



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

October 9, 2018

CERTIFIED MAIL # 7014 2120 0002 7590 6839

Denise Dubuque, Vice President Patient Care Services
Virginia Mason Medical Center
1100 Ninth Avenue
MS: GB-ADM
Seattle, WA 98101

RE: CN 18-10

Dear Ms. Denise Dubuque:

We have completed review of the Certificate of Need application submitted by Virginia Mason Medical Center proposing to establish an ambulatory surgery center in Bellevue within east King County. Enclosed is a written evaluation of the application.

For the reasons stated in the enclosed decision, the application is consistent with the applicable criteria of the Certificate of Need Program, provided Virginia Mason Medical Center agrees to the following in its entirety.

Project Description:

This certificate approves the construction of a five operating room ambulatory surgery center in Bellevue, within East King County. The surgery center will serve patients ages 15 and older who are appropriate candidates for outpatient surgery. Services provided will include general surgery, gynecology, hand surgery, neurosurgery, orthopedics, plastic surgery, otolaryngology, interventional pain procedures, podiatry, urology vascular surgery, endoscopy and other gastrointestinal and urologic procedures. A breakdown of the operating rooms is shown below:

Type of Operating Room	Number
General operating	3
Procedure	2
Total	5

Conditions:

1. Virginia Mason Medical Center agrees with the project description as stated above. Virginia Mason Medical Center 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. Virginia Mason Bellevue will maintain Medicare and Medicaid certification, regardless of ownership.
3. Virginia Mason Bellevue will maintain licensure as an ambulatory surgical facility under WAC 246-330, regardless of ownership.
4. Virginia Mason Medical Center will provide charity care in compliance with the charity care policy reviewed and approved by the Department of Health. Virginia Mason Bellevue will use reasonable efforts to provide charity care at 0.93% for gross revenue and 1.59% for adjusted revenue as identified in the application or the regional average, whichever is greater. Virginia Mason Bellevue will maintain records of the charity care amount provided by documenting the amount of charity care it provides and demonstrating compliance with Virginia Mason Medical Center charity care policy.
5. Prior to providing ambulatory surgery services at Virginia Mason Bellevue, Virginia Mason Medical Center shall provide to the Certificate of Need Program a copy of the finalized medical director job description. The finalized medical director job description must be consistent with the draft agreement provided in the application.
6. Prior to commencement of the project, Virginia Mason shall provide to the Certificate of Need Program a copy of the executed lease agreement. The executed lease agreement must be consistent with the draft agreement provided in the application.

Approved Capital Expenditure:

The capital expenditure associated with this project is \$19,401,000.

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 entirety, your application will be approved and a Certificate of Need sent to you.

Denise Dubuque, Vice President Patient Care Services
Virginia Mason Medical Center
Certificate of Need App #18-10
October 9, 2018
Page 3 of 3

If you reject any of the above provision, your application will be denied. The department will send you a letter denying your application and provide you information regarding your appeal rights. Your written response should be sent 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 Janis Sigman with the Certificate of Need Program at (360) 236-2955.

Sincerely,



Nancy Tyson, Executive Director
Health Facilities and Certificate of Need
Community Health Systems

Enclosure

EVALUATION DATED OCTOBER 9, 2018, FOR THE CERTIFICATE OF NEED APPLICATION FROM VIRGINIA MASON MEDICAL CENTER A SUBSIDIARY OF VIRGINIA MASON HEALTH SYTEM PROPOSING TO CONSTRUCT A FIVE OPERATING ROOM AMBULATORY SURGERY CENTER¹ IN BELLEVUE WITHIN EAST KING COUNTY

APPLICANT DESCRIPTION

Virginia Mason Health System is an integrated health care organization that consist of a multi-specialty group clinic with more than 450 physicians, a 336-bed acute care hospital that is licensed by the State of Washington, a network of regional clinics and Bailey Boushay House a Medicare certified skilled nursing facility. The 336 acute care Virginia Mason Hospital is fully accredited by the Joint Commission and its accreditation expires in May 2019. Virginia Mason Health System network of regional clinics includes the Certificate of Need (CN) exempt Bellevue ASC, for which this application proposes to replace and expand. The existing CN exempt ASC currently offers endoscopy, other gastrointestinal and urological procedures. [Source: Application page 2]

PROJECT DESCRIPTION

With this application, Virginia Mason Medical Center proposes to construct a freestanding five operating room^{2,3} ambulatory surgery center (ASC) in Bellevue, within East King County planning area. The facility will be known as Virginia Mason Bellevue and it will provide surgery to patients age 15 and older who are appropriate candidates for outpatient surgery.

Virginia Mason Medical Center proposes to use 3-operating rooms to provide general surgery, gynecology, hand surgery, neurosurgery, orthopedics, plastic surgery, otolaryngology, interventional pain procedures, podiatry, urology and vascular surgery. The other 2 operating rooms will be used to provide procedures such as endoscopy and other gastrointestinal and urologic procedures.

Virginia Mason Bellevue will be located at 200—116th Avenue NE, Bellevue [98004] within King County secondary health services planning area. If this project is approved, Virginia Mason Bellevue would be operational by July 2020. Under this timeline, year 2021 is Virginia Mason Bellevue first full calendar year of operation and year 2023 is year three. [Source: Application, page 10, and February 23, 2018, supplemental information, Attachment D]

The estimated capital expenditure for the proposed ASC is \$19,401,000. Of this amount, approximately 77% is associated with land improvement, 10.4% is for fixed and moveable equipment, and 12.96% is associated with architect/engineer fees, consulting fees, supervision and inspection, and sales tax. [Source: application page 23]

¹ For Certificate of Need purposes, ambulatory surgery facility (ASF) and ambulatory surgery center (ASC) have the same meaning.

² WAC 246-330-010(29) defines “operating room” to mean “a room intended for invasive procedures.”

³ WAC 246-330-010(20) defines “Invasive medical procedure” to mean “a procedure involving puncture or incision of the skin or insertion of an instrument or foreign material into the body including, but not limited to, percutaneous aspirations, biopsies, cardiac and vascular catheterizations, endoscopies, angioplasties, and implantations. Excluded are venipuncture and intravenous therapy.”

For ease of reference within this evaluation, the department will refer to the hospital Virginia Mason Medical Center as ('Virginia Mason') and the proposed ASC as ('Virginia Mason Bellevue')

APPLICABILITY OF CERTIFICATE OF NEED LAW

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

"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).⁴ Additionally, WAC 246-310-270 (ambulatory surgery) contains service or facility specific criteria for ASC projects and must be used to make the required determinations for applicable criteria in WAC 246-310-210.

TYPE OF REVIEW

During this review period, the department received two applications both proposing to establish ambulatory surgery centers in east King County. The applications were from Professional Recreation Organization, Inc., d/b/a PRO Sports (PRO Sports) and Virginia Mason Medical Center (Virginia Mason). Both PRO Sports and Virginia Mason’s applications were scheduled to be reviewed concurrently under the regular timeline outlined in WAC 246-310-160. However, during the course of the department’s review, it became apparent that significant information was missing from the PRO Sports application. As a result, the department elected to separate the review of Virginia Mason’s application from PRO Sports in order to declare a Pivotal Unresolved Issue (PUI)⁵ on the PRO Sports application. Separating the two applications allows the department to issue a timely decision on the Virginia Mason’s application. For these reasons, the PRO Sports application will not be discussed any further throughout this evaluation. The review timeline for Virginia Mason application is summarized below.

APPLICATION CHRONOLOGY

Action	Virginia Mason
Letter of Intent Submitted	October 2, 2017
Application Submitted	November 29, 2017
Department’s Pre-review Activities including <ul style="list-style-type: none"> • DOH 1st Screening Letter • Applicant’s 1st Screening Responses Received • DOH 2nd Screening Letter • Applicant’s 2nd Screening Responses Received 	January 10, 2018 February 26, 2018 March 16, 2018 April 30, 2018
Beginning of Review	May 7, 2018
End of Public Comment <ul style="list-style-type: none"> • Public hearing conducted • Public comments accepted through the end of public comment • Rebuttal Comments Received 	N/A ⁶ June 11, 2018 June 26, 2018
Department's Anticipated Decision Date	August 10, 2018
Department's Actual Decision Date	October 9, 2018

⁴ Each criterion contains certain sub-criteria. The following sub-criteria are not relevant to this project: WAC 246-310-210(3), (4), (5), and (6); and WAC 246-310-240 (3).

⁵The pivotal unresolved issue (PUI) process allows the department to re-open the application record and make one more request for additional information from the person submitting the application. If this process is used, the timeline for making a decision is extended.

⁶ No public hearing was requested or conducted

AFFECTED PERSONS

Washington Administrative Code 246-310-010(2) defines “affected person” as:

“...an “interested person” who:

- (a) *Is located or resides in the applicant's health service area;*
- (b) *Testified at a public hearing or submitted written evidence; and*
- (c) *Requested in writing to be informed of the department's decision.”*

As noted above, WAC 246-310-010(2) requires an affected person to first meet the definition of an “interested person. WAC 246-310-010(34) defines “interested person” as:

- (a) *The applicant;*
- (b) *Health care facilities and health maintenance organizations providing services similar to the services under review and located in the health service area;*
- (c) *Third-party payers reimbursing health care facilities in the health service area;*
- (d) *Any agency establishing rates for health care facilities and health maintenance organizations in the health service area where the proposed project is to be located;*
- (e) *Health care facilities and health maintenance organizations which, in the twelve months prior to receipt of the application, have submitted a letter of intent to provide similar services in the same planning area;*
- (f) *Any person residing within the geographic area to be served by the applicant; and*
- (g) *Any person regularly using health care facilities within the geographic area to be served by the applicant.*

During the review of this project, the fourteen people below requested interested persons status to project proposed by Virginia Mason.

- PRO Sports
- Evergreen Health
- Overlake Medical and Clinics/Overlake Surgery Center
- Proliance Surgeons
- Redmond Surgery Center
- Seattle Children’s Hospital
- Swedish Health Services
- MultiCare Health System
- Providence Health & Services
- Frank Fox
- Elena Zana
- Health Facilities & Development
- Emily Studebaker
- 1199 NW—SEIU Healthcare

Below are the interested person under WAC 246-310-010(34) and affected person under WAC 246-310-010(2).

PRO Sports

As previously stated in this evaluation, PRO Sports proposes to establish an ambulatory surgery center in east King County and submitted an application. Therefore PRO Sports qualifies as an

interested person under WAC 246-310-010(34). PRO Sports also submitted written comments so, under WAC 246-310-010(2) it also qualifies an affected person.

Evergreen Health

Evergreen Health is an acute care hospital located in Kirkland. The hospital owns and operates Evergreen Surgical ASC a 2-operating room CN approved facility located within east King County. Evergreen Health sought and received interested person status under WAC 246-310-010(34). Additionally, Evergreen Health submitted written comments to the department so it qualifies as an affected person under WAC 246-310-010(2).

Overlake Medical Clinic/Overlake Surgery Center

Overlake Surgery Center is owned and operated by Overlake Medical Center, an acute care Hospital located in Bellevue within east King County. Overlake Surgery Center is a 4-opertaing room CN approved facility. Overlake Surgery Center sought and received interested person status under WAC 246-310-010(34). Additionally, Overlake Surgery Center submitted written comments to the department so it qualifies as an affected person under WAC 246-310-010(2).

Proliance Surgeons, Inc., P.S.

Proliance Surgeons, Inc., P.S owns or operates Proliance Eastside Surgery Center a CN approved 4-operating room facility located in Kirkland within east King County. Proliance Surgeons, Inc., P.S sought and received interested person status under WAC 246-310-010(34) Additionally, Proliance Surgeons, Inc., P.S submitted written comments to the department so it qualifies as an affected person under WAC 246-310-010(2).

Redmond Surgery Center

Redmond Surgery Center is owned and operated by Proliance Surgeons, Inc., P.S. Redmond Surgery Center is a 3-operating room CN approved facility. Redmond Surgery Center sought and received interested person status under WAC 246-310-010(34). Additionally, Redmond Surgery Center submit written comments to the department so it qualifies as an affected person under WAC 246-310-010(2).

Seattle Children's Hospital

Seattle Children's Hospital is an acute care hospital that specializes in providing healthcare services to children and adolescents. The hospital is located in Seattle, but operates Seattle Children's Bellevue ASC under the hospital license. Seattle Children's Bellevue ASC is located within east King County. Seattle Children's sought and received interested person status under WAC 246-310-010(34). Additionally, Seattle Children's submitted written comments so it qualifies as an affected person under WAC 246-310-010(2).

Swedish Health & Service

Swedish Health & Services operates an acute care hospital in east King County. Swedish Health & Services sought and received interested person status under WAC 246-310-010(34). But it did not submit written comments so it does not qualify as an affected person under WAC 246-310-010(2).

MultiCare Health System

MultiCare Health System is not located in east King County nor does it operate a healthcare facility in the planning area. Therefore, MultiCare Health System does not qualify as an interested person under WAC 246-310-010(34). And it does not qualify as an affected person under WAC 246-310-010(2).

Providence Health & Services

Providence Health & Services is not located in east King County nor does it operate a healthcare facility in the planning area. Therefore, Providence Health & Services does not qualify as an interested person under WAC 246-310-010(34). And it does not qualify as an affected person under WAC 246-310-010(2).

Frank Fox

Frank Fox owns Health Trends, a consultation firm hired by applicants to prepare and submit Certificate of Need applications on their behalf. Frank Fox is a representative of PRO Sports. He requested interested person status and to be informed of the department's decision. Under the definition of an "interested person" in WAC 246-310-010(34) he qualifies as an interested person because he resides in King County. However, he did not provide independent written or oral comment on this application. Therefore, He does not meet the definition of an "affected person" under WAC 246-310-010(2).

Elena Zana

Ms. Elena Zana is an attorney with Ogden Murphy Wallace, PLLC. She requested interested person status and asked to be informed of the department's decision. Ms. Zana's office is located in King County, so the department assumes that she lives and works in King County. Therefore she meets the definition of an "interested person" under WAC 246-310-010(34). However, Ms. Zana did not provide public comments on this project; therefore, she does not qualify as an "affected person" for this application under WAC 246-310-010(2).

Health Facilities Planning & Development

Health Facilities Planning & Development (HFPD) located in King County, is a consultation firm hired by applicants to prepare and submit Certificate of Need applications on their behalf. Health Facilities Planning & Development is a representative of Virginia Mason. Health Facilities Planning & Development requested interested person status and to be informed of the department's decision. Health Facilities Planning & Development does meet the definition of an "interested person" under WAC 246-310-010(34). However, HFPD did not provide independent written or oral comment on this application. Therefore, it does not meet the definition of an "affected person" under WAC 246-310-010(2).

Emily Studebaker

Ms. Emily Studebaker is an attorney with Hall, Render, Killian, Heath & Lyman, P.C. She requested interested person status and asked to be informed of the department's decision. Ms. Studebaker's office is located in King County, so the department assumes that she lives and works in King County. Therefore she meets the definition of an "interested person" under WAC 246-310-010(34). However, she did not provide public comments on this project; therefore,

Emily Studebaker does not qualify as an “affected person” for this application under WAC 246-310-010(2).

1199 NW—SEIU Healthcare

1199 NW—SEIU Healthcare is located in King County and is a labor union representative entity. 1199 NW—SEIU Healthcare union members live and work in King County and it requested interested person status and to be informed of the department’s decision. Therefore, 1199 NW—SEIU Healthcare qualifies as an interested person under WAC 246-310-010(34). However, it did not provide written or oral comment on this application. Therefore, 1199 NW—SEIU Healthcare does not meet the definition of an “affected person” under WAC 246-310-010(2).

SOURCE INFORMATION REVIEWED

- Virginia Mason Medical Center Certificate of Need application submitted November 29, 2017
- Virginia Mason Medical Center 1st screening responses received February 23, 2018
- Virginia Mason Medical Center 2nd screening responses received April 26, 2018
- Compliance history for credentialed or licensed staff from the Medical Quality Assurance Commission, Nursing Quality Assurance Commission, and Health Systems Quality Assurance Customer Service Center
- DOH Provider Credential Search website www.doh.wa.gov/pcs
- Historical charity care data for years 2014, 2015, and 2016 obtained from the Department of Health Office of Charity Care and Hospital Financial Data.
- Year 2016 Annual Ambulatory Surgery Provider Survey for Surgical Procedures Performed during Calendar Year 2015 for hospitals, ambulatory surgery centers, or ambulatory surgical facilities located in East King County.
- Year 2016 Claritas population data received in year 2015
- Washington State Department of Ecology King County ZIP code map prepared by GIS Technical Services and released August 3, 2006.
- Department of Health internal database – Integrated Licensing & Regulatory Systems (ILRS)
- The Joint Commission website: www.jointcommission.org
- The Accreditation Association for Ambulatory Health Care website: www.aaahc.org
- Washington State Secretary of State website: www.sos.wa.gov
- Washington State Department of Revenue website: www.dor.wa.gov
- Certificate of Need historical files

CONCLUSIONS

For the reasons stated in this evaluation, the application submitted by Virginia Mason Medical Center proposing to construct an ambulatory surgery center in Bellevue, within East King County is consistent with the applicable criteria of the Certificate of Need Program, provided Virginia Mason Medical Center agrees to the following in its entirety.

Project Description:

This certificate approves the construction of a five operating room ambulatory surgery center in Bellevue, within East King County. The surgery center will serve patients ages 15 and older who are appropriate candidates for outpatient surgery. Services provided will include general surgery, gynecology, hand surgery, neurosurgery, orthopedics, plastic surgery, otolaryngology, interventional pain procedures, podiatry, urology vascular surgery, endoscopy and other gastrointestinal and urologic procedures. A breakdown of the operating rooms is shown below:

Type of Operating Room	Number
General operating	3
Procedure	2
Total	5

Conditions:

1. Virginia Mason Medical Center agrees with the project description as stated above. Virginia Mason Medical Center 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. Virginia Mason Bellevue will maintain Medicare and Medicaid certification, regardless of ownership.
3. Virginia Mason Bellevue will maintain licensure as an ambulatory surgical facility under WAC 246-330, regardless of ownership.
4. Virginia Mason Medical Center will provide charity care in compliance with the charity care policy reviewed and approved by the Department of Health. Virginia Mason Bellevue will use reasonable efforts to provide charity care at 0.93% for gross revenue and 1.59% for adjusted revenue as identified in the application or the regional average, whichever is greater. Virginia Mason Bellevue will maintain records of the charity care amount provided by documenting the amount of charity care it provides and demonstrating compliance with Virginia Mason Medical Center charity care policy.
5. Prior to providing ambulatory surgery services at Virginia Mason Bellevue, Virginia Mason Medical Center shall provide to the Certificate of Need Program a copy of the finalized medical director job description. The finalized medical director job description must be consistent with the draft agreement provided in the application.
6. Prior to commencement of the project, Virginia Mason shall provide to the Certificate of Need Program a copy of the executed lease agreement. The executed lease agreement must be consistent with the draft agreement provided in the application.

Approved Capital Expenditure:

The capital expenditure associated with this project is \$19,401,000.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

Based on the source information reviewed and the applicant agreement to the conditions identified in the “Conclusion” section of this evaluation, the department concludes that Virginia Mason Medical Center have 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(9) for determining the need for additional ASCs in Washington State. The numeric methodology provides a basis of comparison of existing operating room (OR) capacity for both outpatient and inpatient ORs in a planning area using the current utilization of existing providers. The methodology separates Washington State into 54 secondary health services planning areas and estimates OR need in a planning area using multiple steps as defined in WAC 246-310-270(9). This methodology relies on a variety of assumptions and initially determines existing capacity of dedicated outpatient and mixed-use operating room in the planning area, subtracts this capacity from the forecast number of surgeries expected in the planning area in the target year, and examines the difference to determine:

- (a) Whether a surplus or shortage of ORs is predicted to exist in the target year; and
- (b) If a shortage of ORs is predicted, the shortage of dedicated outpatient and mixed-use rooms are calculated.

Data used to make these projections specifically exclude special purpose rooms, endoscopy and procedures rooms.

Virginia Mason Numeric Methodology

“Since 2006, Virginia Mason has operated a free-standing outpatient ASC in Bellevue that provides endoscopy, other GI, and urological procedures. This facility, while well utilized, was not designed to provide a full range of outpatient surgical services. For a host of reasons Virginia Mason has become aware of the need for expanded ASC capacity, including that our Eastside patient volumes have been growing, and these patients increasingly seek alternatives for outpatient surgery that do not require travel to downtown Seattle, or the costs associated with a hospital facility fee”. [Source: Application page 13]

“Virginia Mason reviewed the two most recent Certificate of Need Program (the Program) evaluations for East King ASCs (dated: March 24, 2017 and August 1, 2017, respectively). In both of these evaluations, the Program found numeric need for additional dedicated outpatient operating rooms beyond what the applicant was requesting (i.e., 16 additional outpatient ORs were found to be needed in the August 1, 2017 evaluation). Subsequent to these two evaluations being released, the Program collected 2017 ASC surveys. Virginia Mason updated the methodology using the 2017 survey data, but experienced data gaps, including:

- Only one of the four hospitals located in the Planning Area (Evergreen Healthcare) submitted a 2017 survey; and
- Only 35% (15) of the 43 ASCs in the Planning Area submitted a survey response.

Due to the low response rate, Virginia Mason did the following:

- For the three hospitals that did not respond to the 2017 survey (which is 2016 data), Virginia Mason used the latest of either:
 - the 2016 survey (which is 2015) data for average minutes/case and capacity or 2016 DOH CCHFD quarterly reports. If 2016 quarterly data was used, average minutes/case were based on the 2015 survey.

For nonresponding ASCs, the 2016 survey was used (if available). If this survey was not submitted, the DOH's ILRS database was used to provide utilization estimates. If ILRS data was used, the default minutes in the methodology were used. With these adjustments required due to a lack of survey responses, Virginia Mason estimates 12.2 outpatient ORs will be needed by 2021. This estimate is in line with the unmet need identified by the Program in its August 2017 evaluation. A copy of the methodology as prepared by Virginia Mason is included in Exhibit 11". [Source: Application page 13-14]

Department's Numeric Methodology and Review

The numeric portion of the methodology requires a calculation of the annual capacity of the existing providers inpatient and outpatient OR's in a planning area – East King County. To determine the zip codes associated with East King County, the department relied on the map and breakdown of zip codes identified in the 1980 State Health Plan for East King County. While the State Health Plan was sunset in 1989, for some projects, it continues to be a reliable tool. The department continues to use the zip codes listed by planning area as a starting point for determining ASC planning area zip codes.

For ASC planning areas, the state health plan identifies 21 East King County zip codes.⁷ When the 21 zip codes are charted on the Department of Ecology King County zip code map, inclusion of another 11 zip codes appears reasonable based on the geographic location of the zip codes. Table 1 below shows the zip codes and associated cities for the 32 zip codes associated with East King County. [Source: 1980 SHP and Washington State Department of Ecology King County zip code map prepared by GIS Technical Services and released August 3, 2006]

**Table 1
East King County Planning Area Zip Codes**

Zip Code	City by Zip Code
98004	Bellevue
98005	Bellevue
98006	Bellevue

⁷ Included in the SHP zip codes for East King County is zip 98026, for a total of 22 zip codes. 98026 is the city of Edmonds within Snohomish County and will not be included in the East King County zip codes.

98007	Bellevue/Eastgate
98008	Bellevue
98009	Bellevue
98011	Black Diamond
98014	Carnation
98019	Duvall
98024	Fall City
98027	Issaquah
98028	Kenmore/Bothell
98029	Issaquah
98033	Redmond/Totem Lake
98034	Kirkland
98039	Medina
98040	Mercer Island
98045	North Bend
98050	Preston
98052	Redmond/Avondale
98053	Redmond
98065	Snoqualmie
98068	Snoqualmie Pass
98072	Woodinville
98073	Redmond
98074	Sammamish/Redmond
98075	Sammamish
98077	Woodinville
98083	Kirkland
98174	Seattle
98224	Baring
98288	Skykomish

According to the department’s historical records, there are 48 planning area providers including the applicants – with OR capacity. Of the 48 providers, four are hospitals and 44 are ASCs. Below, Table 2 shows a listing of the four hospitals. [Source: CN historic files and DOH ILRS database]

Table 2
East King County Planning Area Hospitals

Hospitals	City/Zip
EvergreenHealth	Kirkland/98034
Overlake Hospital Medical Center	Bellevue/98004
Snoqualmie Valley Hospital	Snoqualmie/98065
Swedish Medical Center – Issaquah	Issaquah/98029

[Source: ILRS]

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

Because there is no mandatory reporting requirement for utilization of ASCs or hospital ORs, the department sends an annual utilization survey to all hospitals and known ASCs in the state. When the two applications were submitted in December 2017, the most recent utilization survey was mailed in June 2017 and collected data for year 2016, however not all providers submitted responses. The data provided in the utilization survey is used, if available. Of the four hospitals located in the planning area, Evergreen Health is the only hospital providing survey response the other three hospitals did not completed and submit the 2016 Annual Ambulatory Surgery Provider Survey. Table 3, below, contains a listing of the 44⁸ ASCs in the planning area.

Table 3
East King County Planning Area Ambulatory Surgery Centers

Ambulatory Surgery Centers	City/Zip
Aesthetic Facial Plastic Surgery	Bellevue/98004
Aesthetic Physicians dba Sono Bello	Bellevue/98004
Allure Laser Center	Kirkland/98033
Anderson Sobel Cosmetic Surgery	Bellevue/98004
Athenix Body Sculpting Institute	Bellevue/98005
Aysel Sanderson, MD	Kirkland/98033
Bellevue Plastic Surgery Center	Bellevue/98004
Bellevue Spine Specialists	Bellevue/98005
Bellevue Surgery Center	Bellevue/98009
Bel-Red ASC	Bellevue/98004
Center for Plastic Surgery	Bellevue/98004
Cosmetic Surgery and Dermatology of Issaquah	Issaquah/98027
Eastside Endoscopy Center-Bellevue site*	Bellevue/98004
Eastside Endoscopy Center-Issaquah site*	Issaquah/98027
Eastside Surgery Center	Issaquah/98027
Egrari Plastic Surgery Center	Bellevue/98004
Evergreen Endoscopy Center*	Kirkland/98034
Evergreen Surgical Clinic ASC	Kirkland/98034 ⁹
Gaboriau Center	Sammamish/98074
Group Health Cooperative Bellevue Endoscopy	Bellevue/98004
John H. Brunsman, MD	Redmond/98073
Naficy Plastic Surgery and Rejuvenation Center	Bellevue/98004
Northwest Center for Aesthetic Plastic Surgery	Bellevue/98004
Northwest Laser and Surgery Center	Bellevue/98005
Northwest Nasal Sinus Center	Kirkland/98033
Overlake Reproductive Health, Inc.	Bellevue/98004
Overlake Surgery Center	Bellevue/98004
Pacific Cataract and Laser Institute-Bellevue	Bellevue/98004
Plastic Surgery Northwest	Kirkland/98034

⁸ Including Virginia Mason Bellevue ASC. This CN exempt ASC is currently used by Virginia Mason to provide endoscopy and GI related services only.

⁹ Evergreen Surgical ASC relinquished its CN on 2/3/2017

Ambulatory Surgery Centers	City/Zip
Proliance Eastside Surgery Center	Kirkland/98034
Proliance Highlands Surgery Center	Issaquah/98029
Redmond Ambulatory Surgery Center, LLC	Redmond 98034
Remington Plastic Surgery Center	Kirkland/98034
Retina Surgery Center	Bellevue/98004
Sammamish Center for Facial Plastic Surgery	Sammamish/98074
Seattle Children's-Bellevue	Bellevue/98004
SoGab Surgery Center	Kirkland/98033
Stern Center for Aesthetic Surgery	Bellevue/98004
Virginia Mason-Bellevue Endoscopy*	Bellevue/98004
Virginia Mason-Issaquah Endoscopy*	Issaquah/98027
Washington Institute Orthopedic Center	Kirkland/98034
Washington Urology Associates-Bellevue	Bellevue/98004
Washington Urology Associates-Kirkland	Kirkland/98034
Yarrow Bay Plastic Surgery Center	Kirkland/98033

[Source: ILRS]

Of the 44 ASCs shown above, five are endoscopy facilities (designated with an asterisk). The numeric methodology deliberately excludes the OR capacity and procedures from the numeric methodology.¹⁰ As result, the ORs and procedures of the five facilities will not be counted in the numeric methodology.¹¹ Within the application, the applicant stated that Virginia Mason-Bellevue Endoscopy denoted with asterisk in the table above, will be replaced and expanded. [Source: Application page 1]

For the remaining 38 ASCs, 27 are located within a solo or group practice (considered a Certificate of Need-exempt ASC) and the use of these ASCs is restricted to physicians that are employees or members of the clinical practices that operate the facilities. Therefore, these 27 facilities do not meet the ASC definition in WAC 246-310-010. For Certificate of Need-exempt ASCs, the number of surgeries, but not ORs, is included in the methodology for the planning area.

The remaining eleven ASCs are Certificate of Need-approved facilities.¹² For the eleven ASC's the OR capacity and utilization is counted in the numeric methodology. [Sources: Application Exhibit 11]

In summary, data will be used for 27 Certificate of Need-exempt ASCs and eleven Certificate of Need-approved ASCs. If a facility does not complete and return a utilization

¹⁰ WAC 246-310-270(9)(iv).

¹¹ Five facilities are: Eastside Endoscopy-Bellevue; Eastside Endoscopy-Issaquah; Evergreen Endoscopy Center; Virginia Mason-Bellevue; and Virginia Mason-Issaquah.

¹² Bel-Red Ambulatory Surgical Facility [CN #1485]; Eastside Surgery Center [CN #1462]; Evergreen Surgical Center [under EvergreenHealth HAC license]; EvergreenHealth Ambulatory Surgical Care [CN #1549]; Northwest Nasal Sinus Center [CN #1250]; Overlake Surgery Center [CN #1192]; Proliance Eastside Surgery Center [CN #1342]; Proliance Highlands Surgery Center [CN #1567]; Redmond Ambulatory Surgery Center, LLC [CN #1573]; Retina Surgery Center [CN #1603]; and Seattle Children's ASC [CN # 1395].

survey, then the other data source that can be used is the department's internal database known as the Integrated Licensing and Regulatory System (ILRS). Per WAC 246-330-100(2), licensed ambulatory surgical facilities must submit to the department an annual update form. The data provided in annual update includes the number of ORs and the approximate number of procedures performed at the facility during the year. This data is updated in ILRS as it is received. The department uses the listed number of surgical procedures and multiplies that number by 50 minutes which is the default minutes per outpatient surgery as identified under WAC 246-310-270(9)(b)(iii).

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 the attached Appendix A with this evaluation.

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

Assumption	Data Used
Planning Area	East King County
Population Estimates and Forecasts	Age Group: 15+ Claritas Population Data released year 2016: Year 2016 – 501,091 Year 2021 – 562,693
Use Rate	Divide calculated surgical cases by 2021 population results in the service area use rate of 143.409/1,000 population
Year 2015 Total Number of Surgical Cases	24,516 – Inpatient or Mixed-Use; 56,200 – Outpatient 80,695 – Total Cases
Percent of surgery: ambulatory vs. inpatient	Based on DOH survey and ILRS data: 69.62% ambulatory (outpatient); 30.38% inpatient
Average minutes per case	Based on DOH survey and ILRS Data: Outpatient cases: 58.92 minutes Inpatient cases: 109.31 minutes
OR Annual capacity in minutes	68,850 outpatient surgery minutes; 94,250 inpatient or mixed-use surgery minutes (per methodology in rule)
Existing providers/ORs	Based on listing of East King County Providers: 39 dedicated outpatient ORs 42 mixed use ORs
Department's Methodology Results	Numeric Need for an additional 9.08 outpatient ORs

Based on the information in the table above, the department's application of the numeric methodology indicates a need for 9.08 outpatient ORs in year 2021. When comparing Virginia Mason need methodology with the department's methodology, there are differences in the data points and the differences are discussed below.

The department received public comments in support of Virginia Mason project. Below are excerpts of the comments.

Public Comments

Mathew Nicholls, MD, PhD, Virginia Mason Bellevue Medical Center

"I am an orthopedic surgeon who treats patients with problems of the hip, knee and shoulder. I primarily see patients in Bellevue and Kirkland and do their surgeries at VM's downtown hospital. While the quality and level of service at the hospital is excellent, there are several advantages to having an outpatient surgery option in Bellevue. The first advantage relates to the good value and lower cost of the outpatient surgery option, for both the patient and health system. In general, free-standing surgery centers offer the same quality of surgery, with reduced cost to both the health system and the patient.

Second, in the field of orthopedics, thanks to advances in technology and medicine, more and more cases can and should be done in an ambulatory setting. This trend will continue in the future.

Third, patient access is greatly improved if outpatient surgery care can be provided near the patient's home. Many of my patients come from Bellevue or east of Bellevue. Having a surgery option in Bellevue would reduce their travel time, and reduce stress by eliminating the problem of finding parking in downtown Seattle and navigating downtown traffic".
[Source: Letter of support received May 21, 2018]

Una Lee, MD. Virginia Mason Bellevue Medical Center

"As a urologic surgeon who specializes in women's pelvic floor health problems, I evaluate and treat patients on a variety of problems... One of the most rewarding parts of being a doctor is developing relationships with patients and helping them improve their quality of life. As one of the pelvic floor specialists at Virginia Mason, we provide state-of-the-art compassionate care and strive to continually improve patient access. At this time, if one of my Eastside patient's needs outpatient surgery, I can only offer services for them at our Seattle hospital based location. With the proposed Bellevue expanded ASC, my patients would have the option of having their care closer to home in a facility specifically designed to meet their needs.

"For the past seven years I have practiced at the Virginia Mason Bellevue clinic and ASC location. There is a great need for subspecialty procedural/surgical access on the Eastside. From my personal experience, the patients I treat in Bellevue and surrounding areas strongly prefer to stay in their community for their health care. With the addition of 3 operating rooms as well as procedure rooms, the convenience of the Bellevue location allows patients flexibility, ease of transportation and parking, and minimizes the stress of travelling if and when procedures or surgeries are needed. As pelvic floor and urologic care often affects older patients, my patients and their families appreciate and greatly benefit from close and convenient access to urology services such as cystoscopy to screen for cancer and outpatient procedures for incontinence". [Source: Letter of support received May 16, 2018]

In addition to the comment above the department also received public comments related to this sub criterion from providers located in the planning area. Except of those comments are restated below.

Overlake Medical Center

“Virginia Mason does not have the demonstrated demand to support three ORs. In Virginia Mason’s Certificate of Need Application, they proposed opening two ORs in the first phase of the project and opening a third OR approximately 18 months after opening. ...This demonstrates that Virginia Mason does not have the demand to support all three Operating Rooms and is trying to “bank” this OR”. [Source: Overlake Medical Center public comments received June 11, 2018, page 2]

“Virginia Mason’s basis for demand is that patients will shift utilization from the Main Campus in Seattle to the new Bellevue facility. These patients are already being served and their demand being accommodated within the demand in the Central King Planning Area. With the shift of these patients to the East King Planning Area, it will cause a reduction in the utilization of resources within the Central King Planning Area and a duplication of services within the Virginia Mason system”. [Source: Overlake Medical Center public comments received June 11, 2018, page 2]

“Overlake asserts there is no numeric need as a result of aforementioned methodology flaws. WAC 246-310-270(4) allows applicants to request approval for dedicated outpatient capacity, absent numeric need by demonstrating ‘extra ordinary’ circumstances exist in the Planning Area. Virginia Mason currently has two procedure rooms in its Bellevue Clinics and no ambulatory surgical capabilities. There is not a reasonable argument for extraordinary circumstances to expand services in their relocated clinic”. [Source: Overlake Medical Center public comments received June 11, 2018, page 6]

Overlake Surgery Center

“The need methodology does not take into account the current capacity that is still available in any of the current surgical facilities in East King. Instead it relies on a dated need calculation that excludes many OR’s and doesn't include any volume for OR's that will be opening in the near future such as the Redmond Surgery Center due to open this summer”. [Source: Overlake Surgery Center public comments received May 22, 2018, page 1]

“The need methodology only counts in supply the surgical volume reported in the ASC Survey’s. By doing this no surgical volume was counted for the new Redmond center, not the availability of time at the OSC. OSC has 5 ORs and 2 procedure rooms that are significantly underutilized”. [Source: Overlake Surgery Center public comments received May 22, 2018, page 2]

Redmond Surgery Center

“The need methodology does not take into account the current capacity that is still available in any of the current surgical facilities in East King. Instead it relies on a dated need calculation that excludes many OR’s and doesn't include any volume for OR's that will be opening in the near future such as the Redmond Surgery Center due to open this summer”. [Source: Redmond Surgery Center public comments received May 14, 2018, page 1]

“The need methodology only counts in supply the surgical volume reported in the ASC Survey's. By doing this no surgical volume was counted for the new Redmond center, not the availability of time at the OSC. OSC has 5 ORs and 2 procedure rooms that are significantly underutilized”. [Source: Redmond Surgery Center public comments received May 14, 2018, page 2]

Rebuttal Comments

“Overlake Surgery Center and Redmond Surgery Center submitted virtually identical public comments opposing both projects. Overlake Hospital and Clinics (“Overlake Hospital”) also opposed both projects. These three entities criticizing both projects share some common connections, which likely explain the uniformity of their public comments”. [Source: June 22, 2018, Virginia Mason rebuttal comments page 1]

“Overlake Hospital claims there will be insufficient demand to support three ORs in Virginia Mason's proposed facility because Virginia Mason stated in its application that, “with receipt of CN approval and based on future alliances, this project will give Virginia Mason flexibility to open the ASC to providers outside the Virginia Mason system if justified by future community needs.” Overlake Hospital incorrectly misinterprets this statement as an admission by Virginia Mason that internal demand within the Virginia Mason system will only support two ORs at the new ASC and Virginia Mason is trying to “bank” a third OR”. [Source: June 22, 2018, Virginia Mason rebuttal comments page 5]

“There are three flaws in Overlake Hospital's claim. First, the need methodology shows a need or demand for twelve dedicated outpatient ORs in the planning area, well beyond the three dedicated outpatient ORs proposed for Virginia Mason's new facility. Second, Virginia Mason's volume projections amply support utilization of all three ORs. Finally, the above quote that Overlake Hospital relies on was made in the context of supporting Virginia Mason's view that extraordinary circumstances independently support approval of Virginia Mason's application regardless of whether the WAC 246-310-270(9) methodology shows numeric need exists. See Virginia Mason's application at page 16. Overlake Hospital takes this statement out of context and misinterprets it as an admission by Virginia Mason that it will only have enough demand to support two ORs. This is an unfair misrepresentation of Virginia Mason's intended meaning”. [Source: June 22, 2018, Virginia Mason rebuttal comments page 6]

“Overlake Hospital also confusingly suggests the new Bellevue ASC will reduce utilization of Virginia Mason Medical Center's ORs and thereby somehow result in “a duplication of services within the Virginia Mason system”. That is not accurate. Appropriately shifting ASA 1 and ASA 2 surgeries to the Bellevue ASC that are currently performed at the hospital will free up the hospital ORs for more inpatient surgeries that are appropriately performed in a hospital environment, such as Virginia Mason's growing neurosurgery practice”. [Source: June 22, 2018, Virginia Mason rebuttal comments page 6]

“Overlake Hospital contends there is no extraordinary circumstance presented in Virginia Mason's application because Virginia Mason does not presently have an OR in its existing Bellevue ASC. This argument misrepresents the extraordinary circumstances identified in Virginia Mason's application, which acknowledges the lack of an OR in the existing Bellevue

ASC. As noted in Virginia Mason's application at page 16". [Source: June 22, 2018, Virginia Mason rebuttal comments page 6]

"A review of Overlake Hospital's quarterly reports to the Department of Health indicates that in 2016, a total of 11,981 surgeries were performed. Of that total, 5,550 were inpatient and 6,431 were outpatient, meaning 54% of the total was outpatient surgeries. At least a few hundred, if not thousands, of these outpatient surgeries could likely be appropriately provided in a less costly, dedicated outpatient setting such as the Overlake Surgery Center. Shifting these cases from the higher cost hospital setting to the lower cost ASC setting would have the dual benefit of lowering costs and charges for patients and payers, while at the same time increasing Overlake Surgery Center's utilization rate". [Source: June 22, 2018, Virginia Mason rebuttal comments page 5]

Department Evaluation

Overlake Medical Center stated that Virginia Mason has not demonstrated demand for its project and it is relying on shifting patients from its hospital to the proposed ASC. In its rebuttal comments, Virginia Mason asserted that shifting ASA 1 and ASA 2 surgeries that are currently performed at the hospital to the ASC will free up the hospital ORs for more inpatient surgeries. The department agrees with Virginia Mason's assertions because scheduling surgeries that can be done on an outpatient basis in inpatient facilities, cost more in the long run and are prone to scheduling conflicts. Many ASC applications reviewed by the department, have suggested that outpatient surgeries cost less, are less prone to scheduling conflicts and have better outcomes.

Both Overlake Medical Center and Redmond Surgery Center suggest the department ASC need methodology is flawed in two ways. First is that need method does not take into consideration volumes at newly approved ASCs. Second, the methodology includes the volume of procedures from exempt ASCs but does not include the number of ORs. Overlake and Redmond are correct that the department's application of the methodology does count the procedures from exempt ASCs to calculate the area's use rate but does not include the exempt ASCs ORs in capacity. The department's approach to the methodology has previously been challenged through the judicial process and has been upheld.¹³ Therefore this issue will not be revisited.

The department does not agree with Redmond that their facility is unaccounted for in the methodology. The department used information from the ILRS database supplied by Redmond in its application concerning the number of ORs and volumes in the department's methodology. The department's need methodology relies on providers in the planning area completing and returning facility use surveys. If a provider does not return a completed survey, the department uses previous years submitted data, or the department uses other sources of data such as the department's in-house database program ILRS to get the data its uses to determine need. Based on its assertion that the department's methodology is flawed,

¹³ Overlake Hospital Association and Overlake Hospital Medical Center, a Washington nonprofit corporation; and King County Public Hospital District No. 2 d/b/a Evergreen Healthcare, a Washington Public Hospital District v Department of Health of the State of Washington, and Swedish Health Services. No. 82728-1 filed September 23, 2010.

Overlake stated WAC 246-310-270(4) allows applicants to request approval for dedicated outpatient capacity when need is not demonstrated. Overlake also argued that because the existing Virginia Mason Bellevue Clinic does not have capacity, is not a reasonable argument for Virginia Mason to locate that facility and expand services in their relocated clinic. The department disagrees with Overlake assertions because the need methodology shows need for the planning area. When both the department's methodology and an applicant application demonstrates need, there is no need for an applicant to request for an exception under WAC 246-310-270(4).

If this project is approved year 2021 would be Virginia Mason Bellevue first full year of operation as Certificate of Need-approved facility. Virginia Mason submitted a copy of its methodology which is similar to the department. However, the department noted some differences in the population data used by the applicant. Virginia Mason application was submitted in November 2017, therefore, the population data to be used should be the most recently available population data. In this case, the most recently available data is year 2016 date. The department will use that population data. A review of Virginia Mason's methodology shows that it used year 2016 population. The year 2016 population 15 plus for the planning area, the applicant stated the population is 599,663. As previously stated Virginia Mason third year of operation is year 2021, planning area population during the applicant third year of operation is 562,693. As a result, there are differences between Virginia Mason's and the department's number of surgical cases and the calculated use rates.

Furthermore, the department used 80,695 surgical cases for year 2016, whereas Virginia Mason used 81,724. The department assumed a use rate of 143.409/1,000, whereas Virginia Mason assumed a use rate of 136.28/1,000. Despite the differences between the department and Virginia Mason need data, need for additional ORs are projected for the planning area. The results of the department need methodology shows need for 9.08 dedicated outpatients ORS and Virginia Mason shows need for 12.22 ORs.

The difference between the two projected need is 3.14 ORs such differences between the department and Virginia Mason can significantly affect the outcome of the methodology in most instances. However, in this instance the differences while significant, indicate need is still shown in excess of the ORs proposed by Virginia Mason.

Based on the information, the department concludes Virginia Mason met this standard. Based on the department's numeric methodology, numeric need for additional OR capacity in the East King County planning area is demonstrated because the number of ORs proposed by Virginia Mason does not exceed the planning area need **this sub-criterion is met.**

WAC 246-310-270(6)

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

Virginia Mason

"This CN application proposes to replace and expand Virginia Mason Bellevue's current two room ASC that has operated under a CN exemption since 2006. The new ASC will include a total of five rooms..." [Sources: Application page 6]

Public Comment

None

Rebuttal Comment

None

Department's Evaluation

With the application, Virginia Mason proposes to construction a five operating room free standing ambulatory surgery center. Documentation provided in the application include an updated single line drawings which shows a proposed three 3-operating rooms and 2-procedure rooms surgeries suites. [Sources: April 26 supplemental information page 5] Based on the information and the document reviewed, **the department concludes this sub-criterion is met.**

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

To evaluate this sub-criterion, the department evaluates an applicant's admission policies, willingness to serve Medicare and Medicaid patients, and to serve patients that cannot afford to pay for services. The admission policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility and assurances regarding access to treatment. The admission policy must also include language to ensure all residents of the planning area would have access to the proposed services. This is accomplished by providing an admission policy that states patients would be admitted without regard to race, ethnicity, national origin, age, sex, pre-existing condition, physical, or mental status.

Medicare certification is a measure of an 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.

A facility's charity care policy should show a willingness of a provider to provide services to patients 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 (ACA), the amount of charity care is expected to decrease, but not disappear.

Virginia Mason

“The admission policy for the proposed Virginia Mason Bellevue ASC is included in Exhibit 14”. [Source: Application page 20]

“Admission to Virginia Mason’s facilities and programs is based upon clinical need. Services are made available to all persons regardless of race, color, creed, sex, national origin, or disability. A copy of Virginia Mason’s proposed nondiscrimination policy is included as Exhibit 13”. [Source: Application page 20]

“Table 5 details the current and projected estimated sources of revenue for the current ASC. No change in payer mix is proposed with this project”. [Source: Application Page 9]

Table 5 (Reproduced)
Current and Proposed Source of Revenue by Payor

Payer	Percent of Total
<i>Medicare</i>	28.7%
<i>Medicaid</i>	3.2%
<i>Commercial</i>	64.8%
<i>Other</i>	3.3%”
Total	100%

“For hospital charity care reporting purposes, the Department of Health (Department) divides Washington State into five regions. Virginia Mason Medical Center is located in King County. According to 2014-2016 charity care data produced by the Department (the latest data currently available), the three-year charity care average for King County, excluding Harborview, is 0.93% of gross revenue and 1.98% of adjusted revenue. During this same time period, the three-year percentage of charity care for Virginia Mason was 0.67% of total revenue and 1.31% of adjusted revenue. For the ASC pro formas, charity care was estimated to be consistent with the most recent King County less Harborview regional average (2016) which was 0.83%”. [Source: Application page 20]

“A copy of Virginia Mason’s Department of Health’s approved charity care policy is included in Exhibit 15”. [Source: Application page 21]

“...Virginia Mason recognizes that access to care and cost of care are barriers to low income individuals. Therefore, one of the strategies identified and implemented by Virginia Mason was to expand its charity care policy to include eligibility for individuals up to 300% of the federal poverty level”. [Source: Application page 21]

Public Comment

None

Rebuttal Comment

None

Department Evaluation

The Ambulatory Surgery Center Admission Policy provided by Virginia Mason outlined the process and criteria it will use to admit patients for treatment and ensures that patients receive appropriate care. The current CN exempt Virginia Mason Bellevue that would be expanded to include the new ASC is certified by the Centers for Medicare and Medicaid Services. A review of the information provided in the application shows that it expects reimbursements from Medicare and Medicaid. [Sources: April 26, 2018, screening responses Attachment 2] Information within the application states that Virginia Mason Bellevue will seek state licensure. [Sources: Application page 3]

If this project is approved, the department would attach a condition requiring Virginia Mason Bellevue to maintain its Medicare and Medicaid certification throughout the life of the facility regardless of ownership. Similarly, the department would also attach a condition requiring Virginia Mason Bellevue to maintain the ASC state licensure throughout the life of the facility.

The department acknowledges that Virginia Mason demonstrated its intent to provide charity care to patients receiving treatments at the ASC by submitting its Charity Care/Financial Assistance policy. The policy outlined the process patients would use to access charity care services when they do not have the financial resources to pay for required treatments. [Source: Application, 21 and Exhibit 15]

WAC 246-310-270(7)

WAC 246-310-270(7) requires that ASCs shall implement policies to provide access to individuals unable to pay consistent with charity care levels reported by the hospitals affected by the proposed ASC. For charity care reporting purposes, the Department of Health Office of Charity Care and Hospital Financial Data (CCHFD) divides Washington State into five regions: King County, Puget Sound, Southwest, Central, and Eastern. Virginia Mason Bellevue will be located in East King County within the King County region. Currently, there are 21 hospitals operating in the region. Of those, four are acute care hospitals located in East King County and could be affected by approval of this project.¹⁴

For this project, the department reviewed the most recent three years of charity care data for the 21 existing hospitals currently operating within the King County Region and focused on the four general acute care hospitals located in East King County. The three years reviewed are 2014, 2015, and 2016. Table 5 below is a comparison of the average charity care for the King County Region as a whole, the four hospitals combined average, and Virginia Mason Bellevue projected charity care for each respective project.¹⁵

¹⁴ Includes EvergreenHealth in Kirkland, Overlake Hospital Medical Center in Bellevue, Snoqualmie Valley Hospital in Snoqualmie, and Swedish Health Services – Issaquah in Issaquah.

¹⁵ 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.

**Table 5
Charity Care**

	% of Total Revenue	% of Adjusted Revenue
King County Region	0.91%	2.43%
Four Hospitals Combined¹⁶	0.74%	1.41%
Virginia Mason Bellevue	0.93%	1.59%

[Sources: CCHFD Charity Care, 2014-2016; April 26, 2016 supplemental information Attachment 2]

As shown above, the proposed charity care levels represented in Virginia Mason Bellevue application exceed the four hospital combined average. Based on the review of the department historical records, the Virginia Mason Medical Center historical financial statements submitted the department, the applicant currently provides charity care. If this project is approved the department would attach a condition requiring Virginia Mason Bellevue to provide charity care in the amount identified in the application or at the regional average whichever is greater.

Based on the source documents reviewed and the applicant agreement to the conditions identified in the “conclusion” section of this evaluation, the department concludes that all residents including low income, racial and ethnic minorities, handicapped, and other under-served groups would have access to the services provided by the applicant **this sub-criterion is met.**

B. Financial Feasibility (WAC 246-310-220)

Based on the source information reviewed and the applicant agreement to the conditions identified in the “Conclusion” section of this evaluation, the department concludes that Virginia Mason Medical Center Medical Center **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 direct 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.

Virginia Mason

“The revised pro forma financial is contained in Attachment 2 for the revised one phase project. The only line item to be changed is the timing for the depreciation expense”. [Source: April 26, 2018 supplemental information page 6]

“No inflation was assumed in either the revenue or expense assumptions.

¹⁶ This includes the ASC parent entity Virginia Mason Medical Center.

Revenues

- *Gross revenues were calculated using estimates based on existing Virginia Mason charges and experience.*
- *Deductions from revenue were calculated based on Virginia Mason payer reimbursement figures, by payer. Contractual allowances, by payer are included in Exhibit 16.*
- *Bad debt is assumed constant at Virginia Mason’s average of 0.47% of gross revenues.*
- *Charity care is assumed constant at King County less Harborview 2016 average of 0.83% of gross revenue.*

Expenses

- *Staffing requirements are, based on hours of operation, number of ORs in operation and case volumes. The number of FTEs, by type were included in Table 13.*
- *Wage and salary figure are specific to each group of FTEs, and are calculated on an hourly basis, based on Virginia Mason’s current wage structure. It is assumed an FTE works 2,080 hours per year.*
- *Benefits were calculated as 20% of total wages and salaries for anesthesiologist and 25% of total wages and salaries for all other staff.*
- *Medical supplies were based on an average per procedure. The increase in 2022 is due to the addition of specialties.*
- *Purchased services: include such items as Linen Transfers, Off-Site Storage, Contracted Services/Fees, Minor Equipment, Computer Equip/Install, Telecom Allocation, Biomed Eqmt Repair/Maint, Janitorial, Outside Purchased Svcs, Contracted Services/Fees, and Equipment Rental.*
- *Depreciation expenses were based on straight line and assumed an average useful life of 8 years.*
- *Rent expense is based on the lease agreement.*
- *Other expenses include: food supplies, linen supplies, paper & cleaning supplies, office supplies, postage, engineering supplies, dues, printing/reproduction, books/subscriptions, excise tax allocation, equipment allocation interest and other miscellaneous expenses”. [Source: Application Exhibit 17 page 226]*

In addition to the assumptions restated above, Virginia Mason provided its current and proposed sources of revenue for this project and the statement below.

“Table 5 details the current and projected estimated sources of revenue for the current ASC. No change in payer mix is proposed with this project

Table 5 (Reproduced)
Current and Proposed Source of Revenue by Payer

<i>Payer</i>	<i>Percent of Total</i>
<i>Medicare</i>	<i>28.7%</i>
<i>Medicaid</i>	<i>3.2%</i>
<i>Commercial¹⁷</i>	<i>64.8%</i>

¹⁷ Includes HMO Medicare managed care

<i>Payer</i>	<i>Percent of Total</i>
<i>Other</i>	<i>3.3%</i>
<i>Total</i>	<i>100.0%</i>

[Source: Application page 9]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

To evaluate this sub-criterion, the department first reviewed the assumptions used by Virginia Mason to determine the projected number of procedures for the ASC. The applicant states that in 2016, Virginia Mason Medical Center performed more than 1,800 ASA 1 and ASA 2 surgeries on individuals and this represents about 15.9% of the east King County market. The applicant asserted that majority of its hospital surgery patients are more likely to come from east King County than any other service area. As a result, it elected to grow and expand the Bellevue ASC. Virginia Mason stated the most common complaints about its main campus in downtown Seattle includes parking, travel time and costs associated with hospital facility charges for outpatient services. Furthermore, Virginia Mason stated that elective procedures are typically easier to schedule in an ASC and are not at risk of bumping or delays that can occur with procedures scheduled at its main hospital ORs. [Source: Application page 15]

Relying on the number of surgeries in 2016, Virginia Mason is assuming that projected surgeries will be more than enough to sustain its projected volumes. Based on this assumption, and the information in the application, the department think Virginia Mason’s projections are reasonable. If this project is approved, Virginia Mason would be operational by July 2020. Under this timeline, year 2021 is Virginia Mason Bellevue first full calendar year of operation and year 2023 is year three. [Source: Application, page 10, and February 23, 2018, supplemental information, Attachment D]

Based on the assumptions Virginia Mason projected the revenue, expenses, and net income for the Virginia Mason Bellevue. The projections are shown in Table 6 below.

**Table 6
Virginia Mason Bellevue
Projected Revenue and Expenses for Years 2020 through 2023**

	Partial Yr. 2020	Full Yr. 1 2021	Full Yr. 2 2022	Full Yr. 3 2023	Full Yr. 4 2024
Net Revenue	\$3,932,038	\$7,862,660	\$10,427,196	\$10,788,091	\$11,156,976
Total Expenses	\$3,837,087	\$7,674,187	\$9,215,314	\$9,336,382	\$9,460,633
Net Profit/(Loss)	\$94,991	\$188,473	\$1,211,882	\$1,451,709	\$1,696,343

[Source: April 26, 2018 Attachment 2]

The “Net Revenue” line item is gross patient revenue, minus any deductions from revenue such as contractual allowances, bad debt, and charity care. The “Total Expenses” line item includes both operating and non-operating expenses, including salaries and wages, benefits, insurance, rentals and leases, and depreciation. Virginia Mason expect that its operations would be profitable by year one, and though the third full year of operation.

The proposed Virginia Mason Bellevue will occupy space in a multi-story building located at 200—116th Avenue NE, Bellevue [98004]. Virginia Mason submitted a draft copy of the master lease agreement for the proposed site. The draft agreement is between Bellevue 11th Avenue South, LLC (“Landlord”) and Virginia Mason Medical Center (“Tenant”). The lease has an initial term of 20 years with four options to renew (at five years each). The lease agreement includes all of the space for the clinic and the ASC. Virginia Mason Bellevue will occupy approximately 14,500 square feet out of a total of 45,000 square feet of space to be leased by Virginia Mason. [Source: Application page 6 and 12 and Exhibit 10]

Virginia Mason identified John M. Corman, MD an employee of the hospital as the medical director. The medical director is also the current medical director for the CN exempt ASC. The medical director position is compensated and the amount is determined by Virginia Mason management compensation and benefits committee of the board of directors. There is no contract associated with the medical director position. Virginia Mason provided a draft job description for the medical director position. [Source: Application page 3 and Exhibit 4]

If this project is approved the department would attach two conditions related to the draft documents. These conditions are stated below.

Prior to providing ambulatory surgery services at Virginia Mason Bellevue, Virginia Mason shall provide the Certificate of Need Program with a copy of the finalized medical director job description. The finalized medical director job description must be consistent with the draft agreement provided in the application.

Prior to commencement of the project, Virginia Mason shall provide to the Certificate of Need Program a copy of the executed lease agreement. The executed agreement must be consistent with the draft agreement provided in the application.

To analyze the short and long-term financial feasibility of hospital projects and to assess the financial impact of a project on overall facility operations, the department uses financial ratio analysis. CCHFD assesses the financial position of a hospital both historically and prospectively. The financial ratios utilized are: **1)** long-term debt to equity ratio; **2)** current assets to current liabilities ratio; **3)** assets financed by liabilities ratio; **4)** total operating expense to total operating revenue ratio; and **5)** debt service coverage ratio. If a project’s ratios are within the expected value range, the project can be expected to be financially feasible.

In its review of Virginia Mason fiscal yearend 2017 financial report, CCHFD provided this statement, “*The financial status of Virginia Mason is adequate to fund their participation in this project*”. [Source: July 30, 2018, CCHFD analysis page 2] In addition, CCHFD staff also concludes this project should not adversely impact reserves, or total assets, total liability or the general

health of Virginia Mason Medical Center. [Source: July 30, 2018, CCHFD analysis page 2] Below is CCHFD review of Virginia Mason’s balance sheet.

Table 7

Assets		Liabilities	
Current	\$230,410,534	Current	\$139,808,739
Board Designated	\$354,752,524	Long Term Debt	\$504,949,140
Property/plant/Equipment	\$550,810,969	Other	-
Other	\$10,239,473	Equity	\$501,275,621
Total	\$1,146,033,500	Total	\$1,146,033,500

Furthermore, CCHFD staff in its analysis of this project stated, “I have also reviewed various ratios that can give a picture of the financial health of Virginia Mason ambulatory surgery center in Bellevue. I have also reviewed various ratios that can give a picture of the financial health of Virginia Mason. The applicant did not provide pro-forma balance sheets for the ASC, however with the project funded by reserves rather than debt, the ratios that can only be calculated using the balance sheet accounts is not relevant to this project”. [Source: July 30, 2018, CCHFD analysis, Page 2]

The A means it is better if the hospital number is above the State number and B means it is better if the hospital number is below the state number. Virginia Mason ambulatory surgery center income statement ratio is above average at the end of the 3rd year and the ASC is better than break even. Virginia Mason debt-related ratios for 2016 are not optimal, but the total project amounts to less than two percent of Virginia Mason’s total assets. Virginia Mason Bellevue is projected to have a favorable operating expense to operating revenue ratio that shows improvement over time.

Table 8
Virginia Mason Bellevue Ratios

Category	Trend	State 2017	Virginia Mason 2017	2020	2021	2022	2023	2024	2025
Long Term Debt to Equity	B	0.446	1.007	-	-	-	-	-	-
Current Assets/Current Liabilities	A	3.396	1.648	-	-	-	-	-	-
Assets Funded by Liabilities	B	3.730	0.563	-	-	-	-	-	-
Operating Expense/Operating Revenue	B	0.978	0.988	0.956	0.956	0.884	0.865	0.848	0.845
Debt Service Coverage	A	4.906	4.487	-	-	-	-	-	-
Definitions:	Formula								
Long Term Debt to Equity	Long Term Debt/Equity								
Current Assets/Current Liabilities	Current Assets/Current Liabilities								
Assets Funded by Liabilities	Current Liabilities + Long Term Debt								
Operating Expense/Operating Revenue	Operating Expenses / Operating Revenue								
Debt Service Coverage	Net Profit+Depr and Interest Expense/Current Mat. LTD and Interest Expense								

As shown in Tables 7 and 8, CCHFD’s analysis of Virginia Mason Bellevue operating expenses and operating revenue shows the immediate and long-range capital expenditures of

the ASC can be met. Further, in its analysis CCHFD stated, *“The applicant projects an above average financial foundation for the ASC. The applicant should not have any trouble meeting the immediate and long term needs of this project”*. [Source: July 30, 2018, CCHFD analysis, Page 2]

Based on the source documents evaluated, and the applicant agreement to the conditions, the department concludes that the immediate and long-range operating costs of the project can be met. **This sub-criterion is met.**

- (2) *The costs of the project, including any construction costs, will probably not result in an unreasonable impact on the costs and charges for health services.*

WAC 246-310 does not contain specific WAC 246-310-220(2) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what an unreasonable impact on costs and charges would be for a project of this type and size. Therefore, using its experience and expertise the department compared the proposed project’s costs with those previously considered by the department.

Virginia Mason

“Virginia Mason utilized its extensive experience in health care program planning and development, as well as consultations with the proposed landlord, to calculate construction costs and other estimated capital expenditures”. [Sources: Application page 23]

“The capital costs for the project are necessary to assure that the project is designed to support community need. The capital costs will not be passed on to payers in the form of higher charges, because Virginia Mason will operate the facility as a free-standing ASC and will finance the project with existing capital reserves. Furthermore, bringing services closer to where many of our patients and families reside will serve to increase overall patient access and satisfaction through decreased travel times and out of pocket expenses for patients”. [Sources: Application page 24]

Public Comment

None

Rebuttal

None

Department Evaluation

The capital expenditure cost of the project is \$19,401,000. Within the application, Virginia Mason stated the project will be financed using cash reserves. A breakdown of the associated costs was provided in the application. A review of the breakdown cost shows that it’s comparable to the cost of similar projects reviewed in the past. Therefore, the department concludes the cost is reasonable. Furthermore, in its analysis of this sub criterion; CCHFD staff concludes, *“The project costs to the patient and community are similar to current providers”*. [Source: July 30, 2018, CCHFD analysis, Page 2] A review of the historic and projected

payer mix projected for Virginia Mason Bellevue is consistent is with similar ASC’s payer mix projects reviewed in King County. **This sub-criterion is met.**

(3) The project can be appropriately financed.

WAC 246-310 does not contain specific source of financing criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs how a project of this type and size should be financed. Therefore, using its experience and expertise the department compared the proposed project’s source of financing to those previously considered by the department.

Virginia Mason

“Virginia Mason will use existing reserves to fund the project. See Exhibit 16, a letter from Craig Goodrich, Senior Vice President, Chief Financial Officer, confirming this intent”.

[Sources: Application page 24]

“This project will be funded using existing capital reserves of Virginia Mason which eliminates costs associated with debt financing”. [Sources: Application page 24]

“This project requires no capital expenditures beyond those identified in the proposal. This question is not applicable”. [Sources: Application page 24]

To demonstrate compliance with this sub-criterion, Virginia Mason provided the following capital expenditure breakdown, shown in Table 9 below (numbers are rounded).

**Table 9
Virginia Mason Bellevue Capital Expenditure Breakdown**

Item	Cost	% of Total
Building Construction (Tenant Improvement)	\$5,899,000	30.41%
Fixed Equipment	\$8,99,000	46.35%
Moveable Equipment	\$648,000	3.34%
Architect and Engineering	\$1,293,000	6.66%
Consulting	\$305,000	1.57%
Site Preparation	\$23,000	0.12%
Sales Tax	\$1,616,000	8.30%
Signage	\$11,000	0.06%
IT and Security System	\$614,000	3.16%
Total	\$19,401,000	100%

[Source: Application page 23]

Public Comments

None

Rebuttal

None

Department Evaluation

Virginia Mason provided a breakdown of its estimated capital costs and a letter from its chief financial officer confirming the applicant’s commitment to finance the project using its reserves. The application included a projected pro forma balance sheet financial statements, a review of that document shows that cash would be available for this project. In its review of this sub-criterion, CCHFD concludes, “*The applicant has provided evidence that this application is appropriately financed*” [Source: July 30, 2018, CCHFD analysis, Page 3]

Based on the source information reviewed the department concludes **this sub-criterion is met.**

C. Structure and Process (Quality) of Care (WAC 246-310-230)

Based on the source information reviewed and the applicant agreement to the conditions identified in the “Conclusion” section of this evaluation, the department concludes that Virginia Mason Medical Center Medical Center **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.

Virginia Mason Bellevue

Virginia Mason Bellevue is currently operating under an exemption from Certificate of Need review. As an operational facility, Virginia Mason Bellevue has 4.73 FTEs currently working at the facility. The applicant expects that staffing will increase incrementally over time as surgical volumes and workloads increase based on this assumption, it provided the following statements. “*Current and incremental FTEs are detailed in Table 13.*” [Source: Application page 25]

Below is DoH reproduced Table 13 showing current and projected FTEs.

**Table 13 (Reproduced)
Current and Projected FTEs**

Position	“Total FTEs					
	Current	Phase 1 ¹⁸		Phase 2		
		2020 (6 mos only)	2021	2022	2023	2024
RN Manager	0.33	0.50	1.00	1.00	1.00	1.00
RNs	2.40	6.00	12.00	13.00	13.00	13.00
Medical Assistant (MA-C)	2.00	2.00	4.00	5.00	5.00	5.00
Surgical Technician	0.00	1.50	3.00	4.00	4.00	4.00

¹⁸ Virginia Mason initially anticipated that it would commence this project in phases, but the supplemental information received on April 26, 2018 state Virginia Mason now proposes to complete the project in a single phase.

<i>Receptionist/Surgery Scheduler</i>	<i>0.00</i>	<i>1.00</i>	<i>2.00</i>	<i>2.00</i>	<i>2.00</i>	<i>2.00</i>
<i>CRNA</i>	<i>0.00</i>	<i>1.00</i>	<i>2.00</i>	<i>3.00</i>	<i>3.00</i>	<i>3.00</i>
<i>Anesthesiologist</i>	<i>0.00</i>	<i>0.50</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>
<i>Total</i>	<i>4.73</i>	<i>12.50</i>	<i>25.00</i>	<i>29.00</i>	<i>29.00</i>	<i>29.00</i>

[Source: Application page 26]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As shown in the reproduced table above Virginia Mason expects that staffing levels will increase incrementally over time as surgical volumes and workloads increase. As shown in the table above Virginia Mason Bellevue FTEs will significantly increase from 12.50 FTEs during the first year of operation to 29.00 FTEs during the fourth year of operation in year 2024. The significant increase in FTEs will be in nursing position which is a direct patient care position. The applicant also expects an increase in medical assistance positions. This position assists nurses in direct patient care. Virginia Mason does not anticipate any difficulty in recruiting and maintaining the needed FTEs to support surgical volume increases after Certificate of Need approval.

Within the application the applicant stated, "...Virginia Mason anticipates staffing increases with the establishment of an ASC that offers a multispecialty array of outpatient surgeries. However, for an organization as large as Virginia Mason, the incremental increase in FTEs is relatively small. Virginia Mason offers a competitive wage and benefit package and has been very successful in recruiting and retaining staff. In light of this history, Virginia Mason does not foresee any difficulties in obtaining additional staff as needed. Additionally, existing Virginia Mason staff will have the opportunity to apply for a transfer to the Bellevue ASC. For staff living on the Eastside, this new location will be an attractive work site as it will be a shorter commute and an outpatient setting. This shift in staffing will correspond to a degree with the shift in patient volume from the Seattle main campus to Bellevue. Also, a dedicated outpatient setting is a desirable location, particularly for clinical staff, because it offers a more predictable schedule". [Source Application page 27]

Virginia Mason is an integrated health care organization consisting of a multi-specialty group clinic, a 336-bed acute care hospital and a network of regional clinics and a Medicare certified skilled nursing facility. Therefore the department expects that an organization as large as Virginia Mason will use its resources to hire staff for the ASC. John M. Corman, MD the current medical director of the CN exempt ASC, will continue on as the medical director of the proposed Virginia Mason Bellevue. This position does not require a contract. Within the application, Virginia Mason identified Shelly Randazzo, RN as the director of nursing for Virginia Mason Bellevue. [Source Application page 27] Based on the above

information, the department concludes that Virginia Mason has the ability to recruit and retain sufficient supply of qualified staff for this project. **This sub criterion is met.**

- (2) The proposed service(s) will have an appropriate relationship, including organizational relationship to ancillary and support services, and ancillary and support services will be sufficient to support any health services included in the proposed project.

WAC 246-310 does not contain specific WAC 246-310-230(2) as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what relationships, ancillary and support services should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials contained in the application.

Virginia Mason

“Virginia Mason Bellevue currently purchases most ancillary services from community based vendors. Lab and Radiology services will be offered on site by Virginia Mason. In addition, within the building (outside the Virginia Mason clinic), retail pharmacy will be available so Virginia Mason has elected to not operate its own pharmacy. Table 15 details the names of the vendors and the specific services provided”. [Source: Application 28]

“Table 15 (Reproduced)

Ancillary and Support Services by Vendor

<i>Vendor</i>	<i>Services</i>
<i>Open Works</i>	<i>Housekeeping</i>
<i>Airgas</i>	<i>Oxygen/gases</i>
<i>Stericycle</i>	<i>Sharp disposal</i>
<i>Omega</i>	<i>Maintains sterilizers and other equipment</i>
<i>Iron Mountain</i>	<i>Secure record disposal service</i>
<i>HCSA</i>	<i>Linen</i>
<i>Crothall</i>	<i>Building and facility engineering”</i>

[Source: Application 28]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Virginia Mason is a major healthcare provider in King County and currently operates a CN exempt ASC. The applicant states the CN exempt ASC currently purchases ancillary services from community based vendors. The applicant provided a copy of their existing transfer agreements between itself and Overlake Hospital and Medical Center. The agreement identify the roles and responsibilities of both entities. There is no indication that current relationships between the community ancillary and support services providers and Virginia Mason would be negatively affected if this exempt ASC obtains Certificate of Need approval. Based on the statements and the transfer agreement and the listing of community vendor’s names provided by Virginia Mason, the department concluded there is reasonable

assurance the proposed ASC will have appropriate relationships with ancillary and support services in the community. **This sub-criterion is met.**

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

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

Virginia Mason

"Virginia Mason operates all existing programs in conformance with applicable federal and state laws, rules and regulations and will continue to do so". [Source: Application 29]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As part of this review, the department must conclude that the proposed services would be provided in a manner that ensures safe and adequate care to the public. Virginia Mason has been a healthcare provider in East King County for many years.

To accomplish this assessment, the department reviewed the quality of care compliance history for the CN exempt ASC and all healthcare facilities that are either owned, operated, or managed by Virginia Mason.¹⁹ [Source: Certificate of Need historical files] Virginia Mason is currently accredited by the Joint Commission²⁰. Table 10 lists the facilities owned and/or operated by Virginia Mason. Also included in the table is information of whether the facility is accredited by The Joint Commission.

Table 10
Virginia Mason Healthcare Facilities

¹⁹ WAC 246-310-230(5)

²⁰ The Joint Commission accredits and certifies more than 20,000 health care organizations and programs in the United States. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards. Joint Commission accreditation is awarded to a healthcare organization that is in compliance with all standards at the time of the onsite survey or has successfully addressed requirements for improvement in an Evidence of Standards Compliance within 45 or 60 days following the posting of the Accreditation Summary Findings Report. [Source: Joint Commission website]

Facility Name	Joint Commission Accreditation	Last Accreditation Survey Date
Virginia Mason Medical Center	Yes	5/20/2016
Virginia Mason Federal Way Outpatient Surgery Center	Deemed	N/A

The Department of Health Investigations and Inspections Office (IIO) conducts quality of care and compliance surveys for Virginia Mason Medical Center. The department records indicate that IIO completed at least one compliance survey for the applicant since 2016²¹. The compliance survey found no significant deficiencies. [Source: facility survey data provided by the Investigations and Inspections Office] Table 11 identifies the ASCs currently owned or operated by Virginia Mason Medical Center and the CN status of those facilities.

Table 11
Virginia Mason Ambulatory Surgery Centers

Facility	License Number	CN Status	Owned/Operated
Virginia Mason Bellevue ASC	ASF.FS.60101657	Exempt	Owned
Virginia Mason Issaquah ASC	ASF.FS.60101658	Exempt	Owned
Virginia Mason Lynnwood ASC	ASF.FS.60101659	Approved	Owned
Virginia Mason Federal Way ASC	ASF.FS.60101660	License Renewed ²²	Owned

[Sources: Department Certificate of Need historical files, and ILRS]

According to the Department of Health's Office of Investigation and Inspections, all Virginia Mason ASCs are substantially in compliance with facility licensing standards. All Virginia Mason ASCs have, or are pursuing, Medicare and Medicaid certification. As stated previously, Virginia Mason operates Bailey Boushay House a skilled nursing facility located in King County. The skilled nursing facility had a Medicare and Medicaid quality of care survey on April 17, 2017 and deficiencies were cited during the survey. The facility submitted plan of correction for all deficiencies identified and the plan was accepted and corrections made.

Virginia Mason also provided the names and license numbers of the proposed ASC medical director and the director of nursing. Below are the names and credentialed number of the two staff.

Table 12
Virginia Mason Credentialed Staff

Name	Credential Number	Recent Disciplinary Action
John Corman, MD	MD00036063	No
Shelly Randazzo, RN	RN001555389	No

[Source: Application page 27, Medical Quality Assurance Commission (MQAC)]

The department conducted a quality of care check for the two credentialed staff above through the Health Systems Quality Assurance (HSQA OCS) and the Nursing Quality

²¹ Survey May 20, 2016.

²² Per ILRS the license for this facility has not being renewed

Assurance Commission (NQAC). The quality of care check reveals that the licenses associate with the two staff are in good standing. [Source: NQAC, HSQA OCS]

Given the compliance history of the health care facilities owned and operated by Virginia Mason, there is reasonable assurance that the proposed Virginia Mason Bellevue ASC would be operated and managed in conformance with applicable state and federal licensing and certification requirements.

Based on the above information, the department concludes **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.

Virginia Mason

“Virginia Mason has long-term collaborative relationships with other providers to expand program offerings and ensure access and continuity of appropriate care for residents of East King and surrounding communities. These relationships include, for example, physical and occupational therapy, home health, hospice, dialysis facilities, and radiology, to name a few. In addition, patients requiring transfer to a higher level of care would be transferred to Overlake Hospital Medical Center. A copy of the existing transfer agreement with Overlake Hospital Medical Center is included in Exhibit 18”. [Source: Application 29]

The department received public comment in related to this sub-criterion. Below is the excerpts of the comments.

Elizabeth A. Alley, MD. Virginia Mason Bellevue Medical Center

“I have practiced as an anesthesiologist for 16 years, with the past 11 years spent at Virginia Mason (VM). I am writing in support of VM's certificate of need application to establish a new and expanded Bellevue ambulatory surgery center with three ORs and two procedure rooms.

“I am fortunate to care for patients primarily at our Outpatient Surgery Center (OSC) in the Federal Way Regional Medical Center. At the OSC, I have been able to care for patients and their families in their community. I frequently see patients repeatedly as they return to the OSC for care. The convenience of having surgery close to home is comforting to patients and they can benefit from continuity of care within the VM system. I have access to all of our patients' primary and specialty providers to coordinate safe and efficient care”. [Source: Letter of support received May 22, 2018]

Rebuttal Comments

None

Department Evaluation

As an existing provider of healthcare services in the planning area, approval of this project will not result in a fragmentation of ambulatory surgical services. Rather approval of this project could result increased continuity of care for patients of non-Virginia Mason Bellevue physicians as these physicians gain access to Virginia Mason Bellevue ORs and procedure rooms. Information provided in the application shows that Virginia Mason has existing relationships with providers in East King County planning area. The department does not expect construction of the new ASC to change the relationships. The transfer agreement provided within the application by Virginia Mason is consistent with other transfer policies reviewed by the department for similar projects in the planning area.

Apart from the letters of support for the project, the department did not receive any other public comment from the planning area providers of ambulatory surgical services related to this sub-criterion. Based on the information, the department concludes that approval of this project would promote continuity in the provision of health care for the planning area, and will not result in an unwarranted fragmentation of services. Furthermore, the department acknowledged that Virginia Mason demonstrated that Virginia Mason Bellevue will have appropriate relationships with the planning area 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.*

WAC 246-310 does not contain specific WAC 246-310-230(5) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's history in meeting these standards at other facilities owned or operated by the applicant. The department's review of this sub-criterion includes historical quality of care of the applicant to assess whether the applicant's history could be a positive indicator of the future.

Virginia Mason

This sub-criterion is evaluated in sub-section (3) above, and based on that evaluation; the department concludes that **this sub-criterion is met.**

D. Cost Containment (WAC 246-310-240)

Based on the source information reviewed the applicant agreement to the conditions identified in the “Conclusion” section of this evaluation, the department concludes that Virginia Mason Medical Center Medical Center 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, the department takes a multi-step approach. Step one determines if the application has met the other criteria of WAC 246-310-210 through 230. If it has failed to meet one or more of these criteria then the project is determined not to be the best alternative, and would fail this sub-criterion.

If the project met the applicable criteria, the department would move to step two in the process and assess the other options the applicant or applicants considered prior to submitting the application under review. If the department determines the proposed project is better or equal to other options the applicant considered before submitting their application, the determination is either made that this criterion is met (regular or expedited reviews), or in the case of projects under concurrent review, move on to step three.

Step three of this assessment is to apply any service or facility specific criteria (tie-breaker) contained in WAC 246-310. The tiebreaker 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 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:

Virginia Mason

The department concluded that Virginia Mason application meets the review criteria under WAC 246-310-210, 220, and 230. Therefore, further analysis of this project is provided in step two.

Step Two:

Virginia Mason

“Virginia Mason considered the following options:

- 1) Remain in the existing location, with no changes;*
- 2) Relocate the existing facility with the same number of rooms and service mix; and*
- 3) Undertake the project in this proposal.*

The first option, to remain in the existing location, was quickly eliminated because the landlord has signaled its intent to demolish the current property and redevelop, precluding

any possibility of Virginia Mason remaining at that location, much less expanding ASC services. Virginia Mason needs to move by the end of the lease term in June, 2020, in order to continue to serve our existing East King County patients, as well as to expand to provide more types of surgeries to address East King patient needs and requests.

The second option, to relocate the existing facility with the same number of procedure rooms and service offerings, was evaluated very closely. This option is effectively included in the proposed project, which includes the procedure rooms, based on existing utilization. However, as with option #1, this option was eliminated because it does not address patient access to, and interest in, an expanded freestanding ASC presence closer to their homes in East King County (and Southeast King).

The 3rd option, which was to establish an expanded ASC with ORs and procedure rooms, was selected as the preferred option given patient preference to have services (including an expansion of services as described above) closer to home, on a less costly basis than outpatient OR services offered at the Virginia Mason downtown campus”. [Source: Application page 40]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The department found need for an additional 9.08 ORs in the planning area. The department agrees that the do nothing option and the continued operation of the exempt ASC at the current location is not an option. Virginia Mason provided rationale to support the operating expansion and the construction of the ASC at a new location. The department did not identify any other alternatives to those proposed by Virginia Mason. The department did not identify any other alternative that was a superior in terms of cost, efficiency, or effectiveness that is available or practicable. This step is satisfied, and the department moves on to Step 3.

Step Three

This step is applicable only when there are two or more approvable projects. This is the only application under review to add outpatient surgical capacity in East 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;

Virginia Mason

“The proposed facility will be designed and built to meet or exceed all applicable state and local codes and CMS conditions of coverage”.

“The proposed Virginia Mason Bellevue ASC will comply with the State Energy Code, latest edition. High efficiency systems, with lower life-cycle operating costs will be used wherever possible”. [Source: Application page 301]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As stated in the project description portion of this evaluation, this project involves construction. This sub-criterion is evaluated within the financial feasibility criterion under WAC 246-310-220(2). **This sub-criterion is met.**

(b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.

Virginia Mason

As stated in the project description portion of this evaluation, this project involves construction. This sub-criterion is evaluated within the financial feasibility criterion under WAC 246-310-220(2). **This sub-criterion is met.**

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The information reviewed by Virginia Mason is consistent with similar projects reviewed by the department. There is a demonstrated need for additional outpatient’s operating rooms in the east King County planning area, the department does not anticipate an unreasonable impact on the costs and charges to the public for providing these type services. The department concludes **this sub criterion is met.**

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

Virginia Mason

“The capital costs for the project are necessary to assure that the project is designed to support community need. The capital costs will not be passed on to payers in the form of higher charges, because Virginia Mason will operate the facility as a free-standing ASC and will finance the project with existing capital reserves. Furthermore, bringing services closer to where many of our patients and families reside will serve to increase overall patient access and satisfaction through decreased travel times and out of pocket expenses for patients.

“Virginia Mason will use existing reserves to fund the project. See Exhibit 16, a letter from Craig Goodrich, Senior Vice President, Chief Financial Officer, confirming this intent”.

[Source: Application page 24]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

This project has the potential to improve delivery of ambulatory surgical services within the planning area. Information within Virginia Mason’s application states it will use a reserve to finance this project. The applicant provided a letter from its chief financial officer confirming its intent to use reserves. The department concludes **this sub criterion is met.**

APPENDIX A



APPENDIX B
ASC Need Methodology
East King County

	Service Area Population: 2021 Surgeries @ 143,409/1,000:	562,693 80,695	Clartias	Age: 15+				
a.i.	94,250 minutes/year/mixed-use OR							
a.ii.	68,850 minutes/year/dedicated outpatient OR							
a.iii.	39 dedicated outpatient OR's x 68,850 minutes =				2,685,150	minutes dedicated OR capacity	45,573	Outpatient surgeries
a.iv.	42 mixed-use OR's x 94,250 minutes =				3,958,500	minutes mixed-use OR capacity	36,214	Mixed-use surgeries
b.i.	projected inpatient surgeries =	24,516	=		2,679,833	minutes inpatient surgeries		
	projected outpatient surgeries =	56,179	=		3,310,076	minutes outpatient surgeries		
b.ii.	Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's							
	56,179 -	45,573	=		10,606	outpatient surgeries		
b.iii.	average time of inpatient surgeries		=		109.31	minutes		
	average time of outpatient surgeries		=		58.92	minutes		
b.iv.	inpatient surgeries*average time		=		2,679,833	minutes		
	remaining outpatient surgeries(b.ii.)*ave time		=		624,926	minutes		
					3,304,759	minutes		
c.i.	if b.iv. < a.iv., divide (a.iv.-b.iv.) by 94,250 to determine surplus of mixed-use OR's							
	USE THIS VALUE							
		3,958,500						
		3,304,759						
		653,741	/	94,250	=	6.94		
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							
	Not Applicable - Ignore the following values and use results of c.i.							
		2,679,833						
		3,958,500						
		(1,278,667)	/	94,250	=	-13.57		
	divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's							
		624,926	/	68,850	=	9.08		

Facility	Credential Number	ZIP Code	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Inpatient min/case	2015 Inpatient Cases in Mixed Use ORs	2015 Inpatient Mins. In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Mins.	Data Source
EvergreenHealth	HAC.FS.00000164	98034	0	0	0	8	113.3	6,966	789,071	50	231	11,550	Data obtained from Year 2016 survey.
Overlake Hospital Medical Center	HAC.FS.00000131	98004	4	0	1	18	115.1	11,543	1,328,058	50	231	11,550	Data obtained from Year 2014 survey. Mins/surg equated 9. Not likely correct. Used default 50 min/case
Snoqualmie Valley Hospital	HAC.FS.00000195	98065	1	0	0	1	ENDOSCOPY 93.7	ENDOSCOPY ORS & MINUTES NOT COUNTED	562,704	50	231	11,550	Year 2015 data obtained from year 2016 survey.
Swedish Medical Center-Issaquah	HAC.FS.60256001	98029	6	0	0	12	93.7	6,007	562,704	50	231	11,550	Data obtained from Year 2015 survey.
Aesthetic Facial Plastic Surgery, PLLC	ASF.FS.60429364	98004	0	0	1	0	0.0	0	0	71.0	348	24,699	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Aesthetic Physicians dba Sono Bello	ASF.FS.60291172	98004	0	0	3	0	0.0	0	0	114.9	950	109,117	Year 2016 data obtained from year 2017 survey. Minutes/surgery calculated
Aesthetic Eye Associates, PS	ASF.FS.60574719	98033	0	0	2	0	0.0	0	0	50.0	842	42,100	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated
Anderson Sobel Cosmetic Surgery	ASF.FS.60278641	98004	0	0	1	0	0.0	0	0	133.8	86	11,508	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated
Athenix Body Sculpting Institute	ASF.FS.60329939	98005	0	0	2	0	0.0	0	0	50.0	639	31,960	Year 2014 data obtained from year 2015 survey. Did not provide minutes/case. Used 50 x # of cases.
Aysel K. Sanderson, MD, PS	ASF.FS.60101705	98033	0	0	1	0	0.0	0	0	50.0	148	7,400	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Bellevue Plastic Surgery Center [Newue]	ASF.FS.60320007	98004	0	0	1	0	0.0	0	0	50.0	154	7,700	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Bellevue Spine Specialist	ASF.FS.60100993	98005	0	0	1	0	0.0	0	0	50.0	2,500	125,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. 2009 data - still active per facility website http://www.bellevevespinespecialist.com/
Bellevue Surgery Center (Wash Center for Pain Management)	ASF.FS.60287715	98004	0	0	2	0	0.0	0	0	50.0	915	45,750	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Bel-Red Ambulatory Surgical Facility	ASF.FS.60102983	98004	0	0	2	0	0.0	0	0	50.0	200	10,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for 2015 license renewal
Center for Plastic Surgery/David Stephens, MD	ASF.FS.60134975	98004	0	0	1	0	0.0	0	0	50.0	151	7,550	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for 2015 license renewal
Cosmetic Surgery & Dermatology of Issaquah	ASF.FS.60100200	98027	0	0	2	0	0.0	0	0	60.0	641	38,460	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Eastside Endoscopy Center-Bellevue	ASF.FS.60100024	98004	0	0	2	0	0.0	0	0	50.0	151	7,550	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for 2015 license renewal
Eastside Endoscopy Center-Issaquah	ASF.FS.60100200	98027	0	0	2	0	0.0	0	0	60.0	641	38,460	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Eastside Surgery Center	ASF.FS.60477711	98027	1	0	2	0	0.0	0	0	4,831.0	3,587	179,350	Year 2016 data obtained from year 2017 survey. Minutes/surgery calculated
Egret Plastic Surgery Center	ASF.FS.60307710	98004	0	0	1	0	0.0	0	0	50.0	346	17,300	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Evergreen Endoscopy Center	ASF.FS.60103003	98034	0	0	1	0	0.0	0	0	50.0	346	17,300	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Evergreen Surgical Center (under HAC license)	HAC.FS.00000164	98034	3	0	7	0	0.0	0	0	64.1	5,670	363,356	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
EvergreenHealth Ambulatory Surgical Care (Evergreen Surgical Clinic ASC)	ASF.FS.60584768	98034	0	0	0	0	0.0	0	0	0.0	0	0	Relinquishes CN 2/3/2017
Gaboriau Center	ASF.FS.60100119	98074	0	0	1	0	0.0	0	0	50.0	28	1,400	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Group Health Cooperative-Bellevue	ASF.FS.60100954	98004	1	0	7	0	0.0	0	0	62.9	5,082	319,500	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
John H Brunzman	ASF.FS.60102987	98073	0	0	1	0	0.0	0	0	50.0	100	5,000	Per ILRS; outpatient minutes calculated using 50 x # of cases. 2012 data - still active per facility website http://www.foo-clinic.net/
Nativity Plastic Surgery and Rejuvenation Center	ASF.FS.60101700	98004	0	0	2	0	0.0	0	0	52.5	655	29,650	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Northwest Center for Aesthetic Plastic Surgery	ASF.FS.60101127	98004	0	0	1	0	0.0	0	0	50.0	250	12,500	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Northwest Laser and Surgery Center	ASF.FS.60277121	98005	0	0	2	0	0.0	0	0	50.0	250	12,500	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated. 15 min/surg not likely, used 50 X cases
Northwest Nasal Sinus Center	ASF.FS.60118035	98033	0	0	2	0	0.0	0	0	50.0	1,441	72,050	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Overlake Reproductive Health	ASF.FS.60350164	98004	0	0	1	0	0.0	0	0	50.0	210	10,500	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Overlake Surgery Center	ASF.FS.60101029	98004	0	0	5	0	0.0	0	0	82.4	2,869	236,449	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Pacific Cataract and Laser Institute-Bellevue	ASF.FS.60101107	98004	0	0	2	0	0.0	0	0	50.0	4,905	245,250	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Plastic Surgery Northwest	ASF.FS.60102710	98034	0	0	2	0	0.0	0	0	50.0	203	10,150	Per ILRS; outpatient minutes calculated using 50 x # of cases. Data for 2012 license renewal. NB: per ILRS, closed as of 6/24/2015
Proliance Eastside Surgery Center	ASF.FS.60101042	98034	0	0	4	0	0.0	0	0	64.0	4,490	287,262	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Proliance Highlands Surgery Center	ASF.FS.60101051	98029	0	0	4	0	0.0	0	0	71.8	4,668	335,063	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.

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

Facility	Credential Number	ZIP Code	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Inpatient min/case	2015 Inpatient Cases in Mixed Use ORs	2015 Inpatient Mins. In Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Mins.	Data Source
Redmond Ambulatory Surgery Center, LLC	ASF.FS.60826603	98053	0	0	3	0	0.0	0	0	50.0	3,000	150,000	Per LRS; outpatient minutes calculated using 50 x # of cases. Data for 2018 license
Remington Plastic Surgery Center	ASF.FS.60103007	98034	0	0	1	0	0.0	0	0	50.0	199	9,950	Year 2016 data obtained from year 2017 survey. Minutes/surgery calculated.
Reina Surgery Center (The)	ASF.FS.60278648	98004	0	0	2	0	0.0	0	0	50.0	1,867	93,350	Year 2016 data obtained from year 2017 survey. Minutes/surgery calculated.
Sammamish Center for Facial Plastic Surgery	ASF.FS.60100119	98074	0	0	1	0	0.0	0	0	50.0	28	1,400	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Seattle Children's Bellevue	(Under hospital licer	98004	0	0	3	3	0.0	0	0	53.5	4,112	220,112	Year 2015 data obtained from year 2016 survey.
SoGabb Surgery Center	ASF.FS.60107297	98033	0	0	1	0	0.0	0	0	50.0	118	5,900	Year 2015 data obtained from year 2016 survey. Minutes/case provided does not support case. Used 50 x # of cases.
Stem Center for Aesthetic Surgery (The)	ASF.FS.60099126	98004	0	0	1	0	0.0	0	0	50.0	86	4,300	Year 2015 data obtained from year 2016 survey. Minutes/case provided does not support case. Used 50 x # of cases.
Virginia Mason-Bellevue ASC	ASF.FS.60101657	98004	1										
Virginia Mason-Issaquah ASC	ASF.FS.60101658	98027	1										
Washington Institute Orthopedic Center	ASF.FS.60101120	98034	0	0	1	0	0.0	0	0	50.0	741	37,050	Year 2015 data obtained from year 2016 survey. Did not provide minutes/case. Used 50 x # of cases.
Washington Urology Associates, PLLC-Bellevu	ASF.FS.60222057	98004	0	0	2	0	0.0	0	0	50.0	1,467	73,350	Year 2015 data obtained from year 2016 survey. Minutes/surgery calculated.
Washington Urology Associates, PLLC-Kirkland	ASF.FS.60222149	98034	0	0	2	0	0.0	0	0	50.0	1,974	98,700	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated. No 2015 data found.
Yarrow Bay Plastic Surgery Center	ASF.FS.60312375	98033	0	0	1	0	0.0	0	0	50.0	118	5,900	Year 2014 data obtained from year 2015 survey. Minutes/surgery calculated.
Totals			18	0	82	42	322.0	24,516	2,679,833	7,012	56,179	3,310,076	
ORs counted in numeric methodology					39	42	Avg min/case inpatient		109.31	Avg min/case outpatient		58.92	
LRS: Integrated Licensing & Regulatory System													
Population data source: Claritas 2016													
Total Surgeries			80,695							80,695			
Area population 2021 [15+]			562,693							696,409			
Use Rate			143,409							115,873			
Planning Area projected 15+ population Year: 2021			562,693							696,409			
% Outpatient of total surgeries													
% Inpatient of total surgeries													