgery. I am very familiar with the Meridian Surgery Center and its excellent clinical performance but remain concerned that this Center is unduly constrained to limit patient access as it operates with a CON exemption precluding other providers from practicing there.

The demand for expanded outpatient surgical capacity clearly exists as the population of East Pierce County continues to grow. Converting the existing Meridian Surgery Center exempt ASC to a CON-approved ACS is a cost-efficient, timely means of improving access to lower cost quality care.”

Julie Stroud, MD Executive Medical Director, Northwest Physicians Network

“Northwest Physicians Network is an independent physician association (IPA). We have been in existence for more than 20 years and assume risk for managing the care of more than 8,000 lives in east Pierce County. IP As and accountable care organizations (ACOs) are critical components of health care transformation and are responsible for assuring that patients get the right care at the right time while avoiding care that has no proven benefit or represents an unnecessary duplication of services. We do this, in part, by having patients’ access services in the most appropriate and least costly, but high quality setting.

Today, options are limited in east Pierce County for non-hospital-based surgery. We are familiar with Meridian Surgery Center and their quality, but are not able to have all patients’ access to Meridian Surgery Center because it operates with a CON exemption that limits the providers who can use it.

The demand exists in east Pierce County for more dedicated outpatient capacity. Converting the existing Meridian Surgery Center exempt ASC to a CON approved ASC is a cost efficient, timely means of improving access to lower cost quality care.”

Bruce Dammeier, Pierce County Executive

“As the Vice Chair of the Washington State Senate Health Care Committee for four years, I am well versed in the positive cost and quality outcomes associated with Ambulatory Surgery Centers like MSC. Ambulatory outpatient centers play an important role in the goals of the Affordable Care Act to meet the "triple aim" - improved clinical outcomes, increase patient satisfaction and decreased cost.

It is vitally important to increase outpatient consumer options to keep medical costs down with high quality clinical outcomes and satisfaction. Therefore, I am concerned that contracting renewal with the independent centers is lagging and is not keeping pace.”

Rebuttal Comments

None

Department Evaluation

In addition to numeric need, the department must determine whether other services and facilities for the type proposed are not or will not be sufficiently available and accessible to meet that need.

CHSS provided statements related to the availability and accessibility of other providers in the planning area. CHSS's comments focused on the numeric need for additional outpatient ORs.

The public comments expressed support for additional OR capacity in the east Pierce County planning area. The department did not receive any public comment to suggest that other area providers opposed the addition of outpatient surgery capacity in the planning area.

In summary, based on the department's numeric need methodology, numeric need for additional OR capacity in the east Pierce County secondary service planning area is demonstrated. The number of ORs requested by CHSS does not exceed the planning area need, and the existing supply may not be sufficiently available and accessible to all planning area residents. Further, CHSS meets the standard under WAC 246-310-270(6). **This sub-criterion is met.**

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

To evaluate this sub-criterion, the department evaluates an applicant's admission policies, willingness to serve Medicare and 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 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 applicant'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 applicant'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, the amount of charity care is expected to decrease, but not disappear. Specific to ASCs, 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.

Cascade Hernia and Surgical Solutions, PS

CHSS provided copies of the following policies, which would be used at the surgery center if this project is approved. [source: Application, Exhibits 8, 9, and 10 and December 14, 2018, screening response, Attachment 5]

- Admission Policy [Exhibit 9]
- Non-Discrimination Policy [Exhibit 8]
- Charity Care Policy [Exhibit 10]
- Patient Rights Policy and Procedure [Attachment 5]

In addition to the policies listed above, CHSS provided its current and projected sources of revenue by payer for Meridian Surgery Center. A breakdown is shown below. [source: Application p22]

Department's Table 3
Meridian Surgery Center Current and Projected Payer Mix

Payer	Current	Projected
Medicare	18.0%	18.0%
Medicaid	5.0%	5.0%
Other Government	7.0%	7.0%
Commercial	70.0%	65.0%
Other/Self Pay	0.0%	5.0%
Total	100.0%	100.0%

CHSS provided the following explanation regarding its slight changes in payer mix for commercial and self-pay. [source: December 14, 2018, screening response, p8]

“Meridian used its existing payer mix as a baseline, and then conferred with surgeons that have expressed intent to utilize the facility. Based on the input from these surgeons, Table 6 assumes no change in Medicare, Medicaid or other government. Meridian did assume less commercial insurance (reduction from 70% to 65%) to account for the increase in self pay. As noted in the footnote to Table 6, the self-pay was assumed for the bariatric cases.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The policies provided in the application are currently used at Meridian Surgery Center. The Admission Policy provides process used for admission of patients for outpatient surgeries, including the criteria for admitting patients and a description of the types of patients that would be served.

The Admission Policy is used in conjunction with the Non-Discrimination Policy also provided in the application. The Non-Discrimination Policy includes the following language:

“It is unacceptable to discriminate against any individual on the basis of race, color, national origin, sex, age, disability or limited English proficiency.”

Meridian Surgery Center is currently Medicare and Medicaid certified and CHSS provided its provider numbers. CHSS also provided a table showing Meridian Surgery Center's percentages for both Medicare and Medicaid. If this project is approved, the department would attach a condition requiring Meridian Surgery Center to maintain both Medicare and Medicaid participation.

The Charity Care Policy is consistent with other approved charity care policies for CN-approved ASFs. Based on the information reviewed and with CHSS’s agreement to the conditions identified above, the department concludes **this sub-criterion is met.**

WAC 246-310-270(7) – Charity Care Requirement

WAC 246-310-270(7) requires that ASCs shall implement policies to provide access to individuals unable to pay consistent with charity care levels reported by the hospitals affected by the proposed ASC. The department’s evaluation of CHSS for this sub-criterion is below.

Cascade Hernia and Surgical Solutions, PS

CHSS included a table showing its historical charity care dollars for full years 2015 through 2017, and annualized for 2018, based on 9 months of data. Included with the data, CHSS provided the following information. [source: February 22, 2019, screening response, p2]

Applicant’s Table

Meridian Surgery Center Historical			charity care dollars	% of total revenue	% of adjusted revenue
Year	total revenue	adjusted revenue			
2015	\$4,877,650	\$3,567,088	\$18,897	0.39%	0.53%
2016	\$5,475,448	\$3,628,217	\$166,363	3.04%	4.59%
2017	\$5,114,813	\$3,822,257	\$103,689	2.03%	2.71%
2018#	\$4,588,925	\$3,345,994	\$57,545	1.25%	1.72%

Year 2018 is annualize based on 9 months of data.

“First and foremost, it has been challenging for Meridian Surgery Center (Meridian) to extract charity care information from past financial records because there was no reason for Meridian to closely monitor or report charity care. Therefore, the above table represents Meridian’s ‘best estimate’ of historical charity care dollars. That said, Meridian believes that it historically provided charity care to all eligible patients. Assuming certificate of need approval, Meridian intends to maintain records documenting requests for charity care and all amounts of charity care provided.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation – Charity Care Requirement

For charity care reporting purposes, Washington State is divided into five regions: King County, Puget Sound (less King County), Southwest, Central, and Eastern. CHSS proposes to establish its surgery center in east Pierce County, within the Puget Sound Region.

Currently there are 24 hospitals operating within the region. Of the 24 hospitals, two did not report charity care data for the years reviewed.⁴ The only hospital located in east Pierce County is Good Samaritan Hospital in Puyallup.

⁴ Hospitals not reporting data are: Year 2016—UHS/BHC Fairfax Hospital North a psychiatric hospital did not report data. Year 2018—CHI Franciscan Rehabilitation Hospital and UHS/BHC Fairfax Hospital a psychiatric hospital. (All hospitals reported data in year 2017.)

Table 4 below compares the three-year historical average of charity care provided by the hospitals operating in the Puget Sound Region (with the exception of those that did not report), Good Samaritan Hospital in east Pierce County, and CHSS’s projected charity care percentages for Meridian Surgery Center.

Department’s Table 4
Charity Care – Three Year Average

	% of Total Revenue	% of Adjusted Revenue
3-year Puget Sound Region	1.19%	3.57%
3-year Good Samaritan Hospital	1.83%	5.16%
Meridian Surgery Center – Projected	1.25%	1.63%

[source: CHSS December 14, 2018, screening response, p16]

As shown above, for total revenues, CHSS projects to be higher than the regional average, but lower than Good Samaritan Hospital in Puyallup. Focusing on adjusted revenue, CHSS projects to be lower than both the regional average and Good Samaritan Hospital.

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

“Implementation of the ACA is changing the landscape of charity care in Washington State. More patients have health coverage, either through Medicaid expansion or through purchase of private coverage. As a result, Washington saw the first decline in the amount of charity care reported by hospitals since the department began gathering these data...

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

The Certificate of Need program recognizes that charity care in Washington State is expected to continue to decline as more individuals receive healthcare coverage under the ACA, but charity care is not expected to reach zero.

CHSS acknowledged the requirement under WAC 246-310-270(7) to provide charity care and committed to a specific average. Noting that Meridian Surgery Center is below the average for Good Samaritan Hospital, if this project is approved the department, would attach a charity care condition requiring Meridian Surgery Center to provide charity care consistent with at least the average provided by Good Samaritan Hospital. **With agreement to a charity care condition, this sub-criterion is met.** The financial implications of this will be discussed under WAC 246-310-220(1).

- (3) The applicant has substantiated any of the following special 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.

(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.

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

(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.

(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.

(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 sub-criterion under WAC 246-310-210(3), (4), and (5) is not applicable to this application.

B. FINANCIAL FEASIBILITY (WAC 246-310-220)

Cascade Hernia and Surgical Solutions, PS

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department concludes that Cascade Hernia and Surgical Solutions, PS met the applicable financial feasibility criteria in WAC 246-310-220.

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

WAC 246-310 does not contain specific WAC 246-310-220(1) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what the operating revenues and expenses should be for a project of this type and size. Therefore, using its experience and expertise the department evaluates if the applicant's pro forma income statements reasonably project the proposed project is meeting its immediate and long-range capital and operating costs by the end of the third complete year of operation.

Cascade Hernia and Surgical Solutions, PS

For this project, CHSS proposes to increase the types of surgeries beyond the current general surgeries to include bariatric, plastic, ENT, podiatry, and gynecology. The assumptions used to determine utilization for the first three full years of operation are below. [source: December 14, 2018, screening response pp7-8]]

Applicant's Table

Table 2

Surgical Case Assumptions and Supporting Rationale

Specialty	Assumption	Rationale
General Surgery	460 cases/year and 67 minutes/case	Held flat at 2018 actual current cases and minutes.
Bariatrics	2 cases per month in 2019; increasing to 8 cases per month by 2022. Average minutes/case assumed to be 120.	2019 is the startup year; so initial case volume was conservatively estimated at 2 cases/month. Cases increase to 5/month in 2020 and to 8 per month by 2022. Average minutes/case assumption based on discussions with Bariatric physicians expected to use Meridian and the types of cases to be performed.
Plastics	2 cases per month in 2019; increasing to 8 cases per month by 2022. Average minutes/case assumed to be 120.	2019 is the startup year; so initial case volume was conservatively estimated at 2 cases/month. Cases increase to 4/month in 2020 and to 8 per month by 2022. Average minutes/case assumption based on discussions with plastic surgery physicians expected to use Meridian and the types of cases to be performed.
ENT/Oral/Ophthalmology	1 case per month in 2019; increasing to 13 cases per month by 2022. It is assumed that the average ENT/oral/an ophthalmology case is estimated to be an average of 20 minutes.	2019 is the startup year; so initial case volume was conservatively estimated at 1 case/month. Cases increase to 5/month in 2020 and to 13 per month by 2022. Eye cases expected to be added in 2021. Average minutes/case assumption based on discussions with ENT, Oral and ophthalmologists expected to use Meridian and the types of cases to be performed.

Specialty	Assumption	Rationale
Podiatry	Podiatry is added in 2020, with 4 cases per month increasing to 8 cases per month by 2021 and 12 cases per month by 2022. It is assumed that the average podiatry case is 60 minutes.	Start up year is 2020, so initially projected 4 cases per month. Volume is expected to double in 2021 (8 cases per month) and then up to 12 cases per month by 2022. Average minutes/case assumption based on discussions with podiatrists expected to use Meridian and the types of cases to be performed.
Gynecology	Gynecology is added beginning in 2020; with 6 cases per month in the first year and increasing to 13 cases per month by 2022. It is assumed that the average gynecology case is 90 minutes.	Startup year is 2020, so initially projected 6 cases per month. Volume is expected to double in 2021 (12 cases per month) and then increase moderately (13 cases per month) by 2022. Average minutes/case assumption based on discussions with gynecologists expected to use Meridian and the types of cases to be performed.
Pain	Pain is added beginning in 2019; case per month in 2019; increasing to 13 cases per month by 2022. It is assumed that the average plastics case is 60 minutes.	2019 is the startup year; so initial case volume was conservatively estimated at 1 case/month. Cases increase to 5/month in 2020 and to 13 per month by 2022. Average minutes/case assumption based on discussions with pain provider expected to use Meridian and the types of cases to be performed.

Source: Applicant

CHSS also provided a description of what is included in general surgery procedures. [source: February 22, 2019, screening response, p4]

General Surgery Category	Procedures included but not limited to:
Skin/Soft Tissue	Melanoma Resection / Skin Cancer Resection / Foreign Body Removal / Lipoma Removal / Pilonidal Resection
Breast	Breast Biopsy / Mastectomy / Lumpectomy / Oncoplasty
Head and Neck	Mass Removal / Node Removal Procedures
GI and Endoscopy	Gallbladder / Appendix / Hemorrhoids/ Anus and Procedures
Abdominal	Inguinal Hernia / Ventral Hernia / Incisional Hernia / Umbilical Hernia
Vascular	Central Venous Access (port) / Node Biopsy / Sentinel Node Biopsy / Varicose Vein Procedures / Endovascular Procedures / Vascular Ultrasound
Endocrine	Thyroid / Parathyroid
Plastic	Flap Advancement Closure / Myofascial Advancement / Gynecomastia Removal / Panniculectomy / Breast Oncoplasty / Abdominoplasty / Arm and Leg Panniculectomy / Breast Reduction / Liposuction
Laparoscopy / Basic	Laparoscopic Cholecystectomy / Laparoscopic Hernia / Laparoscopic Appendectomy / Laparoscopic Node Biopsy / Laparoscopic Oophorectomy / Diagnostic Laparoscopic / Laparoscopic Tubal Ligation
Complex Laparoscopy	Laparoscopic Nissen Fundoplication / Laparoscopic Hill Posterior Gastropexy / Laparoscopic Hiatal Hernia Repair (with or without mesh) / Laparoscopic Gastric Sleeve Resection / Laparoscopic Band Procedures / Laparoscopic Band Revisions / Laparoscopic Band Removals / Endoscopic Gastric Balloon Placement

Based on the assumptions above, CHSS provided its utilization assumptions for years 2019 through 2022 which is shown below. [source: December 14, 2018, screening response, p2]

Applicant's Table
Table 10 (Revised)
Meridian Surgery Center,
Projected Utilization, 2019-2022

Estimated Procedures by Year				
Type	2019	2020	2021	2022
General Surgery	460	460	460	460
Bariatrics	12	60	84	96
Plastics	12	48	72	96
ENT/Oral/Ophthalmology	6	60	120	156
Podiatry	0	48	96	132
OB/GYN	0	72	144	156
Pain	6	60	120	156
Total	496	808	1,096	1,252

Source: Applicant

The assumptions CHSS used to project revenue, expenses, and net income for the surgery center with two ORs for the projection years are below. [source: December 14, 2018, screening response, p6 and Attachment 8]

Revenue

- Current gross and net revenue were used; adjusted for increases in volume. No inflation included.
- Charity care assumed to be 1.25% of gross revenue at current levels (2018).
- Bad debt assumed to be 1.49% of gross revenue
- Meridian used its existing payer mix as a baseline, and then conferred with surgeons that have expressed intent to utilize the facility. Based on the input from these surgeons, Table 6 assumes no change in Medicare, Medicaid or other government. Meridian did assume less commercial insurance (reduction from 70% to 65%) to account for the increase in self pay. As noted in the footnote to Table 6, the self-pay was assumed for the bariatric cases.

Expenses

- Inflation was not included in any operating expense forecasts.
- Salaries and wages are based on actual labor costs for Meridian Surgery Center. This line item also includes the compliance nurse.
- Employee benefits, payroll taxes were based on Meridian's current rate of 11%.
- Medical Supplies, Lab and Pharmacy: are calculated actual percent of revenue experience historically for Meridian.
- There is no separate cost for Medical Director expenses as the Medical Director is employed by Meridian.
- Equipment Lease and Maintenance: Equipment lease and maintenance costs were based on actual percent of revenue experience historically for Meridian.
- Building & Occupancy Expense: Assumed to be \$2,500/day based on the estimated number of days:

	Projected 2019	Projected 2020	Projected 2021	Projected 2022
# of Days	115	188	240	240

- Depreciation & Amortization Expense: Depreciation is based on the capital expenditure depreciated over 15 years beginning 1/1/2020.
- Insurance: Equipment lease and maintenance costs were based on actual percent of revenue experience historically for Meridian.
- Information Technology (IT): IT costs were based on actual percent of revenue experience historically for Meridian.
- Marketing and Promotion: Marketing and Promotion costs were based on actual percent of revenue experience historically for Meridian.
- Outside Services (includes pharmacy compliance, legal and consulting fees): Costs for outside services were based on actual percent of revenue experience historically for Meridian.
- Office expenses (includes supplies, publications, dues, subscriptions): Office expenses were based on actual percent of revenue experience historically for Meridian.
- No allocated costs are included because Meridian operates as part of the parent CHSS.

Focusing on lease costs for the site, CHSS provided the following explanation for the arrangements with no lease agreement. [source: Application, pp11-12]

“Included in Exhibit 5 is information from the Pierce County Assessor’s Office documenting that the site is in use for medical office services. Please note that the taxpayer name on this information is Evergreen Rentals, LLC. Evergreen Rentals, LLC is also owned by Robert Wright. Included in

Exhibit 6 is information from the Secretary of State website documenting that Dr. Wright is also the owner of Evergreen Rentals, LLC.

Meridian is the sole tenant in the space owned by Evergreen Rentals, LLC. Robert Wright, MD FACS is the sole owner of Evergreen Rentals, LLC and Meridian. Documentation from the Pierce County Assessor's office and the Secretary of State's office (provided in Exhibits 5 and 6) demonstrate the ownership connection.

CHSS's projected revenue, expenses, and net income for Meridian Surgery Center are shown in Table 5 below.

Department's Table 5
Meridian Surgery Center Projected Revenue and Expenses

	Partial Year 2019	Full Year 1 2020	Full Year 2 2021	Full Year 3 2022
Net Revenue	\$1,398,577	\$2,097,866	\$2,727,225	\$2,999,949
Total Expenses	\$1,318,275	\$2,052,065	\$2,490,757	\$2,658,129
Net Profit/(Loss)	\$80,302	\$45,801	\$236,468	\$341,820

The "Net Revenue" line item is gross patient revenue, minus 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 Comments

None

Rebuttal Comments

None

Department Evaluation

To evaluate this sub-criterion, the department first reviewed the assumptions used by CHSS to determine the projected number of procedures and utilization of Meridian Surgery Center. The majority of the volumes is driven from current utilization as a CN exempt surgery center. For the new procedures, CHSS provided reasonable assumptions to determine the number of procedures. The department concludes that CHSS's assumptions are reasonable.

CHSS based its revenue and expense assumptions for Meridian Surgery Center on the assumptions listed above, including actual historical figures, at the existing CN exempt surgery center. This approach is both prudent and reasonable.

While lease costs are identified in the financial statements, there is no lease agreement because the owner of both the site (Evergreen Rentals, LLC) and CHSS, and Meridian Surgery Center is the same—Robert Wright, MD. CHSS provided a comprehensive description of the formula used to determine lease costs.

CHSS identified the medical director as the owner, Robert Wright, MD. Given that Dr. Wright is an owner and there is no compensation for medical director services, a formal Medical Director Agreement is not used for Meridian Surgery Center.

The historical financial statements provided in the application demonstrate the Meridian Surgery Center's revenues have historically covered expenses. The pro forma financial statements show revenues continuing to exceed expenses beginning in year one and through year three.

Under the need assessment in this evaluation, the department identified that CHSS will be required to agree to a charity care condition for Meridian Surgery Center. In year three (2022), agreement to the charity care condition would increase the charity care by approximately \$57,000. Even with the projected increase in charity care, revenues are projected to exceed expenses for this facility.

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.

Cascade Hernia and Surgical Solutions, PS

CHSS provided the following statements related to this sub-criterion. [source: Application, p21]

"The construction costs were provided from a construction bid and the equipment costs were supplied by our vendors. Meridian compared these costs with available information and prior CNs, and are confident they accurately reflect what the costs will be.

For health care facilities, Meridian's proposed capital expenditure is relatively small as it simply proposes to make a small expansion to an existing facility. As an existing ASC, Meridian already has one OR and much of the equipment needed. And, as noted in other sections of this application, ASCs offer patients and payers a lower cost alternative to outpatient surgical services when compared to hospital-based services."

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The capital expenditure associated with this project includes both construction related to the additional OR and expanded procedures, plus costs for equipment purchases. The capital expenditure for this project is \$279,694.

To assist in this evaluation, the department reviewed Technical Assistance (TA) documentation between CHSS and the Department of Heath’s Construction Review Services (CRS) office.⁵ The TA was completed in early November 2018. This documentation identifies the construction that is necessary at Meridian Surgery Center to increase the number of ORs from one to two. It also includes any other construction necessary to accommodate the additional types of surgery. While CHSS has not yet submitted its plans to CRS for review, information provided in the application demonstrates that CHSS will submit plans if this project is approved. [source: December 14, 2018, screening response, p5 and Attachment 2]

Based on the above information, the department concludes that the expansion of Meridian Surgery Center in Puyallup as a CN-approved ASF would likely not have an unreasonable impact on the costs and charges for healthcare services in the east Pierce County secondary service planning area. **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.

Cascade Hernia and Surgical Solutions, PS

The estimated capital expenditure for this project is \$279,694. These costs are associated with the construction to make the second OR operational and the equipment needed to perform the additional surgeries at Meridian Surgery Center. CHSS provided the following information and cost breakdown for the funding sources. [source: Application, pp20-21 and December 14, 2018, screening response, p9]

“Evergreen Rentals, LLC, the landlord, will fund the building improvements and related costs and will utilize the line of credit to do so. Meridian will fund the equipment through reserves. Included in Exhibit 11 is a copy of the letter regarding the line of credit.”

Applicant’s Table
Table 2
Meridian Surgery Center
Sources of Financing

Source	Amount
Line of Credit through Landlord (from Columbia Bank)	\$200,000
Owners Reserves	\$79,694
Total	\$279,694

Source: Applicant

As state above, CHSS provided a letter from Columbia State Bank confirming Evergreen Rentals, LLC’s line of credit of \$200,000. [source: Application, Exhibit 11] CHSS also provided a letter from

⁵ The technical assistance was completed during an informal statewide conference; therefore, no CRS number was assigned to the project.

Columbia State Bank confirming CHSS's line of credit of \$80,000. [source: December 14, 2018, screening response, Attachment 6]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As stated above, CHSS intends to finance the majority of the capital costs using its existing line of credit. CHSS provided documentation in the application to demonstrate funds are available to it.

Given that approximately \$80,000 of the \$279,694 will be financed through existing reserves, the department reviewed historical financial statements for CHSS as a whole. The statements demonstrate that CHSS has the funding for its portion of the costs. CHSS also provided a line of credit letter from the bank to demonstrate the funding is available to it if necessary. The department concludes that the financing sources are both available and appropriate. **This sub-criterion is met.**

C. STRUCTURE AND PROCESS (QUALITY) OF CARE (WAC 246-310-230)

Cascade Hernia and Surgical Solutions, PS

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department concludes that Cascade Hernia and Surgical Solutions, PS met the applicable 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 [full time equivalents] 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.

Cascade Hernia and Surgical Solutions, PS

CHSS provided its current and projected FTEs (full time equivalents) for the surgery center shown in Table 6 below. [source: Application, p23]

**Department's Table 6
Meridian Surgery Center Current and Proposed Staffing**

FTE	Current Year 2019	Year 2020 Increase	Year 2021 Increase	Year 2022 Increase	Total FTEs
Assistant Medical Director and Physician's Assistant	0.80	0.20	0.00	0.00	1.00
Registered Nurses	2.00	1.50	0.50	0.50	4.50
LPS/Techs/MA	2.00	1.50	0.50	0.50	4.50
Registration/Receptionist	2.00	0.50	0.50	0.00	3.00
Total All FTEs	6.80	3.70	1.50	1.00	13.00

CHSS provided the following information regarding recruitment and retention of staff for the surgery center. [source: Application, p24 and December 14, 2018, screening response, p11]

“Meridian offers a competitive wage and benefit package and has been very successful in recruiting and retaining staff. The total incremental FTEs proposed for this project are relatively small. Meridian is a dedicated outpatient provider with scheduled hours of operation and we have found this to be a strong recruiting strategy for clinical and other staff desiring a predictable business hours schedule.

As discussed in responses to earlier questions Meridian has existing staff that are currently part time and are interested in expanding their work hours. In addition, Meridian has per diem staff that fill-in during vacations, absences or busy times. Specific strategies employed by Meridian for recruitment and retention include:

- *Meridian offers a competitive wage and benefit package and has been successful in both the recruitment and retention of staff.*
- *Meridian posts vacant positions electronically through job postings such as Indeed.com*
- *Meridian also uses a placement agency to fill vacant positions.*

Frankly, we find our greatest recruiting tools is reduced travel and/or no on call requirements. Today, because there are so few ASCs in the planning area, staff that want surgery or recovery either work at the local hospital or travel some of the busiest, most congested highways in the region to work in Tacoma or South King County in a larger ASC setting. Our CN approval and subsequent expansion of capacity and case types will provide choice for these employees.

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As shown above, Meridian Surgery Center already has staff in place. Since this project proposes to expand the types of surgery provided at the center, additional staff is necessary. The number of staff proposed to be added is not significant and CHSS provided its strategies successfully used to recruit and retain additional staff as volumes increase.

The medical director for the surgery center is Robert Wright, MD—owner of the surgery center; Dr. Wright is the current medical director as demonstrated in the application.

Information provided in the application demonstrates that CHSS is a well-established provider of healthcare services in Pierce County. Given that the facility is already operational as an exempt surgery center with staff in place, the department concludes that CHSS has the ability to staff the ASF. **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.

Cascade Hernia and Surgical Solutions, PS

CHSS provided the following statements regarding this sub-criterion. [source: Application, p24 and December 14, 2018, screening response, p12]

“Meridian has strong working relationships and currently purchases most ancillary services from community-based vendors. Specific vendors include: Labs NW, (laboratory); Waste Management (sharp disposal), Beal’s Pharmacy (pharmacy), Surgical supplies (McKesson, Covidien, Ephicon) (Airgas (med gas supply), laundry available on site.

No changes in the list of ancillary or support services is expected as a result of this project. In addition to the vendors listed on page 24, Meridian also has other services that it uses including billing services, compliance, IT, and janitorial services. None of these are expected to change.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

CHSS has been located in east Pierce County for many years and Meridian Surgery Center is already operational as an exempt surgery center in operation as a network for many years. All ancillary and support services already exist and can be available with the expanded services. CHSS does not expect the existing ancillary and support agreements to change as a result of this project.

Based on the information reviewed in the application, the department concludes that there is reasonable assurance that CHSS will continue to maintain the necessary relationships with ancillary and support services for Meridian Surgery Center if this project is approved. **This sub-criterion is met.**

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

WAC 246-310 does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310- 200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant’s history in meeting these standards at other facilities owned or operated by the applicant.

Cascade Hernia and Surgical Solutions, PS

CHSS provided the following statements for this sub-criterion. [source: Application, p25]

“Neither Meridian nor its legal owner have any history with respect to the actions described in the CN criterion referenced above. Meridian operates all existing programs in conformance with applicable state and federal laws, rules and regulations and will continue to do so.”

Public Comments

None

Rebuttal Comments

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.⁶ To accomplish this task, the department reviewed the quality of care and compliance history for Meridian Surgery Center and the medical professionals that currently practice there. If additional staff have been identified, the department review would also review the quality of care and compliance history of new staff.

CMS Survey Data

The only licensed facility operated by CHSS is Meridian Surgery Center in Puyallup – therefore this is the only facility by which the department can gauge compliance with this sub-criterion. Meridian Surgery Center currently participates in both Medicare and Medicaid programs.

Using CMS Quality, Certification and Oversight Reports (QCOR), the department reviewed historical survey data for Meridian Surgery Center. For years 2016 through 2019, Meridian Surgery Center was surveyed once in June 2016. This survey resulted in three condition-level deficiencies that violate Medicare’s Conditions of Participation. For this survey, the deficiencies resulted in a follow up visit in July 2016.

The Office of Health Systems Oversight with the Department of Health completed one survey in July 2015 resulting in a Statement of Deficiencies, but no enforcement action was taken. The Plans of Correction were accepted in February 2016. [source: ILRS, QCOR Survey Activity Report for Meridian Surgery Center]

In addition to the facilities identified above, the department also reviewed the compliance history of the physicians and other staff associated with the Meridian Surgery Center. The table below shows the known staff identified in the application. [source: DOH Provider Credential Search]

**Department’s Table 7
Meridian Surgery Center Current Staff**

Name	Credential Number	License Status	Comments
Robert Brian Nelson	MD00020208	Active	Employee & physician
Marie L Wright	RN00126732	Active	Clinical Coordinator
Robert Charles Wright	MD00025095	Active	Owner & Medical Director
Juana Ochoa	ST60513127	Active	Surgical Technician
Vonnie Marie Prescott	RN00116201	Active	Registered Nurse
Celia Margaret Priebe	RN60261114	Active	Registered Nurse

⁶ WAC 246-310-230(5)

Name	Credential Number	License Status	Comments
Rachel Ann Roles	ST60839118 MR60839125	Active	Surgical Technician and Medical Assistant Credential
Kathy M. Rea	RN00132996	Active	Registered Nurse
Marie L. Wright	RN00126732	Active	Registered Nurse
W. Mark Norris	PH00011487	Active	Primary Pharmacist

As shown above, all current staff associated with the Meridian Surgery Center have active credentials. The department did not find any restrictions on the above listed licensees within the last three years. Based on the information above, the department concludes that CHSS 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.**

- (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.

Cascade Hernia and Surgical Solutions, PS

In response to this sub-criterion, CHSS provided the following statements and documents. [source: Application, p25 and Exhibit 14]

“Meridian has established relationships with area providers to assure continuity of care for its patients. In addition, Meridian does have a transfer agreement with Good Samaritan Hospital. A copy is included in Exhibit 14.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Information in the application demonstrates that as a long-time provider of outpatient surgical services, CHSS has the infrastructure in place at Meridian Surgery Center to expand the types of surgeries in the planning area. No letters of opposition were submitted for this project.

CHSS provided information within the application to demonstrate it intends to continue existing relationships, and that these relationships are adequate to support the increase in services to be provided. This includes the executed transfer agreement with MultiCare Health System's Good Samaritan Hospital located in Puyallup.

Based on the information provided in the application, the department concludes there is reasonable assurance that approval of this project would continue to promote continuity in the provision of health care services in the community. **This sub-criterion is met.**

- (5) *There is reasonable assurance that the services to be provided through the proposed project will be provided in a manner that ensures safe and adequate care to the public to be served and in accord with applicable federal and state laws, rules, and regulations.*

This sub-criterion is addressed in sub-section (3) above and **is met for this application.**

D. COST CONTAINMENT (WAC 246-310-240)

Cascade Hernia and Surgical Solutions, PS

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department concludes that Cascade Hernia and Surgical Solutions, PS met the applicable cost containment criteria in WAC 246-310-240.

- (1) *Superior alternatives, in terms of cost, efficiency, or effectiveness, are not available or practicable.*
To determine if a proposed project is the best alternative, the department takes a multi-step approach. Step one determines if the application has met the other criteria of WAC 246-310-210 thru 230. If it has failed to meet one or more of these criteria, then the project is determined not to be the best alternative, and would fail this sub-criterion.

If the project has met the applicable criteria in WAC 246-310-210 through 230 criteria, in step two, the department 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 in Step three. The superiority criteria are objective measures used to compare competing projects and Page 187 of 209 make the determination between two or more approvable projects which is the best alternative. If WAC 246-310 does not contain any service or facility type superiority criteria as directed by WAC 246-310-200(2) (a)(i), then the department would use WAC 246-310-240(2)(a)(ii) and (b) for criteria to make the assessment of the competing proposals. If there are no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b), then using its experience and expertise, the department would assess the competing projects and determine which project should be approved.

Step One

Cascade Hernia and Surgical Solutions, PS met the applicable review criteria under WAC 246-310-210 through 230. Their application will be evaluated further under Steps Two and Three.

Step Two

Before submitting this application, CHSS explored the following three options. [source: Application, p26]

“Meridian considered the following ...options

- *Do nothing;*
- *Establish a timeshare arrangement for the existing exempt ASC with interested and qualified surgeons; and*
- *Per the January 2018 Interpretive Guidelines, submit a CN for one OR (current capacity only).*

The first option, do nothing, was quickly ruled out as Meridian determined that there was a need for additional dedicated ASC capacity in East Pierce. The 2nd option, to establish a timeshare arrangement, was evaluated closely against the January 2018 interpretative guidelines. The new interpretative guidelines do not appear to allow for new timeshare arrangements, and so this option was also rejected. The 3rd option, to submit a CN for a one OR ASC, was also carefully considered. Due to the definition of an ASC in WAC 246-310-270(6), which defines an ASC as having a ‘minimum of two operating rooms’, and the demonstrated need for additional ORs in East Pierce, Meridian opted to submit for an expanded ASC. Meridian has demonstrated that there is need for additional OR capacity, the project is financially feasible and the additional OR can be accommodated within the existing ASC.”

In response to the department’s request, CHSS also provided information on the option of partnering with another provider to create a new surgery center in the planning area. [source: December 14, 2018, screening response, p13]

“Meridian is a state of art, high quality, attractive ASC, so abandoning it to create a new ASC was deemed wasteful and would add unnecessary cost to the delivery system. Because we wanted to preserve the existing facility, we did not consider creating a new entity or building a new ASC. The options considered (provided on page 26) were focused on preserving access to the facilities, staff and equipment at Meridian while increasing productivity and utilization and while assuring continued access. No other options were considered.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Information provided in the application demonstrates that CHSS’s decision to request CN approval for Meridian Surgery Center was the best alternative based on efficiency and costs. CHSS noted that the CN rules require a CN approved surgery center to have a minimum of two operating rooms, therefore, CHSS did not consider operating less than two ORs. Submission of this application is also a more cost effective option than establishing a new surgery center with a partner. CHSS provided sound rationale for foregoing the “no project” option as well.

The department did not identify any other alternatives that that would be considered superior based on cost, efficiency, or effectiveness that is available or practicable for CHSS. **This sub-criterion is met.**

Step Three:

This step is applicable only when there are two or more approvable projects. As previously stated, both Proliance and CHSS submitted applications to add outpatient surgical capacity in the east Pierce County planning area. Since this evaluation focus solely on the CHSS project, this step does not apply.

- (2) In the case of a project involving construction:
(a) The costs, scope, and methods of construction and energy conservation are reasonable;
(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 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.

Cascade Hernia and Surgical Solutions, PS

CHSS provided the following information related to this sub-criterion. [source: Application, p27]

“This project proposes to convert an existing exempt ASC to a CN approved ASC. This conversion will be transparent to the community. As noted in earlier sections of this application, Meridian also proposes to expand service offerings. Meridian expects that its facility, with higher utilization, will improve its already strong operating efficiencies.

As noted in earlier sections of this application, Meridian is proposing to add an additional OR. Given that this is an expansion, there were limited opportunities to achieve capital costs reductions through design. That said, Meridian is committed to assuring that the expansion cost is reasonable and efficient.”

Public Comments

None

Rebuttal Comments

None

Department’s Evaluation

The construction required for this project is based on the current applicable construction standards reviewed and approved by the Department of Health’s Construction Review Services office. Based on information provided within the application, and evaluated under WAC 246-310-210 and 230, the department is satisfied that this project is appropriate and needed.

This project has the potential to improve the delivery of health services. The department concludes the addition of a CN-approved ASF will appropriately improve the delivery of health services in the east Pierce County planning area. **This sub-criterion is met.**

APPENDIX A

APPENDIX A
ASC Need Methodology
East Pierce County

Service Area Population: 2021		383,925	OFM	Age 0 - 85+															
Surgeries @ 64.322/1,000:		24,695																	
a.i.	94,250	minutes/year/mixed-use OR																	
a.ii.	68,850	minutes/year/dedicated outpatient OR																	
a.iii.	2	dedicated outpatient OR's x 68,850 minutes =				137,700	minutes dedicated OR capacity		2,257	Outpatient surgeries									
a.iv.	10	mixed-use OR's x 94,250 minutes =				942,500	minutes mixed-use OR capacity		10,313	Mixed-use surgeries									
b.i.	projected inpatient surgeries =		8,820	=	806,041	minutes inpatient surgeries													
	projected outpatient surgeries =		15,875	=	968,618	minutes outpatient surgeries													
b.ii.	Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's																		
		15,875	-	2,257	=	13,618	outpatient surgeries												
b.iii.	average time of inpatient surgeries			=	91.39	minutes													
	average time of outpatient surgeries			=	61.02	minutes													
b.iv.	inpatient surgeries*average time			=	806,041	minutes													
	remaining outpatient surgeries(b.ii.)*ave time			=	830,918	minutes													
					1,636,959	minutes													
c.i.	if b.iv. < a.iv. , divide (a.iv.-b.iv.) by 94,250 to determine surplus of mixed-use OR's																		
	Not Applicable - Go to c.11. and ignore any value here.																		
		942,500																	
	-	1,636,959																	
		-694,459	/	94,250	=	-7.37													
c.ii.	if b.iv. > a.iv., divide (inpatient part of b.iv - a.iv.) by 94,250 to determine shortage of inpatient OR's																		
	USE THESE VALUES																		
		806,041																	
	-	942,500																	
		(136,459)	/	94,250	=	-1.45													
	divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's																		
		830,918	/	68,850	=	12.07													

APPENDIX A
ASC Need Methodology
East Pierce County

Facility	CN Status	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Mixed Use min/case	Inpatient Cases in Mixed Use ORs	Inpatient Mins. In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Mins.	Data Source
MultiCare Good Samaritan Hospital	Hospital	5	0	0	10	91.4	8,352	763,252	0.0	0	0	Year 2017 data from 2018 survey.
Cascade Eye and Skin Centers	CN Exempt	0	0	4	0	0.0	0	0	50.0	8,104	405,200	ILRS data. Total outpatient minutes calculated.
Hillside Medical Surgery Center (Proliance)	CN Exempt	0	0	1	0	0.0	0	0	60.1	999	60,000	Year 2017 data from 2018 survey.
Meridian Surgery Center	CN Exempt	0	0	1	0	0.0	0	0	66.7	600	40,000	Year 2017 data from 2018 survey.
Microsurgical Spine Center (formerly NeoSpine)	CN Approved	2	0	3	0	0.0	0	0	87.8	2,357	207,013	Year 2017 data from 2018 survey.
Philip C. Kierney, MD	CN Exempt	0	0	2	0	0.0	0	0	119.2	308	36,718	Year 2017 data from 2018 survey.
Puyallup Ambulatory Surgery Center (Proliance)	CN Exempt	1	0	1	0	0.0	0	0	60.0	1,110	66,582	Year 2017 data from 2018 survey.
The Surgery Center at Rainier (Proliance)	CN Approved	0	0	2	0	0.0	0	0	65.4	1,554	101,685	Year 2017 data from 2018 survey.
Totals		7	0	2	10	91.4	8,352	763,252	50.0	15,032	917,198	
						Avg min/case inpatient		91.39	Avg min/case outpatient		61.02	
ORs counted in numeric methodology				2	10							
ILRS: Integrated Licensing & Regulatory System												
Population data source: OFM May 2012												
Total Surgeries		23,384										
Area population 2017 [0 - 85+] Claritas		363,544										
Use Rate		64.322										
Planning Area projected population Year: 2021		383,925										
% Outpatient of total surgeries		64.28%										
% Inpatient of total surgeries		35.72%										