



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

June 27, 2019

CERTIFIED MAIL # 7018 2290 0001 8591 8575

Lance Baldwin, CoN Consultant
2103 143rd Place SW
Lynwood, WA 98087

Beth Marker, Director of Finance
Evergreen Eye Center
716 South 348th Street
Federal Way, WA 98003

RE: CN Application #19-09– Evergreen Eye Center – Federal Way

Dear Mr. Baldwin and Ms. Marker:

We have completed review of the Certificate of Need application submitted by Evergreen Eye Center, Inc. P.S. to establish a two room operating ambulatory surgery center in Federal Way within southeast King County. Enclosed is a written evaluation of the application.

For the reasons stated in this evaluation, the application submitted by Evergreen Eye Center, Inc. P.S. to establish a two room operating ambulatory surgery center in Federal Way within southeast King County is consistent with applicable criteria of the Certificate of Need Program, provided Evergreen Eye Center, Inc. P.S. agrees to the following in its entirety.

Project Description

This certificate approves the establishment of a two-operating room ambulatory surgical facility in Federal Way, within southeast King County secondary health services planning area. The surgery center will serve patients aged 18 years and older that require surgical services that can be served appropriately in an outpatient setting. Surgical services provided within the two ORs are limited to those associated with ophthalmic surgical procedures, such as cataract extraction and laser eye surgery.

Conditions:

1. Evergreen Eye Center, Inc. P.S. agrees with the project description as stated above. Evergreen Eye Center, Inc. P.S. 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. Evergreen Eye Center, Inc. P.S. will provide charity care in compliance with its charity care. Evergreen Eye Center, Inc. P.S. will use reasonable efforts to provide charity care consistent with the regional average. The regional charity care average from 2015-2017 was 0.86% of gross revenue and 1.88% of adjusted revenue.
3. Evergreen Eye Center, Inc. P.S. will maintain records of charity care applications received and the dollar amount of charity care discounts granted at the location of the surgery center. The records must be available upon request.
4. Evergreen Eye Center, Inc. P.S. agrees that the facility will maintain Medicare and Medicaid certification, regardless of the facility ownership.

Approved Costs:

There is no capital expenditure associated with this project.

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:

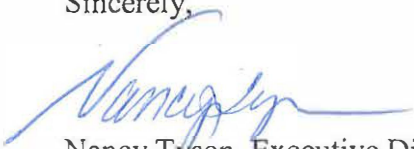
Department of Health
Certificate of Need Program
Mail Stop 47852
Olympia, WA 98504-7852

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 JUNE 27, 2019, FOR THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY EVERGREEN EYE CENTER, INC., PS PROPOSING TO ESTABLISH AN AMBULATORY SURGICAL FACILITY IN FEDERAL WAY WITHIN SOUTHEAST KING COUNTY SECONDARY HEALTH SERVICES PLANNING AREA.

APPLICANT DESCRIPTION

Evergreen Eye Center of Federal Way, Inc. P.S. is a for-profit Washington State professional service corporation¹. In December 2001, Evergreen Eye Center of Federal Way, Inc. PS changed its name to Evergreen Eye Center, Inc. P.S. Evergreen Eye Center, Inc. P.S. owns and operates four separate practice sites and an administrative office in King County, Washington. Evergreen Eye Center, Inc. PS does not operate any facilities outside of Washington. Evergreen Eye Center, Inc. PS four practice sites and an administrative office in King County are listed in the table below.

Practice Site Address	Licensed #	City	County
34719 6th Avenue South	ASF.FS.60099942	Federal Way	King
700 M Street NE	N/A	Auburn	King
15153 5 th Avenue SW	N/A	Burien	King
1229 Madison Street, Suite 1250	ASF.FS.60862319	Seattle	King
716 South 348 th Street ²	N/A	Federal Way	King

Off the four practice sites, the Auburn and Burien locations do not have an adjoining ambulatory surgery facility (ASF). [Source: Application, pages 4-9] This application focus on the facility in bolded text in the table. For reader’s ease, the applicant is Evergreen Eye Center, Inc. PS throughout this evaluation; it will be referred to as “Evergreen Eye.”

PROJECT DESCRIPTION

Evergreen Eye submitted this application for review primarily so that it can allow physicians that are not associated with Evergreen Federal Way to have access to the surgery center³. Evergreen Federal Way is located at 716 South 348th Street in Federal Way [98003]. If this project is approved, the surgery center will continue remain at its current location. Furthermore, the surgery center will continue to provide surgeries that are associated with ophthalmic surgical procedures, such as cataract extraction and laser eye surgery. The number of operating rooms will not change and would continue to remain at two. [Source: October 19, 2018 screening response, page 1]

With Certificate of Need approval, Evergreen Eye will allow other physicians who are not associated with the practice an opportunity to perform surgeries and procedures at the surgery center. This action requires that Evergreen Eye seek Certificate of Need review and approval. [Source: Application page 12]

Since this project does not propose any structural changes to the facility, or an expansion in the types of services currently provided, there is no estimated capital expenditure associated with this project. [Source: Application page 29]

¹ Incorporated in December 1993; UBI #601 512 780.

² This facility is only used as an administrative office

³ Evergreen Eye Center received exemption for Certificate of Need requirement on February 20, 1996.

Evergreen Federal Way is licensed by the Department of Health and is Medicare and Medicaid certified. If this project is approved, Evergreen Eye will maintain its operations and ensure that the surgery center meet any specific conditions related to the Certificate of Need approval. Based on the timing of this decision and the associated steps that an applicant must take in order to execute a Certificate of Need, Evergreen Eye proposes that its first full year of operation as a CN-approved surgery center is year 2019 and year three is 2021. [Source: October 19, 2018, screening response, page 3]

This project focuses on the practice and surgery center located at 34719 — 6th Avenue South, in Federal Way [98003], within King County and identified in bold in the table above. For the reader’s ease, the Evergreen Eye Center, Inc. PS location in Federal Way identified with bolded text in the table; will be referred to as “EEC-Federal Way” throughout this evaluation.

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 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

Action	Evergreen Eye
Letter of Intent Submitted	May 21, 2018
Application Submitted	August 13, 2018
Department’s pre-review activities <ul style="list-style-type: none"> • DOH 1st Screening Letter • Applicant’s Responses Received • DOH 2nd Screening Letter • Applicant’s Responses Received 	August 30, 2018 October 19, 2018 November 9, 2018 December 24, 2018
Beginning of Review	January 3, 2019
End of Public Comment/No Public Hearing Conducted <ul style="list-style-type: none"> • Public comments accepted through end of public comment 	February 7, 2019
Rebuttal Comments Received ⁴	
Department’s Anticipated Decision Date	March 11, 2019
Department’s Anticipated Decision Date with 60-day Extension	June 12, 2019
Department’s Actual Decision Date	June 27, 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;*

⁴ No public comments were submitted, as a result, no rebuttal comments were submitted.

- (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 this review, no entities requested interested or affected person status for this project.

SOURCE INFORMATION REVIEWED

- Evergreen Eye Center, Inc. PS Certificate of Need application submitted August 13, 2018
- Evergreen Eye Center, Inc. PS 1st screening responses received October 19, 2018
- Evergreen Eye Center, Inc. PS 2nd screening responses received December 24, 2018
- Compliance history for credentialed or licensed staff from the Medical Quality Assurance Commission and Nursing Quality Assurance Commission
- Compliance history for Evergreen Eye Center, Inc. PS obtained from the Washington State Department of Health – Office of Health Systems and Oversight
- 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 Hospital/Finance and Charity Care (HFCC) office
- Year 2017 Annual Ambulatory Surgery Provider Survey for Surgical Procedures Performed During Calendar Year 2017 for hospitals, ambulatory surgical facilities, or ambulatory surgical facilities located in southeast King County
- Year 2016 Claritas population estimates
- Department of Health internal database – Integrated Licensing & Regulatory Systems (ILRS)
- Washington State Secretary of State website: <https://www.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

For the reasons stated in this evaluation, the application submitted by Evergreen Eye Center, Inc. P.S. to establish two-operating room ambulatory surgical facility in Federal Way, within the southeast King County secondary service planning area is consistent with the applicable criteria of the Certificate of Need Program, provided Evergreen Eye Center, Inc. P.S. agrees to the following in its entirety.

Project Descriptions:

This certificate approves the establishment of a two-operating room ambulatory surgical facility in Federal Way, within southeast King County secondary health services planning area. The surgery center will serve patients aged 18 years and older that require surgical services that can be served appropriately in an outpatient setting. Surgical services provided within the two ORs (operating rooms) are limited to those associated with ophthalmic surgical procedures, such as cataract extraction and laser eye surgery.

Conditions:

1. Evergreen Eye Center, Inc. P.S. agrees with the project description as stated above. Evergreen Eye Center, Inc. P.S. 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. Evergreen Eye Center, Inc. P.S. will provide charity care in compliance with its charity care. Evergreen Eye Center, Inc. P.S. will use reasonable efforts to provide charity care consistent with the regional average. The regional charity care average from 2015-2017 was 0.86% of gross revenue and 1.88% of adjusted revenue.
3. Evergreen Eye Center, Inc. P.S. will maintain records of charity care applications received and the dollar amount of charity care discounts granted at the location of the surgery center. The records must be available upon request.
4. Evergreen Eye Center, Inc. P.S. agrees that the facility will maintain Medicare and Medicaid certification, regardless of the facility ownership.

Approved Costs:

There is no capital expenditure associated with this project.

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 Evergreen Eye Center, Inc., P.S. 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 OR's in a planning area using the current utilization of existing providers. The methodology separates Washington State into 54 secondary health services planning areas. EEC-Federal Way is located in Federal Way, within the southeast King 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 OR's is predicted to exist in the target year; and
- (b) If a shortage of OR's 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.

Evergreen Eye

Evergreen Eye determined the existing capacity in the southeast King County secondary health service planning area to be 31 dedicated outpatient OR's and 33 mixed use OR's. Based on a computed use rate, Evergreen Eye calculated need for an additional 11.24 outpatient OR's in the southeast King County secondary health service planning area. [Source: October 19, 2018, screening response, page 11]

Evergreen Eye provided the following statements related to the numeric need methodology.

"WAC (246-310-270) describes how to take current surgical capacity, hospital and ambulatory surgery utilization figures and population estimates and forecasts to prepare a planning area need forecast to determine if there is need for additional inpatient/mixed use and/or outpatient OR's.

After identifying planning area inpatient/mixed use and outpatient surgical capacity, surgery volumes by active licensed surgery centers were obtained from the data from the Washington State Certificate of Need Program 2017 Annual Operating Room Use Survey. This is specific for surgical procedures performed during CY2016. Not all facilities had responded in 2017, therefore the CON

Program indicated that using the 2015 data for unresponsive facilities was appropriate. Operating rooms identified in the methodology were used only from CON approved facilities with an active license on 01/01/2018”. [Source: Application, page 23-24]

Public Comment

None

Rebuttal Comment

None

Department’s Numeric Methodology and Evaluation

The numeric portion of the methodology requires a calculation of the annual capacity of the existing provider’s inpatient and outpatient OR’s in a planning area. Southeast King County secondary health services planning area ZIP codes are identified in the 1980 State Health Plan. A review of the ZIP codes shows that no new ZIP codes have been created for southeast King County⁵.

**Table 1
Department’s Southeast King County Secondary Health
Services ZIP Codes**

1980 State Health Plan		
ZIP Code	City	County
98001	Auburn	King
98002	Auburn	King
98003	Federal Way	King
98010	Black Diamond	King
98022	Enumclaw	King
98023	Federal Way	King
98025	Hobart	King
98030	Kent	King
98031	Kent	King
98032	Kent	King
98035*	Kent	King
98038	Maple Valley	King
98042	Kent	King
98047	Pacific	King
98051	Ravensdale	King
98055	Renton	King
98056	Renton	King
98057	Renton	King
98058	Renton	King
98059	Renton	King
98063*	Federal Way	King
98064*	Kent	King
98071*	Auburn	King
98089*	Kent	King

⁵ Zip codes with asterisks are post office use only.

98092	Auburn	King
98093*	Auburn	King

According to the department’s records, there are 21 providers in southeast King County secondary health services planning area with OR capacity. Of these providers, five are hospitals and 16⁶ are ambulatory surgical facilities.

Because there is no mandatory reporting requirement for utilization of ASFs or hospital OR’s, the department sends an annual utilization survey to all hospitals and known ASFs in the state. When this application was submitted in August 2018, the most recent utilization survey data available was for year 2017. The data provided in the utilization survey is used, if available.

Below, Table 2 shows a listing of the five hospitals. [Source: CN historic files and ILRS]

**Table 2
Department’s Southeast King County Secondary
Health Services Planning Area Hospitals**

Facility	ZIP Code
FHS St. Elizabeth Hospital	98022
FHS St. Francis Hospital	98003
MultiCare Auburn Medical Center	98001
MultiCare Covington Medical Center	98042
Valley Medical Center	98055

For the five hospitals, all known OR capacity and inpatient/mixed-use procedures are included in the methodology calculations for the planning area.

Table 3 below, contains a listing of the 16 ASFs in the planning area. [Source: Department of Health internal database-ILRS]

**Table 3
Department’s Southeast King County Secondary
Health Services Planning Area ASFs**

Facility	ZIP Code	CN Approved or Exempt?
Auburn Surgery Center	98001	Exempt
Cascade Surgery Center	98002	Exempt
ENT Facial & Allergy	98022	Exempt
Fogel Endoscopy*	98003	Exempt
Evergreen Eye Center	98003	Exempt
Northwest Eye Surgeons	98057	Approved
MultiCare Covington ASC	98042	Approved
Plastic and Reconstructive Surgeons	98055	Exempt
Proliance Orthopedic Associates	98055	Exempt
Rainier Surgical Center	98003	Exempt

⁶ This figure includes EEC-Federal Way.

Sports Medicine Day Center	98055	Exempt
Surgery Center Enumclaw	98022	Exempt
Valley Eye and Laser Center	98055	Exempt
Virginia Mason Surgery Center	98003	Approved
Valley Medical Center (Valley Covington ASC) ⁷	98055	Approved
VP Surgery Center	98001	Approved

Of the 16 ASFs shown above, one is endoscopy facility (designated with an asterisk). The numeric methodology deliberately excludes the OR capacity and procedures from the numeric need methodology.⁸ As a result, the OR's and procedures for the facility would not be counted in the numeric need methodology.

Of the remaining 15 ASFs shown above, 14 including EEC-Federal Way—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 do not meet the ASF definition in WAC 246-310-010. For Certificate of Need-exempt ASFs, the number of surgeries, but not OR's, is included in the methodology for the planning area. In summary, OR capacity will be counted for five Certificate of Need-approved ASFs and five hospitals.

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

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

Assumption	Data Used
Planning Area	Southeast King County
Population Estimates and Forecasts	Age Group: 0 – 85%+ Claritas Population Data released year 2016 Year 2017 – 507,296 Year 2020 – 529,945
Use Rate	Divide the calculated surgical cases by 2016 population results in the service area use rate of 289.103/1,000 population
Year 2016 Total Number of Surgical Cases	114,636 – Inpatient or Mixed-Use; 32,025 – Outpatient 146,661 – Total Cases
Percent of surgery: outpatient vs. inpatient	Based on DOH survey and ILRS: 21.84% outpatient; 78.16% inpatient
Average minutes per case	Based on DOH survey and ILRS: Outpatient cases: 66.41 minutes Inpatient cases: 20.43 minutes

⁷ On January 15, 2019, the department issued CN #1768 to Valley Covington ASC to operate six operating rooms ASC's in Covington within southeast King County planning area.

⁸ WAC 246-310-270(9)(iv)

OR Annual capacity in minutes	68,850 outpatient surgery minutes; 94,250 inpatient or mixed-use surgery minutes (per methodology in rule)
Existing providers/OR's	Based on listing of north King County Providers: 18 dedicated outpatient OR's 34 mixed use OR's
Department's Methodology Results	Shortage of 14.27 outpatient OR's

Based on the assumptions described in Table 4 above, the department's application of the numeric methodology indicates a shortage of 14.27 outpatient OR's in year 2020.

When comparing the applicant and department's methodology, there are differences in three main data points. Noted differences are shown below.

Data Points
Population Estimates and Forecasts
Existing Providers/OR's
Use Rate

These three data points are tightly connected. When the 2016 total number of surgical cases is divided by the year 2016 population, the result is a planning area use rate. The use rate is then applied to the projected population.

Once the methodology projects the number of OR's needed in a planning area, the existing number of OR's is subtracted, resulting in the net need or surplus of OR's for a planning area.

Population Estimates/Forecasts

The source of the applicant's projected population is the similar to that used by the department (Claritas). The applicant used 2016 data and projected to year 2021. The department used 2016 data and projected to year 2020. These difference approaches may be the reasons for the differences.

Use Rate

As stated above, the data points used in this numeric need methodology are inter connected. The population figures are a factor used in the methodology to determine the use rate in the planning area. A use rate per 1,000 residents is calculated by dividing the total number of surgeries by the base year (2016) population and then dividing by 1,000. The applicant calculated a use rate of 70.31/1,000 for southeast King County planning area. The department calculated a use rate of 289.103/1,000 residents in the planning area. While the two use rates are not significantly different, the use rate is the main driver for this methodology. The department will rely on its own use rate.

Number of Existing OR's

A comparison review of the department's and the applicant's numeric methodology shows slight differences in the number of OR's counted in the numeric methodology. Evergreen Eye counted 33 inpatient and/or mixed use OR's and 11 dedicated outpatient OR's. The department counted 34 inpatient and/or mixed use OR's and 18 dedicated outpatient OR's.

In summary, the results of the two methodologies are not significantly different. Evergreen Eye calculated a need for 11.24 outpatient OR's; the department calculated a need for 14.27 outpatient OR's. The department considers its numeric methodology accurate and will rely on the results for this project.

The department's numeric methodology calculates a need for at least fourteen additional OR in southeast King County. Evergreen Eye is requesting approval of two OR's at EEC-Federal Way. Below is the additional information considered evaluate the need for this project

EEC-Federal Way

To support approval of its project, Evergreen Eye provided EEC-Federal Way historical, present, and projected utilization. [Source: October 19, 2018 screening response, page 4]

EEC-Federal Way Historical, Present, and Projected Utilization

	2018	Partial Year 2019	Full Year 2020	Full Year 2021	Full Year 2022	Full Year 2023
Historical Cases	4,855	4,986	5,121	5,258	5,401	5,547

Evergreen Eye provided the following supplemental information under this sub-criterion.

“After identifying planning area inpatient/mixed use and outpatient surgical capacity, surgery volumes by active licensed surgery centers were obtained from the data from the Washington State Certificate of Need Program 2017 Annual Operating Room Use Survey. This is specific for surgical procedures performed during CY2016. Not all facilities had responded in 2017, therefore the CON Program indicated that using the 2015 data for unresponsive facilities was appropriate. Operating rooms identified in the methodology were used only from CON approved facilities with an active license on 01/01/2018.

The utilization forecast was created using the National Health Statistics Report (NHSR) utilization rate, the projected population for Southeast King planning area and EEC Federal Way patient demographics in Y2017. The NHSR identified the utilization rate for operation of the eye to be 237.6/10,000. Due to our senior patient population, we will use the forecasted population, the rate that corresponds to the specific age group along with EEC Federal Way Y2017 patient data broken down into the percentage of age to provide a more accurate number for this project.

Using WAC (246-310-270) regulations as a guide, the methodology shows that there is a net need for 11.24 outpatient OR's in the Southeast King planning area in 2021 (Exhibit 2). In 2017, 55.8% of EEC Federal Way patients originated outside of the Southeast King planning area with only 44.2% of their patients within the planning area. In regard to market share within the Southeast King planning area, EEC Federal Way performs 29% of the ophthalmic procedures. The other ophthalmic surgery centers in the planning area perform another 36% of the ophthalmic predicted procedures leaving a large number of patients to seek care potentially outside the planning area. See supplemental information for referenced and sourced materials.

Per WAC 246-310-270(4) the applicant did not address this sub criterion provide discussion addressing this sub criterion.

Application of WAC 246-310-270 to the Southeast King planning area demonstrates need for additional ambulatory surgery suites. Without the project, the available operating minutes will remain where it is today which is insufficient to meet the projected demand resulting in limited access to affordable outpatient care.

Additionally, the Interpretive Statement issued on January 19, 2018, instructs applicants that cannot show a need to utilize WAC 246-310-270(4). "This regulation provides discretion for the CN Program to approve operating rooms that would not ordinarily be approved. For example, the CN Program can issue a CN without a showing of numeric need if the applicant can show that through existing volumes the facility will have no impact on market share, the facility is necessary to provide access to specific surgical types, or the existing healthcare system supports continued operation of the facility." EECs application can also satisfy each of these criteria:

No Impact on Market Share. This ASF has been in operation since 2008 and continues to provide high quality outpatient surgical services to its patients. EEC Federal Way performs nearly 5,000 surgeries per year. EEC Federal Way is one of three ASF in the planning area capable of performing outpatient ophthalmic surgeries. Allowing EEC Seattle to operate as a CON-approved facility will not detrimentally impact the other providers of outpatient ophthalmic surgeries in the planning area.

Facility is Necessary to Provide Access to Specific Surgical Types. As noted above, EEC Federal Way is one of a limited number of outpatient ASF in the planning area providing these types of surgeries. EEC Federal Way has the necessary equipment to serve these patients in an outpatient setting. With the continued push by Medicare and private payers to free standing ambulatory surgery centers, EEC Federal Way facility is necessary to provide lower cost and high quality ophthalmic surgeries.

Existing Healthcare System Supports Continued Operation of the Facility. Without the continued operation of EEC Federal Way, 5,000 patients requiring cataracts, retina, strabismus, glaucoma, and other eye related surgeries would have no other option but to have the surgeries performed at a hospital or outside of the planning area. The existence of EEC Federal Way as a freestanding ASF open to all surgeons is necessary to continue to provide patients access to care and choice of providers.

EEC Federal Way is mostly a B2B company and receives many of the patient's through physician referral. Exhibit 3 is a list of over 600 providers, organizations, and optometrists that refer to and utilize EEC Federal Way. In 2017, 55.8% of EEC Federal Way patients originated outside of the Southeast King planning area with only 44.2% of their patients within the planning area. In regard to market share within the Southeast King planning area, EEC Federal Way performs 29% of the ophthalmic procedures. The other ophthalmic surgery centers in the planning area perform another 36% of the ophthalmic predicted procedures leaving a large number of patients to seek care potentially outside the planning area.

In addition, though the planning area shows a net need of operating rooms, these are general purpose operating rooms and not specially equipped for ophthalmic surgeries. Recently in August of 2017, it was determined that special purpose rooms dedicated for endoscopy are excluded from the numeric need methodology and therefore even though the numeric need

shows a surplus, that surplus is not a basis to deny an application. We believe that this same analysis can be applied to operating rooms dedicated to outpatient ophthalmic surgeries. EEC urges the CON Program to consider the additional information provided in this application when evaluating this application, beyond the numeric methodology. Approval of EEC Federal Way application will allow continued patient access to a lower cost provider, access to a dedicated ASF with the sole focus on ophthalmic surgeries, and the availability of existing operating rooms to non-employed physicians.” [Source: December 24, 2018, screening response, pages 3-4]

Public Comment

None

Rebuttal Comment

None

Department Evaluation

Evergreen Eye provided information to support that utilization at EEC-Federal Way should continue within the planning area. With CN approval, physicians not associated with Evergreen Eye could use the surgery center. However, since Evergreen Eye does not intend to increase the number of OR's (2), but projected a modest increase in the types of procedures provided at EEC-Federal Way, the department anticipates that limited growth at the surgery center is will occur.

Based on the source information reviewed, which includes the numeric need methodology, and Evergreen Eye agreement to the conditions in the conclusions section of this evaluation, the department concludes that the applicant has demonstrated that there is need for the continued operation of EEC-Federal Way. **This sub-criterion is met.**

WAC 246-310-270(6)

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

Evergreen Eye

EEC-Federal Way currently operates with two OR's. This project does not intend to decrease or increase the number of OR's. [Source: Application, page 13]

Public Comment

None

Rebuttal Comment

None

Department Evaluation

WAC 246-310-270(6) requires a minimum of two OR's in an ASF. EEC-Federal Way is currently operating with two OR's. This project does not propose to increase or decrease the number of OR's at the facility. **This standard 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 do 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.

Evergreen Eye

Evergreen Eye provided copies of the following policies, along with the following comments.

- Patient Admission and Expected Outcomes Policy [Source: Application Exhibit 8]
- Patient Rights and Responsibilities [Source: Application Exhibit 9]
- Non-Discrimination Policy [Source: Application Exhibit 10]
- Charity Care and Community Service Plan Policy [Source: Application Exhibit 11]

The Non-Discrimination Policy is used in conjunction with the Patient Admission, Assessment, and Discharge Policy.

Medicare and Medicaid Programs

EEC-Federal Way is currently Medicare and Medicaid certified. Evergreen Eye provided the current and projected source of revenues by payer for EEC-Federal Way. That information is restated in Table 5. [Source: Application, Page 9 and 14, and October 19, 2018, screening response, page 4]

**Table 5
EEC-Federal Way Historical and Projected Payer Mix**

Payer Group	Historical	Projected
Medicare	25.4%	39.9%
Medicaid	6.5%	4.5%
Commercial/Health Care Contractor	58.6%	45.5%
HMO	1.5%	1.3%
Other Government/L & I	1.1%	1.8%
Self Pay	6.9%	7%
Total	100.0%	100.0%

Charity Care

EEC-Federal Way’s Charity Care and Community Service Plan Policy states that, *“Patients are expected to pay for services rendered. Billing will assist patients who indicate they are unable to meet their financial obligations resulting from care provided by our practice. Patients may be determined as eligible for partial to full discounts utilizing the current poverty guidelines issued by the state and federal government.*

If a patient is identified by the billing office to be considered for financial hardship/charity care they will be mailed a “Financial Hardship” application to complete which must be returned within 30 days to be eligible... ”. [Application, page 122, Exhibit 11]

Within the application, EEC-Federal Way’s pro forma financial statement identified the historical amounts of charity care for full years 2017–2018, current and projected full years 2019-2023 [Source: December 24, 2018, screening response, page 173]

Public Comment

None

Rebuttal Comment

None

Department Evaluation

EEC-Federal Way provided its Patient Admission, Assessment, and Discharge Policy, Non-Discrimination Policy, and Charity Care and Community Service Plan Policy that are currently in use and would continue to be use at EEC-Federal Way.

The Patient Admission, Assessment, and Discharge Policy, Non-Discrimination 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 Charity Care and Community Service Plan Policy include the process one must use to access charity care.

The department concludes that EEC-Federal Way anticipates the surgery center would continue to be accessible and available to Medicare and Medicaid patients based on the information provided.

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. EEC-Federal Way is located with King County within the King County Region. Currently, there are 23 hospitals operating in the region⁹. Of those hospitals, four are located within the southeast King County secondary health services planning area¹⁰ that could be affected by the approval of this project.

EEC-Federal Way projected that the ASF will provide charity care at 1.32% of total revenue and 2.65% of adjusted revenue. For this project, the department reviewed the most recent three years of charity care data for the 22 hospitals operating within the King County Region and focused on the four potentially affected acute care hospitals located in southeast King County. The three years reviewed are 2015, 2016, and 2017. Table 6 below is a comparison of the historical average charity care for the King County Region as a whole, the historical average charity care within the planning area, and the projected charity care to be provided at EEC-Federal Way

. [Source: Community Health Systems Charity Care 2015-2017 and December 24, 2018, screening response, Exhibit 7, page 49]

Table 6
Department's Three Year Average—Charity Care

	% of Total Revenue	% of Adjusted Revenue
3-year King County Region	0.86%	1.88%
3-year Central King County Hospitals	0.79%	1.97%
Projected EEC-Federal Way ¹¹	1.05%	1.81%

As shown above, the three-year regional average proposed by Evergreen Eye for EEC-Federal Way is lower than the regional average, and the combined average of the three hospitals operating in the central King County secondary health services planning area.

For this particular application review, the department is focusing its charity care evaluation on the regional average. Although there are five hospitals in the planning area, two of the hospitals were not included in the charity care evaluation for the reasons previously stated by the department.

For Certificate of Need purposes, Evergreen Eye is a new health care facility. To ensure that appropriate charity care percentages would be provided by Evergreen Eye, if this project is approved, the department would attach condition requiring Evergreen Eye provide charity care consistent with the regional average. The regional charity care average from 2015-2017 was 0.86% of gross revenue and 1.88% of adjusted revenue.

⁹ Harborview Medical Center is located in the King County Region. Harborview Medical Center is subsidized by the state legislature to provide charity care services. Charity care percentages for Harborview make up almost 50% of the total percentages provided in the King County Region. Therefore, for comparison purposes, the department excludes Harborview Medical Center's percentages from the regional average.

¹⁰ MultiCare Auburn Medical Center, MultiCare Covington Medical Center, FHS St. Francis Hospital, FHS St. Elizabeth Hospital; and Valley Medical Center.

¹¹ EEC-Federal Way projected charity care three years average for years 2020-2023

This condition would also require EEC-Federal Way to maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department also would require that charity care records be kept on site at the ASF and available upon request. With the conditions identified above and Evergreen Eye’s agreement to the conditions, 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 no 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 Evergreen Eye Center, Inc. P.S. 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.

Evergreen Eye

The assumptions used by Evergreen Eye to determine utilization and the projected number of procedures for its first three full years of operation are summarized below.

The utilization forecast was created using the National Health Statistics Report (NHSR) utilization rate and projected population for Central King planning area and EEC Federal Way patient demographics in Y2017.

The NHSR identified the utilization rate for operation of the eye to be 237.6/10,000. Due to our senior patient population (Table 16), we will use the forecasted population, the rate that corresponds to the specific age group along with EEC Federal Way Y2017 patient data broken down into the percentage of age to provide a more accurate number for this project.

The following outlines how EEC Federal Way calculated their projections for surgical cases by year.

The expected ophthalmic surgical case frequencies for various populations (rate per 10,000 capita by gender and age) were then calculated with the following explanation.

Ages were grouped as follows

- Under 15 years old (< 15) 17 Surgeries on the eye per 10,000*
- Between 15 and 44 years old (15 – 44) 21.2 ""*
- Between 45 and 64 years old (45 – 64) 220.8 ""*

- 65 and older 1361 “”

Calculation

Assume the projected 45 – 64-year-old population for year X is 20,000.

To preserve generality, let the surgical case frequency amongst the specified population be Y.

Let our projected population be Z.

Then, we would calculate the associated projected number of surgeries (PS) on 45 to 64-year-olds in year

X as follows

$$PS(X) = (Z/10,000) * Y$$

$$PS(X) = (20,000/10,000) * 220.8$$

$$PS(X) = (2) * 220.8$$

$$PS(X) = 441.6 \text{ [Source: Application page 22-23]}$$

Based on the assumptions described above, Evergreen Eye provided EEC Federal Way historic utilizations for years 2013 through 2017. Table 7 shows the historic projected number of eye cases for the provided by EEC Federal Way. Table 8 shows EEC-Federal Way projected number of cases for the planning area.

**Table 7
Evergreen Eye’s
EEC Federal Way Historic Utilization**

	2013	2014	2015	2016	2017
Total Eye Cases	4,221	4,463	5,271	4,704	4,727

**Table 8
EEC-Federal Way Present and Projected Utilization**

	2019	2020	2021	2023	2024
Total Eye Cases	1,025	1,053	1,081	1,110	1,140

Evergreen Eye provided the statements below related to its market share and the historical utilization of EEC-Federal Way. [Source: Application, page 24 and October 19, 2018, screening response, Exhibit 3, pro forma page 40]

“Referencing Table 16, in 2017, 55.8% of EEC Federal Way patients originated outside of the Southeast King planning area with only 44.2% of their patients within the planning area.

In regard to market share within the Central King planning area, EEC Federal Way performs 29% of the ophthalmic procedures. There are no other ophthalmic surgery centers in the planning area. 36% of the ophthalmic predicted patients will potentially seek care outside the planning area”.

As evidence in Table15, EEC Federal Way patient age over the age of 65 is 70.06%. As described in our method of projecting the utilization for ophthalmic surgery, we used the rate associated with the age to provide a more accurate number in the projection of utilization”. [Source: Application, page 24]

The assumptions Evergreen Eye used to project revenue, expenses, and net income for EEC-Federal Way’s historic, present and projection years 2017-2023 are summarized below.

Capital Expenditures

There will be no capital expenditures relative to this project. See Fixed Operating Expenses for a note on depreciation expense.

Revenues

2017 gross and net revenue are the actual revenues observed by EEC prior to any adjusting journal entries ordered by their accounting firm.

Revenues exclude the professional component, i.e., revenues from physician professional services. Revenues manifesting from the professional component of the case are awarded to the provider and clinic where the surgery was originally ordered. All mentions of revenue are specifically referencing the facility component.

The 2017 gross revenues by payer illustrate which payer class would have been considered primary on the claim. The 2017 actual was found by pulling all claims for a sample period and recording the primary payer percentages. Projected payer mix is assumed to remain constant through the projection.

Inflation of gross revenue was set to a constant 2.3% year over year. From 2015 to 2017, EEC has experienced about 2.3% annual increase in gross revenue. EEC believes this is a good indicator of future growth.

Cost of Revenue

Cost of revenue was observed at a rate of 59.5% of net revenue in 2017. Going forward this figure is assumed to remain constant.

Variable Operating Expenses

2017 FTE figures are representative of the EEC current Seattle ASC-specific employee census (by job category).

Wage and salary figures for each class of FTE are representative of 2017 averages pulled from the payroll roster. It is assumed that an FTE works 2,080 hours per year.

Actual 2017 benefits, taxes, etc. were calculated as 24% of total wages and salaries. This figure is representative of EEC 2017 actuals.

All other “variable” operating expenses are assumed to continue at the actual rate relative to net revenue observed in 2017.

Fixed Operating Expenses

All fixed operating expenses are based on 2017 actuals. Each subsequent year is expected to experience inflation at a constant 3%.

It is worth noting that depreciation expense is not treated any differently than the other fixed operating expenses. There will be no significant capital expenditures associated with certificate of need approval. Hence, a constant 3% inflation rate is appropriate.

All indirect (billing office, call center, compliance, etc.) people costs are outlined in the “Allocations LESS bad debt” section of the pro forma. These line items include all expenses associated with the specified cost center, not just people costs. Once again, they are expected to grow at a constant rate of 3% year over year. [Source: Application, page 28-29]

Evergreen Eye provided the following clarification statements to the assumptions.

“From 2016 to 2017, EEC has experienced a minimum of 2.3% annual increase in gross revenue. EEC believes this is a good indicator of future growth based on organizational historical data. The amount of 2.3% is also lower than the projected growth of the target age group of EEC services in the Central Planning Area of 5.74% (28.7 % / 5 years) based on Table 15 below. When determining whether to use projected population vs. historical data, EEC chose to use a known and proven growth rate. The term "inflation" is used in this application as the action or condition of being increased. This is in contrast to the economic definition of a general increase in prices and fall in the purchasing value of money.

From 2013 to 2017, EEC has experienced an average of 2.3% annual increase in gross revenue. EEC believes this is a good indicator of future growth based on organizational historical data. The term "inflation" is used in this application as the action or condition of being increased. This is in contrast to the economic definition of a general increase in prices and fall in the purchasing value of money. [Source: December 24, 2018, screening response, page 5-6]

In this application, Evergreen Eye projected that its historic commercial insurance payer mix would change slightly. The percentages are shown below. [Source: October 19, 2018, screening response, page 4]

Payer Group	Projected
Medicare	39.9%
Medicaid	4.5%
Commercial/Health Care Contractor	45.5%
HMO	1.3%
Other Government/L&I	1.8%
Self-Pay	7%
Total	100.0%

Based on the assumptions above, Evergreen Eye provided its current year and projected revenue, expenses and net income for EEC-Federal Way summarized below. [Source: December 24, 2018, screening response, Exhibit 7]

**Table 9
Current Year Projected Revenue and Expenses for Calendar Years 2019 through 2023**

	2018 Historic	CY2019 Current Yr	CY2020 Yr. 1	CY2021 Yr. 2	CY2022 Yr. 3	CY2023 Yr. 4
Net Revenue	\$44,319,745	\$4,436,378	\$4,556,154	\$4,699,175	\$4,805,513	\$4,935,263
Total Expenses	\$3,727,366	\$3,831,402	\$3,938,348	\$4,048,287	\$4,161,032	\$4,278,481
Net Profit/(Loss)	\$592,379	\$604,976	\$617,806	\$650,888	\$644,211	\$656,782

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 Comment

None

Department Evaluation

To evaluate this sub-criterion, the department first reviewed the assumptions used by Evergreen Eye to determine the projected number of procedures and occupancy of the ASF. Evergreen Eye used a combination of existing volumes and published utilization statistics. The NCHS report used by Evergreen Eye to assume surgical use in the planning area is the most recently available utilization survey for outpatient surgery trends in the United States. After reviewing Evergreen Eye’s utilization assumptions, the department concludes they are reasonable.

Evergreen Eye based its revenue and expense assumptions for the ASF on the assumptions listed above. Given EEC-Federal Way is an existing facility and it has documented experience operating the ASF, the department acknowledged that the assumptions are reasonable.

Evergreen Eye provided copy of the current lease agreement. The agreement is between Jarstad Family, LLC (landlord) and Evergreen Eye Center, Inc. LLC (tenant). The lease agreement commenced on September 1, 2015 and is effective for 10 years from the date it was executed. The lease agreement expires on March 1, 2026. The agreement identifies the roles and responsibilities for each parties involved and all costs associated with the lease agreement can be substantiated in the revenue and expense statement. The rider documentation identified in the lease agreement was effective on September 1, 2015. According to the document, Evergreen Eye Center, Inc. P.S. has the option to become the tenant under the lease after a two-year probationary period.

Evergreen Eye identified Dr. Robert Tester as the medical director for the ASF. Dr. Robert Tester, MD is physician partner of Evergreen Eye. The role of medical director is uncompensated, and there is no associated contract. Evergreen Eye provided a job description for the medical director the document identified the roles and responsibilities for both Evergreen Eye and the medical director.

The pro forma financial statements provided for EEC-Federal Way shows the ASF’s revenues exceeding expenses beginning from the first full year of operation to year 2023.

Simultaneously with the review of this project in central King County, Evergreen Eye also submitted another ASF application for a facility in central King County. The two applications are being review separately. As stated in the Applicant Description section of this evaluation, Evergreen Eye operates five practice sites in Washington and two of sites have an associated surgery center the remaining three sites do not have surgery centers.

Evergreen Eye provided historic balance sheets for the surgery center that balance. That information is summarized in the table below. [Source: October 9, 2018, screening response, page 55]

**Table 10
Evergreen Eye Center, Inc. PS. Historic Balance Sheet Year One (2015)**

Assets		Liabilities	
Current Assets	\$700,553	Current Liabilities	\$458,022
Fixed Assets	\$493,274	Current Liabilities	\$566,318
Other Assets	\$148,875	Long term Liabilities	\$318,362
Total Assets	\$1,342,702	Total Liabilities and Equity & Shareholder's Equity	\$1,342,702

Based on the information above, the department concludes that the immediate and long-range operating costs of the project can be met. Based on the balance sheet data provided for EEC-Federal Way the department concludes that approval of this project would not have a negative financial impact on the ASF **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.

Department Evaluation

There are no costs associated with this project. This sub-criterion is not applicable to this project.

- (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.

Department Evaluation

There are no costs associated with this project. This sub-criterion is not applicable to this project.

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 Evergreen Eye Center, Inc. P.S. 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.

Evergreen Eye

In response to this sub-criterion, Evergreen Eye provided the following statements.

“The FTE projections are based off 2017 actual figures pulled from our payroll software.

EEC Federal Way offers a facility and work environment that is attractive to work for, along with competitive hours and pay. EEC Federal Way has not had a problem recruiting, hiring and retaining qualified medical professionals”. [Source: Application, page 30 and 31]

Evergreen Eye provided a listing of all existing staff. Table 11 below summarizes the information. [Source: Application, page 31]

**Table 11
Years 2018 through 2023
EEC-Federal Way Historic and Current Staffing**

FTE by Type	2018 Historic Year	2019	2020	2021	2022	2023
Office/Clerical Employees	1.25	1.25	1.25	1.25	1.25	1.25
RNs	1.75	1.75	1.75	1.75	1.75	1.75
Operating Room Techs	3.00	3.00	3.00	3.00	3.00	3.00
Manager	1.00	1.00	1.00	1.00	1.00	1.00
Total FTEs	8.00	8.00	8.00	8.00	8.00	8.00

In addition to the statements above, Evergreen Eye also provide the following statement.

“From 2013 to 2017, EEC has experienced an average of 2.3% annual increase in gross revenue. EEC believes this is a good indicator of future growth based on organizational historical data. The term "inflation" is used in this application as the action or condition of being increased. This is in contrast to the economic definition of a general increase in prices and fall in the purchasing value of money.

EEC Federal Way bases staffing on the number of procedures performed per surgical day. Current staffing allows for a maximum of 30 cases/surgical day. In 2017, EEC Federal Way averaged 22.7 cases/day. Staffing will not be increased until the total number of cases increase to over 6,240/year. EEC Federal Way is part of the greater EEC organization allowing it to utilize staff from other locations in the organization. EEC maintains similar training, processes, and education to ensure consistency between sites”. [Source: October 19, 2018, screening response, page 8]

Evergreen Eye identified the following key staff for EEC-Federal Way. [Source: Application, Page 11 and 31]

Staff	License #	Position
Kelly Bui	MD60470169	Employed
Gary Chung	MD00045207	Partner

Staff	License #	Position
Brice Nicholson	OP60251025	Partner
Robert Tester	MD00043755	Medical Director
Laura Periman	MD0003796	Employed
John Whitehead	MD60070936	Partner
Kelly Goff	MR60632038	Director of Surgical Services

Public Comment

None

Rebuttal Comment

None

Department Evaluation

As shown above, the ASF staff are already in place and additional staff is not anticipated. However, in the event the ASF need to hire staff, Evergreen Eye states, “*EEC-Federal Way offers a facility and work environment that is attractive to work for, along with competitive hours and pay*”

Information provided in the application demonstrates that EEC-Federal Way is a well-established provider of healthcare services in southeast King County. Given that EEC-Federal Way already offers eye related surgical services as a CN-exempt ASF, the department concludes that Evergreen Eye has the ability to continue to staff the ASF.

Based on the above information, the department concludes that a sufficient supply of qualified staff is available 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.

Evergreen Eye

Evergreen Eye provided the following statements relating to ancillary and support services required for the proposed project. [Source: Application page 32]

“EEC Federal Way works closely with the medical professionals they associate with. Valuing a commitment to collaborative care, EEC advocates cooperative care of postsurgical patients. EEC believes that once patients are stable following surgery, their care can be managed safely and successfully by their optometric physician. EEC Federal Way strives to facilitate the communication with their patients and their patients primary care provider so that the best quality can be performed to promote safe and effective care that will leave patients feeling satisfied and happy.

EEC Federal Way physicians have transfer agreements with MultiCare Auburn Medical Center, Highline Medical Center, and St. Francis Hospital for patients requiring hospitalization”.

Public Comment

None

Rebuttal Comment

None

Department Evaluation

EEC-Federal Way has been providing healthcare services at in southeast King County for many years. The ancillary and support required for continued 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 EEC-Federal Way will continue to maintain the necessary relationships with ancillary and support services to provide outpatient surgical services in southeast King County. The department concludes that nothing in the information reviewed indicate that the continued operation of this existing CN-exempt ASF as a CN-approved ASF would adversely affect the relationships already established. **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.

Evergreen Eye

Evergreen Eye provided the following statements related to this sub-criterion.

“EEC has no history of convictions or sanctions as described in WAC 246-310-230(5)(a) EEC Surgeons, Corporate Officers and Billing Personnel are not on the OIG exclusion list”. [Source: Application page 32]

“EEC Federal Way is a currently licensed ASF with the State of Washington and as such must meet certain regulations set by the State of Washington to remain so. EEC Federal Way is subject to inspections from investigators at the state level and has a duty to comply with any recommendations that are set forth.

EEC Federal Way is also licensed and subject to investigations with Medicare and Medicaid. All visits by any investigator has left EEC Federal Way in a position to continue to provide quality safe care”. [Source: Application page 32]

Public Comment

None

Rebuttal Comment

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.¹² To accomplish this task, the department reviewed the quality of care and compliance history for the healthcare facilities owned, operated, or managed by Evergreen Eye Center, Inc. P.S.

Washington State Survey Data

As stated in the “Applicant Description” section of this evaluation, Evergreen Eye Center, Inc. P.S currently owns and operates five practices in Washington State, and of those, two sites have an associated ambulatory surgical facility.

Using its own internal database, the department reviewed the historical survey data for healthcare facilities associated with Evergreen Eye Center, Inc. P.S. The survey data is summarized by facility in the table below. [Source: Application page 9 and DOH Office of Health System Oversight]

**Table 12
Evergreen Eye Center, Inc. P.S Facilities**

Practice Site Address/County	License #	Year of State Survey
34719 6 th Avenue S, Federal Way, King County	ASF.FS.60099942	12/23/2013 03/13/2015 08/09/2017
700 M Street NE, Auburn, King County	N/A	
15153 5 th Avenue SW, Burien, King County	N/A	
1229 Madison Street, Suite 1250, Seattle, King County	ASF.FS.60862319	12/23/2013 03/13/2015 08/09/2017
716 South 348 th Street, Federal Way, King County	N/A	

As shown above, two of the five facilities owned by Evergreen Eye with practice site have had recent surveys. Information provided by the Department of Health internal database shows that the two facilities are substantially compliant.

In addition to the facilities identified above, the department also reviewed the compliance history of Dr. Robert Tester the medical director for EEC-Federal Way. The department’s review of Dr.

¹² WAC 246-310-230(5)

Tester’s compliance show the physician has some enforcement actions that has been closed and his credential continue to be active and remain in good standing.

Furthermore, in addition to the facilities identified above, the department also reviewed the compliance history of the physicians and other staff associated with EEC-Federal Way. The table below shows the physicians associated with EEC-Federal Way. [Source: Application page 11 and Medical Quality Assurance Commission]

Table 13
EEC-Federal Way Physicians

Name	Credentialed Number	License Status	Notes
Kelly Joan Goff	MAR.MR.60632038	Active	Employed
Kelly Bui	MD60470169	Active	Employed
Gary Chung ¹³	MD00045207	Active	Partner
Brice Nicholson	OP60251025	Active	Partner
Robert Tester ¹⁴	MD00043755	Active	Partner
Laura Periman ¹⁵	MD00039796	Active	Employed

As shown above, all of the physicians and other staff associated with EEC-Federal Way have active credentials in good standing. Based on the information above, the department concludes that Evergreen Eye demonstrated reasonable assurance that EEC-Federal Way 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.

Evergreen Eye

Evergreen Eye provided the following statements related to this sub-criterion.

“EEC Federal Way currently provides ophthalmic surgery in the Southeast King planning area. Our existing support capacity and third-party contracts sufficiently support the services offered at EEC Federal Way and meet all the demands of patient care within the facility”. [Source: Application, page 32]

“EEC Federal Way works closely with the medical professionals they associate with. Valuing a commitment to collaborative care, EEC advocates cooperative care of postsurgical patients. EEC believes that once patients are stable following surgery, their care can be managed safely and

¹³ This physician has enforcement action that is closed. Presently the physician credential is active and in good standing
¹⁴ This physician has enforcement action that is closed. Presently the physician credential is active and in good standing
¹⁵ This physician has enforcement action that is closed. Presently the physician credential is active and in good standing

successfully by their optometric physician. EEC Federal Way strives to facilitate the communication with their patients and their patient’s primary care provider so that the best quality can be performed to promote safe and effective care that will leave patients feeling satisfied and happy”. [Source: Application, page 32 and 33]

“As stated in the earlier discussion, EEC Federal Way has been in business since 2008 and is one of three ophthalmic specific outpatient ASF that is dedicated to performing ophthalmic surgeries within the Southeast King planning area. EEC Federal Way has transfer agreements and privileges with Swedish Medical Services. The time period and the working relationship between the two facilities would indicate that any impact on the market share of EEC Seattle having a CN issued would have long ago passed”. [Source: October 19, 2018, screening response, Exhibit 5]

Public Comment

None

Rebuttal Comment

None

Department Evaluation

With the increased access CN approval brings, the department concludes the approval of this project does not represent unwarranted fragmentation of services. Furthermore, the applicant provided statements identifying how the ASF operates, and would continue to operate, in relation to the existing facilities and services in the planning area. Based on this information, the department concludes that the ASF would continue to have appropriate relationships 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 Evergreen Eye Center, Inc. P.S. 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.

Step One:

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

Step Two:

Evergreen Eye

Evergreen Eye provided the following statements related to its consideration of alternatives prior to submitting this project.

EEC Federal Way is requesting certificate of need approval of its existing two-operating room ASF to convert to a CON-approved ASF. Our project will help address net need for outpatient operating rooms in Southeast King planning area by providing non-EEC surgeons and their patient’s access to our ASF. This will increase the number of case as well as expand the availability of lower cost outpatient operating rooms for physicians and patients.

EEC Federal Way considered the following options:

- *No project – continue as a licensed, certificate of need exempt facility*
- *Certificate of Need facility and the requested.*
- *Partnering with other organizations.*

Evergreen Eye Table 22- Alternative Analysis: Promoting Access to Healthcare Services

<i>Option</i>	<i>Advantages/Disadvantages</i>
<i>No Project</i>	<ul style="list-style-type: none"> • <i>There is no advantage or disadvantage to Continuing as is in terms of improving access. The current EEC Federal Way surgical center has been in place for many years without access issues. (Neutral)</i> • <i>The principal disadvantage is this option does nothing to address the ambulatory surgery OR shortages forecast in the Planning Area. (Disadvantage)</i>
<i>Requested Project</i>	<ul style="list-style-type: none"> • <i>The requested project best meets current and future access issues identified in the Planning Area and provides a low-cost alternative to all area ophthalmologists. (Advantage)</i>

	<ul style="list-style-type: none"> • From an improved access perspective, there are no disadvantages. (Advantage)
--	--

Evergreen Eye Table 23- Alternative Analysis: Promoting Quality of Care

Option	Advantages/Disadvantages
No Project	<ul style="list-style-type: none"> • There are no advantages from a quality of care perspective. However, there are no current quality of care issues. (Neutral) • The principal disadvantage with maintaining the current situation is driven by projected shortages of outpatient ambulatory surgery suites. Over time, as access is constrained, there will be adverse impacts on quality of care if Planning Area physicians and their patients either have to wait for surgical capacity or travel to other locations outside the Planning Area, assuming this is an option. (Disadvantage)
Requested Project	<ul style="list-style-type: none"> • The requested project best meets and promotes quality and continuity of care issues in the Planning Area. (Advantage) • From a quality of care perspective, there are only advantages. (Advantage)

Evergreen Eye Table 24 - Alternative Analysis: Promoting Cost and Operating Efficiency

Option	Advantages/Disadvantages
No Project	<ul style="list-style-type: none"> • Under this option, there would be no impacts on cost or efficiency – the surgery center would continue as presently. (Neutral) • However, EEC has already incurred all capital costs for two operating suites. It is much more efficient (lower cost) to better utilize fixed plant and equipment with greater volumes/throughput – average operating costs fall. This option constrains others' use of the ASC, and as a result, constrains case volumes at the ASC. As a direct result, the No Project option will reduce efficiency and cost effectiveness. This is the principal disadvantage from an efficiency perspective. (Disadvantage)
Requested Project	<ul style="list-style-type: none"> • EEC has already incurred all capital costs for its two operating suites. It is much more efficient to better utilize fixed plant and equipment with greater volumes/throughput. This option allows EEC to best utilize its ASF resources, hence improves efficiency and increases cost effectiveness. (Advantage) • There are no disadvantages. (Neutral)

Evergreen Eye Table 25 - Alternative Analysis: Staffing Impact

Option	Advantages/Disadvantages
No Project	<ul style="list-style-type: none"> • There are no disadvantages from a staffing point-of-view. (Neutral)
Requested Project	<ul style="list-style-type: none"> • This Requested Project allows EEC the opportunity to hire a modest number of additional staff, which will likely create economies of scale for EEC across its staff as volumes increase and staff are utilized more productively. Greater volumes will also increase the

	<p>attractiveness of EEC to employment candidates – this can act to improve staff quality. (Advantage)</p> <ul style="list-style-type: none"> • The principal disadvantage would be the necessity for EEC to hire, employ, and train additional ASC staff. This disadvantage is temporary because EEC has administrative, technical human resource support to accommodate surgical centers in the northwest with as many or more FTEs that will be required in Seattle. (Disadvantage)
--	---

Evergreen Eye Table 26- Alternative Analysis: Legal Restrictions

Option	Advantages/Disadvantages
No Project	<ul style="list-style-type: none"> • There are no legal restrictions to continuing operations as presently. (Advantage)
Requested Project	<ul style="list-style-type: none"> • The principal advantage would be allowing EEC the ability to “open” its ASC to non-EEC physicians. This will improve access, quality and continuity of care and promote highest, efficient use of EEC assets as compared to the No Project option. (Advantage) • Requires certificate of need approval. This requires time and expense. (Disadvantage)

Evergreen Eye Table 27 - Alternative Analysis: Promoting Access to Healthcare Services

Option	Advantages/Disadvantages
Partnering with Another provider (hospital or physicians) to create a new surgery center in the planning area	<ul style="list-style-type: none"> • Advantage – If partnering with another provider and/or hospital to develop a new ASF, the ASF would be advantageous if it did more than ophthalmology. An ASF fee schedule is substantially lower than a hospital setting making it more affordable compared to a hospital. In addition, an ASF runs more efficiently than a hospital in-regards to OR time. More operating minutes would be available with another surgery center for a variety of procedures. Referencing the above statement, EEC does not intend to do any other type of procedure other than ophthalmology with this project. • Disadvantage – Creating a new center would be subject to CN approval and would have to show a need, in which it may or may not be able to. If it does not show a need, the new center would not have a history to show the need that was identified in the CN department interpretive statement issued on January 19, 2018. Partnering, building, licensing and credentialing a new surgery center would take several years before patients can realize an increase in access. • In-regards to ophthalmology, EEC already has a fully functional ASF that is equipped for ophthalmic surgery. Opening up another center with just ophthalmic services without increasing the minutes available at EEC would not improve access to ophthalmology services in the immediate future.
Any other options	<ul style="list-style-type: none"> • Discussion – Access to ophthalmology services would not improve if EEC downsized and closed their ASF. If EEC opened up another

<p><i>Considered (Example would be downsizing, EEC opening another site within the planning area, extending hours of operation and/or add additional procedures besides ophthalmology)</i></p>	<p><i>ASF within the planning area, they would have to go through the CN process. By making the current ASF more efficient by extending hours and allowing non-EEC surgeons to operate would make the increase to access immediate. Opening up the ASF to other procedures besides ophthalmology requires more time, money and credentialing then EEC would like to pursue at this time.</i></p> <ul style="list-style-type: none"> • <i>Utilizing the fully operational ASF at EEC by allowing non-EEC to operate would be the most cost-effective approach for EEC to increase access to ophthalmology in the North King planning area.</i>
--	--

Evergreen Eye Table 28 -Alternative Analysis: Promoting Quality of Care

Option	Advantages/Disadvantages
<p><i>Partnering with another provider (hospital or physicians) to create a new surgery center in the planning area</i></p>	<ul style="list-style-type: none"> • <i>Advantages – Partnering with others to create a new surgery center would bring all the advantages of having a surgery center as compared to a hospital. There is a higher infection rate in a hospital setting; CDC showed that in 2010, 8.95/1000 developed a surgical site infection within the hospital setting, whereas in an ASF, 4.84/1000 developed a surgical site infection. Within the ASF setting there are generally higher satisfaction rates, patients and families feel it is a more personable setting, and there is better pricing within an ASF that allows for more affordable care.</i> • <i>Disadvantage – At times, larger institutions (more levels of management and/or partners) can allow small key components that make up quality to fall through the cracks. This can be the cause of poor communication or the inability to fix problems in a fast-efficient manner.</i> • <i>The ASF setting is the concept that EEC believes in and uses to provide excellent quality care for ophthalmology. EEC does not need to partner with an entity to continue to provide and promote quality of care.</i>
<p><i>Any other options Considered (Example would be downsizing, EEC opening another site within the planning area, extending hours of operation and/or add additional procedures besides ophthalmology).</i></p>	<ul style="list-style-type: none"> • <i>Discussion – Downsizing EEC organization would not affect the quality of care that is provided at EEC Federal Way. The ASF quality of care would continue even if another EEC ASF was built within the planning area. Adding additional non-ophthalmic procedures may decrease the quality of care until the level of proficiency is reached through education and repetition.</i> • <i>By extending the minutes and allowing non-EEC surgeons to operate, the quality of care would not be diminished for ophthalmic surgeries. The same quality care, policies and procedures that are currently given and followed would continue. As the art of eye care develops with new procedures and care plans, EEC is able to monitor and adapt because it is their specialty and their focus.</i>

Evergreen Eye Table 29 - Alternative Analysis: Promoting Cost and Operating Efficiency

Option	Advantages/Disadvantages
<i>Partnering with another provider (hospital or physicians) to create a new surgery center in the planning area</i>	<ul style="list-style-type: none"> • <i>Advantages – by partnering with a larger system to open up a new center the resources for training, job description specialization, streamlining processes, purchasing and negotiating power increases.</i> • <i>Disadvantage – If EEC partnered with a hospital, the fee scheduled would be based on HOPD rates, increasing the cost of ophthalmic services to their patients. Partnering with another entity, which increases the size of the organization, usually diminishes response time with regards to change which can lead to inefficiency and higher overhead costs.</i> • <i>In-regards to ophthalmology, EEC already has a fully functional ASF that is equipped for ophthalmic surgery. Opening up another center with just ophthalmic services without increasing the minutes available at EEC would result in an unnecessary cost.</i>
<i>Any other options Considered (Example would be downsizing, EEC opening another site within the planning area, extending hours of operation and/or add additional procedures besides ophthalmology).</i>	<ul style="list-style-type: none"> • <i>Discussion – EEC downsizing may or may not promote cost or operating efficiency. As the organization grows in a sustainable manner, it relies on all locations for leveraging costs and efficiency. It is not cost efficient to open up another EEC facility within the planning area when there is already a fully operational EEC ASF that has the ability to add more physicians and operating minutes. Although EEC does not intend to add other services besides ophthalmology, adding additional services would promote a cost savings for the planning area by offering outpatient services outside a hospital setting. EEC does not want to spend the time, cash and resources to open up to other specialties at this time.</i> • <i>As an ASF, EEC promotes a cost savings approach for their ophthalmic patients. With the number of facilities EEC has, it allows for their processes to be ran in an efficient manner.</i>

Evergreen Eye Table 30-Alternative Analysis: Staffing Impact

Option	Advantages/Disadvantages
<i>Partnering with another provider (hospital or physicians) to create a new surgery center in the planning area</i>	<ul style="list-style-type: none"> • <i>Advantages – Partnering with someone to open a new center would increase the number of healthcare positions available in the planning area, improving the economy within the area. Additionally, with a new surgery center that does multiple procedures, it would allow a “working” interview for EEC to hire and pick from the personnel pool within the facility.</i> • <i>Disadvantages – Working for a large organization can be a deterrent for some people because they feel that their voice doesn’t matter, or they don’t feel as valued for their work efforts. It is also discouraging when change is needed but it takes a while for it to happen.</i>
<i>Any other options</i>	<ul style="list-style-type: none"> • <i>Discussion – Downsizing EEC would mean that personnel would have to be let go. The positive side of the downsize/restructure</i>

<p><i>Considered (Example would be downsizing, EEC opening another site within the planning area, extending hours of operation and/or add additional procedures besides ophthalmology).</i></p>	<p>would be that the best employees could be retained. EEC opening up another ASF within the planning area would also increase the number of personnel, having a positive impact on the economy. Opening up to additional procedures would have a positive impact on the staffing because of the increase in the personnel pool and the ability to specialize in their field of expertise.</p> <ul style="list-style-type: none"> • EEC continues to look for those employees who stand out in their field. The overall impact of downsizing, adding an additional facility or expanding the services would not have a large impact on the staffing practices of EEC because the process of finding, hiring and retaining a competent staff is already in place.
---	---

Evergreen Eye Table 31 -Alternative Analysis: Legal Restrictions

Option	Advantages/Disadvantages
<p><i>Partnering with another provider (hospital or physicians) to create a new surgery center in the planning area</i></p>	<ul style="list-style-type: none"> • Advantages – Partnering with someone to build out a new surgery center would spread out the risk of the venture. • Disadvantages – Time, expense and partners are a disadvantage. There may not be an alignment in goals or outcomes. The larger the organization becomes, the more legal and government involvement. At times, this involvement may outweigh the desire to follow an idea and can stifle growth.
<p><i>Any other options Considered (Example would be downsizing, EEC opening another site within the planning area, extending hours of operation and/or add additional procedures besides ophthalmology).</i></p>	<ul style="list-style-type: none"> • Discussion – Out of the three examples given, downsizing would probably result in the least amount of time spent and expense. Opening up another ASF in the planning area and adding additional services will all require a significant amount of legal time and governmental regulations that need to be met before actually opening up for patient access. • Using the operational ASF facility and expanding the minutes and ability for non-physicians to practice, allows EEC to meet the needs of the public with the least amount of legal and government restrictions.

In the above analysis, we found that the best option for EEC Federal Way would be to move forward in trying to establish the facility as a CON approved facility. As the population grows along with the age of the population, the foreseeable future dictates that the need for ophthalmic surgery will not be diminished, but in fact continue to grow. Increasing the operating minutes of the Central King planning area in an already established ASF will contribute to a cost saving approach for those looking to improve their eye health. As an approved CON, EEC Federal Way will be able to attract non EEC surgeons and give them an opportunity to do their patient surgeries within an ASF setting”.
 [Source: Application, page 38]

Public Comment

None

Rebuttal Comment

None

Department Evaluation

Information provided within the application shows that Evergreen Eye did not consider any other alternative other than to submit this application. Given that Evergreen Eye main purpose of converting the exempt EEC-Federal Way to a CN approved ASF is to allow other physicians, not part of the Evergreen Eye practice access to the ASF. Allowing other physicians not part of EEC-Federal Way access to the ASF, requires prior CN review and approval. Therefore, Evergreen Eye rejection of the no project option to seek approval so it can operate as a licensed certificate of need exempt facility option is reasonable.

The other alternatives considered by Evergreen Eye besides submitting an application is downsizing the ASF or partnering with another provider. Downsizing the ASF option was rejected because of time and expense from the patient's perspective. Partnering with another provider would require a capital expenditure therefore, this was not considered further.

The department did not identify any other 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 to those considered by Evergreen Eye 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. Evergreen Eye is the only project submitted to add outpatient surgical capacity in southeast King County. 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;*
As stated in the project description portion of this evaluation, this project does not involve construction. **This sub-criterion is not applicable to this project.**
 - (b) *The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.*
As stated in the project description portion of this evaluation, this project does not involve construction. **This sub-criterion is not applicable to this project.**
- (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.*

Evergreen Eye

"This question is not applicable as there is no associated construction, renovation, or expansion for the requested CON approval of the existing EEC Federal Way ASF". [Source: Application page 38]

Public Comment

None

Rebuttal Comment

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 a CN-approved ASF will appropriately improve the delivery of health services in southeast King County.

This sub-criterion is met.



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

		Service Area Population: 2021 Surgeries @ 289,103/1,000:	529,945 153,209	Claritas	Age: 18+										
a.i.	94,250	minutes/year/mixed-use OR													
a.ii.	68,850	minutes/year/dedicated outpatient OR													
a.iii.	18	dedicated outpatient OR's x 68,850 minutes =				1,239,300	minutes dedicated OR capacity	18,661	Outpatient surgeries						
a.iv.	34	mixed-use OR's x 94,250 minutes =				3,204,500	minutes mixed-use OR capacity	156,874	Mixed-use surgeries						
b.i.		projected inpatient surgeries =		119,754	=	2,446,245	minutes inpatient surgeries								
		projected outpatient surgeries =		33,455	=	2,221,788	minutes outpatient surgeries								
b.ii.		Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's		33,455	-	18,661	=	14,794	outpatient surgeries						
b.iii.		average time of inpatient surgeries			=			20.43	minutes						
		average time of outpatient surgeries			=			66.41	minutes						
b.iv.		inpatient surgeries*average time			=			2,446,245	minutes						
		remaining outpatient surgeries(b.ii.)*ave time			=			982,488	minutes						
								3,428,732	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.													
				3,204,500											
				<u>3,428,732</u>											
				-224,232		/		94,250	=				-2.38		
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													
				2,446,245											
				<u>3,204,500</u>											
				(758,255)		/		94,250	=				-8.05		
		divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's				/		68,850	=				14.27		
				982,488		/		68,850	=				14.27		

Facility	Credential Number	ZIP Code	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use Inpatient ORs	Inpatient Cases in Mixed Use ORs	2018 Inpatient Mins. In Mixed Use ORs	2018 Outpatient Min/Case	Outpatient Cases	Outpatient Min.	Data Source
Multicare Auburn Medical Center	HAC.FS.60311052	98001	6	0	0	136.2	3,597	489,941	0.0	0	0	Year 2015 Data obtained from Year 2016 survey. Minutes/surgery calculated.
Multicare Covington Medical Center	HAC.FS.60311052	98042	1	0	3	101.4	1,309	132,675	67	1,188	79,205	Year 2018 Data obtained from Year 2017 survey. Minutes/surgery calculated.
FHS St. Francis Hospital	HAC.FS.00000201	98003	1	0	8	113.9	4,998	569,398	0	0	0	Year 2018 data obtained from Year 2017 survey. Minutes/surgery calculated.
FHS St. Elizabeth Hospital	HAC.FS.00000035	98022	2	0	3	81.6	1,792	146,178	0	0	0	Year 2018 data obtained from Year 2017 survey. Minutes/surgery calculated.
Valley Medical Center	HAC.FS.00000155	98055	0	0	3	2045.0	102,940	1,003,504	96	10649	1,022,819	Year 2018 data obtained from Year 2017 survey. Minutes/surgery calculated.
Auburn Surgery Center	ASF.FS.60220018	98001	0	2	0	0.0	0	0	50	208	10400	Year 2018 data obtained from Year 2017 survey. Outpatient minutes/ calculated using 50 x # of cases.
Cascade Surgery Center	ASF.FS.60099142	98002	0	2	0	0.0	0	0	50	2,554	127700	Year 2018 data obtained from Year 2017 survey. Outpatient minutes/ calculated.
ENT Facial & Allergy	ASF.FS.60360678	98022	0	0	1	0.0	0	0	71	442	31,583	Year 2018 data obtained from Year 2017 survey. Outpatient minutes/ calculated
Evergreen Eye Center	ASF.FS.60099942	98003	0	0	1	0.0	0	0	54	4,200	225,000	Per I.L.R.S; outpatient minutes calculated using 50 x # of cases. Data for 2018 license renewal
Fogel Endoscopy Center	ASF.FS.60100197	98003	0	0	1	0.0	0	0	54	4,200	225,000	Year 2018 data obtained from year 2017 survey. Outpatient minutes/ calculated using 50 x # of cases.
Northwest Eye Surgeons	ASF.FS.60101742	98057	0	0	3	0.0	0	0	50	1,598	79,900	Year 2018 data obtained from year 2017 survey. Outpatient minutes/ calculated using 50 x # of cases.
Plastic and Reconstructive Surgeons	ASF.FS.60572737	98055	0	0	2	0.0	0	0	50	618	30,900	Year 2018 data obtained from year 2017 survey. Minutes/surgery calculated.
Prolance Orthopedic Associates	ASF.FS.60101083	98055	1	0	2	0.0	0	0	48	4,853	233,547	Year 2018 data obtained from year 2017 survey.
Rainier Surgical Center	ASF.FS.60099146	98003	0	0	2	0.0	0	0	50	698	34,900	Year 2018 data obtained from year 2017 survey. Outpatient minutes/ calculated.
Sports Medicine Center Day Surgery	ASF.FS.60100100	98055	0	0	1	0.0	0	0	50	245	12,250	Outpatient minutes calculated using 50 x # of cases. Data for 2014
Valley Covington ASC	ASF.FS.60100100	98055	0	0	6	0.0	0	0	50	245	12,250	Year 2018 data obtained from year 2017 survey. Outpatient minutes/ calculated.
Valley Eye and Laser Center	ASF.FS.60101656	98055	0	0	1	0.0	0	0	50	2,100	105,000	Per I.L.R.S; outpatient minutes calculated using 50 x # of cases. Data for 2017 license renewal
Virginia Mason Surgery Center	ASF.FS.60101660	98003	0	0	4	0.0	0	0	50	1,137	56,878	Per I.L.R.S; outpatient minutes calculated using 50 x # of cases. Data for 2017 license renewal
VP Surgery Center Center, Inc. PS	ASF.FS.60604663	98001	0	0	3	0.0	0	0	50	1,535	76,750	Per I.L.R.S; outpatient minutes calculated using 50 x # of cases. Data for 2017 license renewal
Totals			11	4	32	2,478.1	114,636	2,341,696	623	32,025	2,126,832	
ORs counted in numeric methodology					18		18	20,43			66,41	
ILRS: Integrated Licensing & Regulatory System												
Population data source: Claritas 2016												
Total Surgeries			146,661									
Area population 2017 [18+]			507,296									
Use Rate			289,103									
Planning Area projected 18+ population Year: 2020			529,945									
% Outpatient of total surgeries			21.84%									
% Inpatient of total surgeries			78.16%									