



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

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

April 4, 2016

David Fitzgerald, CEO
Proliance Surgeons, Inc. PS
805 Madison Street, #901
Seattle, Washington 98104

Dear Mr. Fitzgerald:

RE: DOR 16-21-Endoscopy

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

INFORMATION CONSIDERED

- Ambulatory Surgery Center (ASC) exemption application received February 5, 2016
- Supplemental information obtained by the Certificate of Need Program on March 15, 2016, and March 29, 2016
- Revised Code of Washington (RCW) 70.38
- Washington Administrative Code (WAC) 246-310
- Washington Secretary of State and Department of Revenue information obtained from the respective websites
- Department of Health external provider look-up
- Department of Health Integrated Licensing and Regulatory System (ILRS)
- Certificate of Need historical files

FACTS CONSIDERED

- On May 23, 1988, the Certificate of Need Program issued an exemption for the establishment of an ambulatory surgery center dedicated to gastroenterology endoscopy. The surgery center was associated with Minor and James Medical Center and located at 515 Minor Avenue in Seattle [98104], within King County.¹

¹ ASF #60100112.

- On March 31, 1995, the professional corporation known as Minor & James Medical Professional, LLC, was established with the Washington Secretary of State's office.
- Minor & James Medical Professional, LLC is governed by three members: Dylan Carroll, James Martin, and John Burgoyne. [source: Secretary of State website]
- Minor & James Medical Professional, LLC has been registered with the Washington State Department of Revenue since January 1, 1999. [source: Department of Revenue website]
- Within this exemption application, Proliance Surgeons, Inc. PS intends to purchase Minor & James Medical Professional, LLC, which includes the exempt surgery center. This proposed change of ownership requires a new exemption request from the new owner.
- Proliance Surgeons, Inc. PS has been registered with the Washington Secretary of State's office since August 11, 1993. The corporate structure includes a president/chairman, secretary, treasurer, and a governing Board of Directors composed entirely of physician shareholders that are elected by the rest of the shareholders.
- Proliance Surgeons, Inc. PS has been registered with the Department of Revenue since January 1, 1994.
- The surgery center will remain at its current location of 515 Minor Avenue, #200 in Seattle [98104], within King County.
- The ASC will operate under the practice corporation of Proliance Surgeons, Inc. PS. Once the change of ownership occurs, Proliance Surgeons, Inc. PS must obtain a new surgery center license from the Department of Health.²
- The name of the surgery center will change to: Minor and James Endoscopy Center.
- At this time, six physicians intend to use the ASC. Future owners or employees may have access to the ASC.³ A table with specific physician credentialing information and practice association is below.

Name	Credential Status	Practice Status	Percent of Time
Richard H. Driscoll	Active	Associate	100%
Steven Han	Active	Shareholder	100%
Joel David Lilly	Active	Shareholder	100%
John S. Mullen	Active	Shareholder	100%
Robert L. Sanford	Active	Associate	100%
Harry L. Teicher	Active	Associate	100%

- The procedures to be provided at the surgery center remain those typically associated with endoscopy. A listing of the most common procedures was provided in the exemption application.
- Proliance Surgeons, Inc. PS does not contract with a separate corporation for management services.
- No third party entity is expected to be an investor in Proliance Surgeons, PS or in the endoscopy center.

² Proliance Surgeons, Inc. PS submitted its new license application [ASF #60639491].

³ Employed physicians must be employed by Proliance Surgeons, Inc. PS a minimum of 75% and perform their full range of services through Proliance Surgeons, Inc. PS.

CONCLUSION

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

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

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

APPEAL OPTION

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

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Janis R. Sigman". The signature is written in a cursive style with a large initial "J".

Janis Sigman, Manager
Certificate of Need Program
Community Health Systems

cc: Emily Studebaker, Attorney, Hall, Render, Killian, Heath, and Lyman Law Firm