



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

September 13, 2011

CERTIFIED MAIL # 7009 2250 0001 8669 3284

Theresa Clayton, MD
Vancouver Eye Care-Salmon Creek Clinic
2415 Northeast 134th Street, #101
Vancouver, Washington 98686

RE: CN11-31

Dear Dr. Clayton:

We have completed review of the Vancouver Eye Care application proposing to establish an ambulatory surgery center in Vancouver, within Clark County. For the reasons stated in this evaluation, the application submitted by Vancouver Eye Care is consistent with the applicable review criteria of the Certificate of Need Program, provided Vancouver Eye Care agrees to the following in its entirety.

Project Description:

This project approves the establishment of a two operating room ambulatory surgery center at 17720 Mill Plain Boulevard, #100, in Vancouver, within Clark County.

Conditions:

1. Approval of the project description as stated above.
2. Vancouver Eye Care's ambulatory surgery center will provide charity care in compliance with the charity care policies provided in this Certificate of Need application. Vancouver Eye Care will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the Southwest Region. Currently, this amount is 3.11% for gross revenue and 7.18% for adjusted revenue. Vancouver Eye Care will maintain records documenting the amount of charity care it provides and demonstrating compliance with its charity care policies.
3. Procedures performed at Vancouver Eye Care's ambulatory surgery center are limited to those procedures identified in the application. Those procedures include ophthalmic surgery including cataract, corneal, glaucoma, YAG laser, retinal surgeries, adult strabismus, and plastic surgeries.



Approved Costs:

The approved capital expenditure associated with the establishment of the ambulatory surgery center is \$305,994.

You have two options, either accept or reject the above in its entirety. If you accept the above in its entirety, your application will be approved and a Certificate of Need sent to you. If you reject any provision of the above, you must identify that provision, and your application will be denied because approval would not be consistent with applicable Certificate of Need review criteria. Please notify the Department of Health within 20 days of the date of this letter whether you accept the above in its entirety.

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

Other Than By Mail:

Department of Health
Certificate of Need Program
310 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,



Steven M. Saxe, FACHE
Director, Health Professions and Facilities

Enclosure

**EVALUATION OF THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY
VANCOUVER EYE CARE, PS PROPOSING TO ESTABLISH AN AMBULATORY
SURGERY CENTER IN CLARK COUNTY**

APPLICANT DESCRIPTION

On June 5, 1989, Vancouver Eye Associates, Inc. PS was established as a professional services corporation. On August 1, 1995, another professional services corporation known as Bedrossian Keown Eye Clinic, PS merged into Vancouver Eye Associates, Inc. PS and the combined corporation was renamed 'Vancouver Eye Care, PS.' [source: Application, p3 and Exhibit A]

As of the writing of this evaluation, Vancouver Eye Care, PS operates with a three-person governing body and has nine shareholders. Members of the governing body and shareholders are shown below. [source: Application, Exhibit A]

Governing Body	Shareholders
Theresa Clayton, MD	Theresa Clayton, MD
Michael Kim, MD	Michael Kim, MD
Silvio Gurdian, MD	Silvio Gurdian, MD
	John Rundle, MD
	Susan Tenold, MD
	Paul Keown, MD
	Jay Chapman, MD
	Richard Bernheimer, MD
	Adam Rasky, MD

Vancouver Eye Care (VEC) operates in the four clinical locations shown below.

Address	City	Zip
3200 Main Street	Vancouver	98663
505 Northeast 87 th Avenue, #100	Vancouver	98664
2415 Northeast 134 th Street, #101	Vancouver	98686
17720 Southeast Mill Plain Boulevard, #100	Vancouver	98683

PROJECT DESCRIPTION

On May 18, 2006, Vancouver Eye Care (VEC) obtained an exemption from Certificate of Need review for the establishment of an ambulatory surgery center (ASC) at the Southeast Mill Plain Boulevard location. The ASC has remained in continuous operation since its inception in 2006, is currently licensed through the Department of Health¹, has Medicare deemed status, and has accreditation through the Accreditation Association for Ambulatory Health Care (AAAHC).² [source: Application, p5] The exempt ASC operates under the name of Vancouver Eye Care Surgery and Laser Center. The four

¹ ASF.FS.60099966

² The Accreditation Association for Ambulatory Health Care is a private, non-profit organization formed in 1979. AAAHC develops standards to advance and promote patient safety, quality, and value for ambulatory health care through peer-based accreditation processes, education, and research. Accreditation is a voluntary process where an ambulatory health care facility can measure the quality of its services and performance against nationally recognized standards. Accreditation is awarded to organizations that are found to be in compliance with the AAAHC standards. [source: AAAHC website]

clinical locations and the exempt ASC are not separately incorporated, managed, or owned. [source: Application, p4]

VEC's exempt ASC is currently used by only the owners or employees. This project proposes to allow other physicians the opportunity to perform surgeries and procedures at the ASC. This action requires prior Certificate of Need review and approval.

If the project is approved, the location of the ASC would remain at the existing Mill Plain Boulevard site and the number of operating rooms would remain at two. Services currently provided at the exempt ASC include ophthalmic surgery including cataract, corneal, glaucoma, YAG laser, and limited plastic procedures. This application proposes to continue with the procedures already provided, add retinal surgeries, adult strabismus³, and expand the types of plastic surgeries. [source: Application, p7]

Before, 2006, retinal surgeries were performed by a physician associated with a practice known as Retina Northwest. The surgeries were performed within operating room space at PeaceHealth's Memorial Hospital campus located on Main Street in Vancouver. In 2006, outpatient surgeries were discontinued at the Memorial Hospital campus. Retinal surgeries are not provided at PeaceHealth's main campus located on Mother Joseph Place in Vancouver or at Legacy Salmon Creek Hospital, also located in Vancouver. As a result, since 2006, patients requiring retinal surgery must travel to hospitals in Portland, Oregon. If this project is approved, physicians from Retina Northwest would begin to perform retinal surgeries at the ASC, which would limit the number of patients that would have to travel to Portland for this surgery. [source: Application, p8]

For adult strabismus, the physician that performed the surgeries relocated to New York State in June 2011. A Portland plastic surgeon specialist—not associated with VEC—would like to continue those services at VEC. Since the physician is not employed at VEC, this action requires CN approval. [source: Application, p8]

For plastic surgery, procedures currently performed at the ASC include those typically associated with eye surgery, such as plastic surgery of the eyelid (blepharoplasty). If this project is approved, the plastic surgeries would be expanded to include additional reconstructive plastic surgery for functional or cosmetic disorders, excision, and repair or reconstruction of the eyelid. [source: June 13, 2011, supplemental information, Revised Exhibit F]

The estimated capital expenditure associated with the project is \$305,994 and is solely related to the additional equipment needed to accommodate the expansion in surgeries. [source: Application, p19]

If this project is approved, VEC expects to obtain the financing for the equipment, then order and install the equipment by the end of year 2011. Under this timeline, year 2012 would be the ASC's first full calendar year of operation as a CN approved ASC, and 2014 would be year three. [source: Application, p10]

APPLICABILITY OF CERTIFICATE OF NEED LAW

Even though the exempt ASC is operational, this project requires review as the establishment of a new healthcare facility under the provisions of Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code (WAC) 246-310-020(1)(a).

³ Strabismus is a condition that occurs when the eyes do not line up with each other.

CRITERIA EVALUATION

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 the 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 expertise related to a proposed undertaking, with whom the department consults during the review of an application.”*

To obtain Certificate of Need approval, VEC must demonstrate compliance with the applicable criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); and 246-310-240 (cost containment).⁴ Additionally, WAC 246-310-270 contains service or facility specific criteria for ASC projects and must be used to make the required determinations.

⁴ Each criterion contains certain sub-criteria. The following sub-criteria are not discussed in this evaluation because they are not relevant to this project: WAC 246-310-210(3), (4), (5), and (6) and WAC 246-310-240(2).

APPLICATION CHRONOLOGY

Action	Vancouver Eye Care
Letter of Intent Submitted	February 10, 2011
Application Submitted	April 25, 2011
Department's pre-review activities including screening and responses	April 26, 2011, through June 20, 2011
Beginning of Review <ul style="list-style-type: none"> • public comments accepted throughout review; • no public hearing requested or conducted 	June 21, 2011
End of Public Comment	July 26, 2011
Rebuttal Comments Submitted	August 9, 2011
Department's Anticipated Decision Date	September 26, 2011
Department's Actual Decision Date	September 13, 2011

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."

For this project, only one entity sought and received affected person status under WAC 246-310-010(2).

- PeaceHealth Southwest Washington Medical Center is an acute care hospital located at 400 Northeast Mother Joseph Place in Vancouver, within Clark County. PeaceHealth Southwest Washington Medical Center provides Medicare and Medicaid services to the residents of Clark County and surrounding areas. The hospital provides inpatient and outpatient surgeries within its 14 active operating rooms.

SOURCE INFORMATION REVIEWED

- Vancouver Eye Care's Certificate of Need Application received April 25, 2011
- Vancouver Eye Care's supplemental information received June 13, 2011
- Public comment received throughout the review of the application
- Vancouver Eye Care's rebuttal comments received August 9, 2010
- Clark County ASC operating room utilization survey responses
- Office of Financial Management population data for Clark County planning area
- Historical charity care data obtained from the Department of Health's Hospital and Patient Data Systems (2007, 2008, and 2009 summaries)
- Licensing and/or survey data provided by the Department of Health's Investigations and Inspections Office
- Data obtained from Vancouver Eye Care's web page (vancouvereyecare.com)
- Licensing and/or survey data provided by the Department of Health's Investigations and Inspections Office
- AAAHC, the Accreditation Association for Ambulatory Health Care webpage (aaahc.org)

CONCLUSION

Project Description:

This project approves the establishment of a two operating room ambulatory surgery center at 17720 Mill Plain Boulevard, #100, in Vancouver, within Clark County.

Conditions:

1. Approval of the project description as stated above.
2. Vancouver Eye Care's ambulatory surgery center will provide charity care in compliance with the charity care policies provided in this Certificate of Need application. Vancouver Eye Care will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the Southwest Region. Currently, this amount is 3.11% for gross revenue and 7.18% for adjusted revenue. Vancouver Eye Care will maintain records documenting the amount of charity care it provides and demonstrating compliance with its charity care policies.
3. Procedures performed at Vancouver Eye Care's ambulatory surgery center are limited to those procedures identified in the application. Those procedures include ophthalmic surgery including cataract, corneal, glaucoma, YAG laser, retinal surgeries, adult strabismus, and plastic surgeries.

Approved Costs:

The approved capital expenditure associated with the establishment of the ambulatory surgery center is \$305,994.

A. Need (WAC 246-310-210) and Ambulatory Surgery (WAC 246-310-270)

Based on the source information reviewed and the applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department determines that Vancouver Eye Care has met the need criteria in WAC 246-310-210 and WAC 246-310-270.

(1) The population served or to be served has need for the project and other services and facilities of the type proposed are not or will not be sufficiently available or accessible to meet that need
WAC 246-310-270(9) – Ambulatory Surgery Numeric Methodology

The Department of Health's Certificate of Need Program uses the numeric methodology outlined in WAC 246-310-270 for determining the need for additional ASCs in Washington State. The numeric methodology provides a basis of comparison of existing operating room (OR) capacity for both outpatient and inpatient OR's in a planning area using the current utilization of existing providers. The methodology separates Washington State into 54 secondary health services planning areas. The proposed ASC would be located in the Clark County planning area.

The methodology estimates OR need in a planning area using multi-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 rooms in the planning area, subtracts this capacity from the forecast number of surgeries to be expected in the planning area in the target year, and examines the difference to determine:

- a) whether a surplus or shortage of OR's is predicted to exist in the target year, and
- b) if a shortage of OR's is predicted, the shortage of dedicated outpatient and mixed-use rooms are calculated.
- c) Data used to make these projections specifically exclude specialty purpose rooms, such as open heart surgery rooms, delivery rooms, cystoscopic rooms, and endoscopic rooms.⁵

Applicant's Methodology

The numeric portion of the methodology requires a calculation of annual capacity of existing ORs, both outpatient and inpatient. On April 20, 2010, the department issued a Certificate of Need to another entity in Clark County approving the establishment of an endoscopic ASC. The department's application of the numeric methodology was attached to that evaluation. Since it was the most recent methodology for that county, VEC submitted that numeric methodology for this application. VEC identified the following assumptions used in the methodology. [source: Application, pp12-16; Exhibit M]

⁵ WAC 246-310-270(9)(a)(iv).

Assumption	Data Used
Planning Area	Clark County
Population Estimates and Forecasts	Office of Financial Management Population Forecasts Updated November 2007-Medium Series
Use Rate	Divide 2008 estimated current surgical cases by estimated 2008 populations results in the service area use rate of 32.66/1,000 population
Percent of surgery ambulatory vs. inpatient	84.0% ambulatory (outpatient) and 16.0% inpatient
Average minutes per case	Inpatient 117.94 minutes Outpatient 42.83 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	OR Capacity: 8 dedicated outpatient and 8 mixed use

Using the assumptions outlined above, VEC calculated a surplus of 5.24 dedicated outpatient ORs by the end of year 2012.

Department's Methodology

WAC 246-310-270(3) identifies Clark County as one ASC planning area. There are eight providers in the Clark County planning area, including the applicant. The eight providers are all located in Vancouver and are listed below. [source: CN historical files-ILRS database]

Clark County Planning Area Providers

Two Hospitals	Six ASCs
PeaceHealth Southwest Washington Medical Center Legacy Salmon Creek Hospital	Ear Nose & Throat Clinic of the Northwest Michael Workman Salmon Creek Plastic Surgery Southwest Washington Regional Surgery Center The Vancouver Clinic Vancouver Eye Care Surgery and Laser Center (applicant)

As shown above, the eight facilities include two hospitals and six ASCs. Since both hospitals are located in the planning area, all appropriate OR capacity at those two facilities will be used in the numeric methodology calculations under WAC 246-310-270.

Of the six ASCs shown above, five—including the applicant—are located within a solo or group practice and were granted an exemption from CN review for the establishment of their ASC. Exempt ASC utilization, but not their ORs, are included in the methodology for the planning area.

Since Southwest Washington Regional Surgery Center is a CN approved ASC, the utilization and ORs are included in methodology for the planning area.⁶

To assist in its application of the numeric methodology for this project, on May 16, 2011, the department requested utilization information from each of the facilities identified above, except the applicant. Only two responses were received. PeaceHealth Southwest Washington Medical Center

⁶ Southwest Washington Regional Surgery Center was issued CN #1186 on March 16, 1999.

and Southwest Washington Regional Surgery Center both provided completed utilization information.

To apply the numeric methodology, the department relied on its own survey results, data obtained by portions of the applicant’s methodology, and data obtained from the Department of Health internal database. Below are the assumptions used by the department to apply the methodology.

Assumption	Data Used
Planning Area	Clark County
Population Estimates and Forecasts	Office of Financial Management Population Forecasts Updated November 2007-Medium Series
Use Rate	Divide surgical cases by estimated populations. <ul style="list-style-type: none"> • 2008 data was used for Legacy Salmon Creek Hospital • 2009 data was used for all ASCs except Southwest Washington Regional Surgery Center • 2010 data was used for Southwest Washington Regional Surgery Center and PeaceHealth Southwest Washington Medical Center⁷ The calculation results in the service area use rate of 80.99/1,000
Percent of surgery ambulatory vs. inpatient	Based on the data described above, 75.4% ambulatory setting; 24.6% inpatient setting
Average minutes per case	Based on the data described above: Outpatient cases = 55.40 minutes; Inpatient cases 134.65 minutes
OR Annual capacity in minutes	68,850 outpatient surgery minutes; 94,250 inpatient or mixed-use surgery minutes
Existing providers	Based on 2010 listing of Clark County providers. 8 dedicated outpatient ORs and 22 mixed use ORs.

The department’s application of the numeric methodology based on the assumptions described above indicates a surplus of 9 inpatient mixed-use ORs in year 2014; and a need of 13 dedicated outpatient ORs in year 2014. The department’s methodology is Appendix A attached to this evaluation

In summary, based solely on the numeric methodology contained in WAC 246-310-270, numeric need for outpatient OR capacity in the Clark County is demonstrated.
[source: department's methodology and utilization surveys]

Within its application, VEC provided six separate letters of support from healthcare providers in Clark County. A summary of each letter is below.

- Retina Northwest, PC
This letter states that since the hospital (PeaceHealth Southwest Washington Medical Center) discontinued the retina surgery services, the Retina Northwest surgeons do not have a site in

⁷ In all cases, the surgical case year and population were the same. For example, Legacy Salmon Creek Hospital’s year 2008 surgical cases were divided by year 2008 population.

Washington State to perform surgical procedures. Approval of VEC's ASC would allow access for Retina Northwest surgeons and provide patients with a local surgery option.

- Creekside Medical
Creekside Medical uses VEC as the preferred clinic for ophthalmology patients. Also, elderly patients requiring retina surgery would prefer a local option for retinal surgery.
- Columbia Anesthesia Group, PS
This anesthesia group has been the sole provider of anesthesia services for VEC since 1991. Columbia Anesthesia Group supports VEC's expansion of services.
- Free Clinic of Southwest Washington
Free Clinic of Southwest Washington states it has referred patients requiring ophthalmic surgery and vision care to VEC for many years. Additionally, VEC physicians and other healthcare staff volunteer at the free clinic to care for the uninsured. Local access for retinal surgeries is much needed in the area.
- Manjit Brar, MD
Dr. Brar has referred patients to VEC and supports the application.
- Hudson's Bay Medical Group
This medical group also refers patients to VEC and supports local access for retinal surgeries.

In addition to the letters of support above, PeaceHealth Southwest Washington Medical Center provided a letter stating that they do not oppose the project provided that the issued Certificate of Need includes a condition that *"limits the ASC to providing ophthalmic, retinal, and a limited range of related reconstructive plastics...With this condition, PHSW and other providers in Clark County will be assured that the ASC does not operate in a manner different than that which we are able to comment on at this time."* [source: PeaceHealth Southwest Washington Medical Center public comment, p1]

Southwest Washington Regional Surgery center provided the following comments within their utilization survey responses. [source: Utilization survey]

"We have the surgical facility capacity to incorporate this volume of outpatient cases. We have existing cosmetic plastic surgeries. Growth in this business line will be impacted. While we have the capacity to develop ophthalmic, lazer [sic], and retina services, it is not currently a substantial specialty area."

Related to the statements made by PeaceHealth Southwest Washington Medical Center above, VEC provided the following responses. [source: VEC August 9, 2011, rebuttal documents, pp1-2]

"Cataract surgery is currently performed at PHSW by some VEC surgeons on patients not suitable for surgery in an ASC, usually due to weight or restrictive insurance contracts. Orbital and pediatric cases are also performed at SHSW. In 2010 these cases numbered 240/6092⁸ (118 were pediatric). This is less than 4% of the total cases performed at PHSW. Dr. Curtis, our employed pediatric physician, has relocated to New York and we are recruiting his replacement. We expect no change in VEC surgeon utilization of PHSW if the project is approved or denied. Pediatric cases will continue to be performed by employed VEC ophthalmologists."

⁸ 240 of the 6,092 cases; 118 were pediatric.

In response to PeaceHealth Southwest Washington Medical Center's request to limit the types of procedures performed at the proposed ASC, VEC provided the following statements. [source: VEC August 9, 2011, rebuttal documents, p3]

"We recognize PHSW as a leader in healthcare in Clark County and are disappointed that [Hospital Representative], acting as representative, is seeking to restrict our plastics practice to a limited range of related reconstructive plastics. [Hospital Representative] stated that he reviewed our application. The application identifies all procedures performed and projects utilization through 2016, including plastics. CPT codes are included for reference." ...It is unclear to us why [Hospital Representative] was speaking for other providers. We contacted the administrator of Salmon Creek Plastic Surgery and Mountain View Surgery Center (ASCs both dedicated to plastic surgery). They do not feel that [Hospital Representative] represents their facilities. Dr. Manjit Brar, the most senior plastics specialist in Clark County, provided a letter of support in our application. We also contacted Legacy Salmon Creek Hospital, Pacific Cataract and Laser Institute, Vancouver Ear Nose and Throat/Head and Neck Surgery Center, and Advanced Endoscopy Center and all administrators say that they do not view [Hospital Representative] as their representative. We would ask the department to consider [Hospital Representative] comments to be on behalf of PHSW only. We are pleased that [Hospital Representative] did not object to the addition of retinal surgery at our ASC."

In addition to the statements above, VEC provided a copy of a letter dated August 5, 2011, from PeaceHealth Southwest Washington Medical Center to one of the VEC physicians. The letter provides the following statements. [source: VEC August 9, 2011, rebuttal documents, Attachment 4]

*"As you noted, the letter that PeaceHealth Southwest Medical Center sent to the Washington Department of Health included the text '**as long as it is issued with a condition that limits the ASC to ophthalmic, retinal, and a limited range of related reconstructive plastics.**' Per our conversation, PHSW would **not** take issue with the understanding that the words '**reconstructive plastics**' be replaced with the words 'plastic procedures' as this would cover Vancouver Eye Care's intent for this to cover certain procedures – like 'blepharoplasties.' PHSW values Vancouver Eye Care and looks forward to continued collaboration." [emphasis part of original letter]*

Related to the statements provided by Southwest Washington Regional Surgery above, VEC provided the following responses. [source: VEC August 9, 2011, rebuttal documents, pp1-3]

"No cataract, orbital or pediatric cases are performed at SW Regional Surgery Center (SWRC). Rarely, a VEC surgeon will perform eyelid surgery there due to a restrictive insurance contract. In 2010 these cases were less than 1% of the total (3/8963⁹). Plastic surgery, both functional and cosmetic, has been performed at our ASC for the last 5 years, so any impact on the growth in this business line for the SWRC would have occurred by now. The addition of new plastic procedures proposed in our application represent a small number of cases not performed by VEC surgeons and would have little impact on the SWRC (8/8963¹⁰ or less than 1%). We currently perform laser procedures at our ASC and designed it for retinal surgery as well. If the project is approved or denied, VEC's utilization of the SWRC will not change. "

⁹ 3 of 8,963 cases.

¹⁰ 8 of 8,963 cases.

Based on the information provided above, the following conclusions can be reached to support the need for this project.

1. Any new utilization impact this ASC would have on the two hospitals and five ASCs in Clark County would be minimal.
2. At least one type of service—retina surgery—is not currently available in Clark County and patients are travelling to Portland Oregon for the service.
3. The application identified CPT codes for the procedures proposed to be performed at the ASC. None of the providers are opposed to VEC offering these procedures at their ASC.

The department concludes that existing providers are not sufficiently available and accessible to meet the projected need for this project. Therefore, the department concludes need has been demonstrated. To ensure that VEC will operate the ASC in accordance with information provided in the application, approval of this project would be contingent upon VEC agreeing to provide the types of surgeries as described within the application and relied upon by the department in this evaluation. Provided that VEC would agree to limit the procedures, the department concludes that **this sub-criterion is met.**

WAC 246-310-270(6)

WAC 246-310-270(6) requires a minimum of two ORs in an ASC. The exempt ASC currently operates with two ORs. [source: Application, p8] This project does not propose to increase or decrease the number of ORs at the surgery center. **This sub-criterion is met.**

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

VEC is currently a provider of ophthalmic services to residents of Washington State, including low-income, racial and ethnic minorities, handicapped and other underserved groups. As a Certificate of Need approved ASC, VEC must continue to participate in the Medicare and Medicaid programs. To determine whether all residents of the service area would have access to an applicant's proposed services, the department requires applicants to provide a copy of its current or proposed admission policy. The admission policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility and any assurances regarding access to treatment.

To demonstrate compliance with this sub-criterion, VEC provided a copy of its Clinical Manual reviewed and adopted July 2009. Included in the manual is VEC's Patient Admission Policy. This policy outlines the process/criteria that VEC uses to admit patients for treatment into its ASC. This document also states that VEC and its employees do not discriminate in the admission of patients for outpatient treatment in regard to race, color, religion, gender, sexual preference, disability, national origin, age, veteran's status, or source of payment. The manual also includes copies of VEC's Patient's Rights Policy and Patient Responsibilities Policy. Together, these documents outline the roles and responsibilities of both the patient and VEC related to ambulatory care. Both documents include the same non-discrimination language stated in the Admission Policy. The manual also includes a Medical Records Policy that outlines the confidentiality that a patient can expect from VEC and its surgery center. This document covers confidentiality for all information entered into the patient's medical record. [source: Application, Exhibit P]

To determine whether low-income residents would have access to the proposed services, the department uses the facility's Medicaid eligibility or contracting with Medicaid as the measure to make that determination.

VEC currently provides services to Medicaid eligible patients through its clinical practice and its exempt ASC. Information provided in the application demonstrates that VEC intends to maintain this status for the practice and the proposed CN approved ASC. A review of the policies and data provided for VEC reveals the facility's financial pro forma includes Medicaid revenues. [source: June 13, 2011, supplemental information, Revised Exhibit D]

To determine whether the elderly would have access or continue to have access to the proposed services, the department uses Medicare certification as the measure to make that determination.

VEC currently provides services to Medicare patients through its clinical practice and its exempt ASC. Information provided in the application demonstrates that VEC intends to maintain this status if this project is approved. A review of the policies and data provided for VEC reveals the facility's financial pro forma includes Medicare revenues. [source: Application, Exhibit D]

A facility's charity care policy should confirm that all residents of the service area including low-income, racial and ethnic minorities, handicapped and other underserved groups have, or would have, access to healthcare services of the applicant. The policy should also include the process one must use to access charity care at the facility.

VEC demonstrated its intent to provide charity care to residents by submitting its Charity Care Policy currently in use at VEC. The policy outlines the process one would use to access charity care. Further, VEC included a 'charity care' line item as a deduction from revenue within the pro forma financial documents. VEC also provided a worksheet, with step-by-step instructions, to be used to determine if a patient would qualify for any full or partial financial assistance. [source: Application, Exhibit U]

WAC 246-310-270(7) states 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's Hospital and Patient Data Systems (HPDS), divides Washington State into five regions: King County, Puget Sound (less King County), Southwest, Central, and Eastern. VEC's ASC would be located in Clark County within the Southwest region. For charity care reporting purposes, the affected hospitals are the two hospitals operating in the Vancouver, within Clark County—PeaceHealth Southwest Washington Medical Center and Legacy Salmon Creek Hospital. For this project, the department reviewed charity care data for both Vancouver hospitals and the 14 existing hospitals currently operating within the Southwest Region.

According to 2007-2009¹¹ charity care data obtained from HPDS, the three-year average for the Southwest Region is 3.11% for gross revenue and 7.18% for adjusted revenue. The combined three-year charity care data reported by PeaceHealth Southwest Washington Medical Center and Legacy Salmon Creek Hospital is 3.05% of gross revenue and 6.53% of adjusted revenue. [source: OHPDS 2007-2009 charity care summaries]

¹¹ Year 2010 charity care data is not available as of the writing of this evaluation.

VEC's pro formas indicate that the ASC will provide charity care at approximately 1.05% of gross revenue and 5.54% of adjusted revenue. [source: June 13, 2011, supplemental information, Revised Exhibit D]

Table 1 below is VEC's projected charity care percentages for its proposed ASC compared with the Southwest Region average and the average of the two hospitals in the planning area.

**Table 1
Charity Care Percentage Comparisons**

	% of Total Revenue	% of Adjusted Revenue
VEC's ASC (Applicant)	1.05%	5.54%
Southwest Region	3.11%	7.18%
PSWMC & LSCH Combined	3.05%	6.53%

As shown in Table 1 above, VEC's pro formas indicate that the ASC will provide charity care below the regional and two-hospital average for gross and adjusted revenue. If this project is approved, the department would attach a condition related to the percentage of charity care to be provided at the ASC.

Based on the documents provided in the application and VEC's agreement to the condition related to charity care identified in the conclusions section of this evaluation, the department concludes that all residents, including low income, racial and ethnic minorities, handicapped, and other underserved 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's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes Vancouver Eye Care has met the financial feasibility criteria in WAC 246-310-220.

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

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

VEC is currently operating the ASC under an exemption from Certificate of Need review. If this project is approved, VEC anticipates the additional physicians would begin using the ASC by the end of year 2011. Under this timeline, year 2012 would be the first full year of operation as a Certificate of Need approved facility. [source: Application, p10] To demonstrate compliance with this sub-criterion, VEC provided its Revenue and Expense Statement for the ASC showing years 2011 - 2014. [source: June 13, 2011, supplemental information, Revised Exhibits D, L, & U]

To determine whether the ASC would meet its immediate and long range operating costs, the department reviewed VEC's assumptions, projected revenue/expense statements, and projected balance sheets for years 2011 through 2014.

VEC provided the following statements related to the assumptions used as a basis for the projected number of procedures at the ASC. [source: application, pp7-8 & 14; June 13, 2011, supplemental information, pp1-4 and Revised Exhibits D, L, & U]

- No pediatric surgeries are included or planned for the ASC
- Year 2011 is current year and is based on OR use three days/week
- Year 2011 includes minimal plastic surgeries; no retinal surgeries or adult strabismus procedures are included
- Year 2011 also includes a 2% growth from year 2010 based on prior utilization growth and Clark County population growth of 2% for persons over age 65
- Year 2011 expenses include existing FTEs and existing salaries and benefits
- Beginning in year 2012, OR use is five days/week
- Years 2012 through 2014 include retina and plastic surgeries performed by Retina Northwest for patients residing in Clark County and receiving services in Portland, Oregon for year 2010
- Year 2012 through 2014 also includes the addition of adult strabismus surgeries provided by a Portland physician at VEC
- Surgery forecasts for years 2012 through 2014 are based on prior utilization and average historical growth of 2% annually and Clark County population growth of 2% for persons over age 65
- Years 2012 through 2014 also include a projected 2% growth based on Retina Northwest historical data
- Retina surgeries for years 2012 through 2014 also include local surgical services for Retina Northwest physicians referred to them by local optometrists
- Years 2012 through 2014 include minimal increase in FTEs

The assumptions relied on by VEC to project the financial viability of the ASC appear to be reasonable. Table 2 below is a summary of VEC's projected revenues and expenses for years 2011 through 2014 for the ASC. [source: Application, Exhibits D, L, & U]

Table 2
Vancouver Eye Care ASC Revenue and Expense Summary

	Year 2011 Current	Year 2012 Full Year 1	Year 2013 Full Year 2	Year 2014 Full Year 3
Number of Procedures	2,405	2,538	2,589	2,640
Net Revenue	\$2,282,173	\$2,464,958	\$2,514,258	\$2,564,542
Total Expenses	\$1,845,867	\$1,996,506	\$2,071,999	\$2,151,877
Net Profit or (Loss)	\$436,306	\$468,452	\$442,259	\$412,665
Average Revenue per Procedure	\$948.93	\$971.22	\$971.13	\$971.42
Average Expenses per Procedure	\$767.51	\$786.65	\$800.31	\$815.10
Net Profit or (Loss) per Average Procedure	\$181.42	\$184.57	\$170.82	\$156.32

The 'net revenue' line item in Table 2 is the result of gross revenue minus any deductions for contractual allowances, bad debt, and charity care at 1.05% of gross revenues. The 'total expenses' line item includes staff salaries/wages, but does not include the \$12,000 annual physician stipend. As shown in Table 2, VEC anticipates the ASC would operate at a profit from the beginning in year 2012 which would continue through 2014. It is noted that the profit is expected to slightly decrease each year. This reduction in net profit is the result of a projected growth in expenses without a commensurate growth in revenues.

In the 'need' section of this evaluation, the department required VEC to provide charity care at approximately 3.11% of gross revenue, rather than the 1.05% as identified in the application. A recalculation of the charity care dollars based on the increased charity care percentage reveals that VEC's charity care dollars would increase to approximately \$200,000 in each of the three full years of operation. The increase in charity care dollars does not change VEC's net profits to a net loss in each of those years.

In addition to the projected Statement of Operations, VEC also provided its current and projected balance sheets for the ASC.¹² Table 3 below shows the current balance sheet for year 2011 and the projected balance sheet for year 2014. [source: June 13, 2011, supplemental information, Revised Exhibit U]

Table 3
Vancouver Eye Care ASC Current Balance Sheet Year 2011

Assets		Liabilities	
Current Assets	\$ 832,126	Current Liabilities	\$ 0
Fixed Assets	\$ 936,504	Long Term Debt	\$ 1,271,423
Board Designated Assets	\$ 0	Other Liabilities	\$ 0
Other Assets	\$ 0	Equity	\$ 497,207
Total Assets	\$ 1,768,630	Total Liabilities and Equity	\$ 1,768,630

Vancouver Eye Care ASC Current Balance Sheet Year 2014

Assets		Liabilities	
Current Assets	\$ 2,014,926	Current Liabilities	\$ 0
Fixed Assets	\$ 756,140	Long Term Debt	\$ 986,484
Board Designated Assets	\$ 0	Other Liabilities	\$ 0
Other Assets	\$ 0	Equity	\$ 1,784,581
Total Assets	\$ 2,771,066	Total Liabilities and Equity	\$ 2,771,066

As shown in the 2011 balance sheet above, VEC operates the exempt ASC very lean, which is typical of a specialty procedure practice. As a CN approved ASC, it is clear that VEC would be financially stable through year 2014.

There were no comments submitted related to this sub-criterion. Based on the financial information above, the department concludes that the immediate and long range capital and operating costs of the project can be met. **This sub-criterion is met.**

¹² VEC states that the ASC is part of a 'C' corporation and does not have a separate balance sheet on the internal financial statements. Balance sheet information specific to the ASC has been compiled for purposes of this Certificate of Need application from the combined corporate balance sheet.

(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.

The capital costs associated with this project are \$305,994 and are solely related to the fixed and moveable equipment needed to provide the additional surgeries not currently provided at the ASC. VEC relied on equipment cost estimates provided by equipment suppliers to develop the construction costs identified. [source: Application, 19]

To further demonstrate compliance with this sub-criterion, VEC provided the average sources of patient revenue shown in Table 4 below for its ASC and clinic. [source: June 13, 2011, supplemental information, Revised Exhibit H]

Table 4
Vancouver Eye Care
Current and Projected Sources and Percentages of Revenue

Source of Revenue	Current	Projected
Medicare/Medicare Advantage	85.1%	71.7%
State (Medicaid)	3.5%	4.0%
Commercial	8.7%	17.0%
Other	2.7%	7.3%
Total	100.0%	100.0%

As shown in Table 4, the majority of revenues are Medicare/Medicare Advantages plans, which is expected to decrease by 13%. This decrease is based on the types of new procedures to be offered that are not typically covered by this revenue source. The commercial and other revenue sources are expected to increase 8% and 5%, respectively. This increase is based on the insurance coverage of the new procedures.

Based on the information provided above, the department concludes that the cost of the project will not result in an unreasonable impact on the costs and charges for health services within the service area. **This sub-criterion is met.**

(3) The project can be appropriately financed.

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

VEC identifies the capital expenditure to be \$305,994, which is solely related to the fixed and moveable equipment needed to provide the retina, ophthalmic plastic, and minor cosmetic surgeries

not currently provided at the ASC. The funding for the project will be obtained through two sources. Table 5 below shows a breakdown of the funding sources.

Table 5
Vancouver Eye Care Funding Sources

Funding Source	Amount	Percentage
Reserves	\$61,199	20%
Debt Financing	\$244,795	80%
Total Funding	\$305,994	100%

As shown in Table 5 above, VEC intends to fund 20% of the project with reserves. A review of VEC's 2011 balance sheet shows the funding for the project is available.

VEC intends to obtain debt financing from First Independent Bank in Vancouver to fund the remaining 80%. To demonstrate that the funding for this portion of the capital expenditure is available, VEC submitted a signed letter of commitment between First Independent Bank and VEC. The letter of commitment demonstrates that VEC is pre-approved to debt finance up to \$300,000. The letter provides VEC with the projected interest rate (5.25%) and a seven year repayment schedule. [source: Application, Exhibit Q]

Based on the information provided above, the department concludes that the project can be appropriately financed, and **this sub-criterion is met.**

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

Based on the source information reviewed and the applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes Vancouver Eye Care has met the structure and process (quality) of care criteria in WAC 246-310-230.

- (1) A sufficient supply of qualified staff for the project, including both health personnel and management personnel, are available or can be recruited.*

WAC 246-310 does not contain specific WAC 246-310-230(1) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what specific staffing patterns or numbers of FTEs that should be employed for projects of this type or size. Therefore, using its experience and expertise the department concludes the planning would allow for the required coverage.

VEC is currently operating the ASC under an exemption from Certificate of Need review. As an operational ASC, all staff is already in place. Table 6 on the following page summarizes the current and projected staffing at the ASC through 2014. [source: Application, Exhibit U]

Table 6
Vancouver Eye Care ASC for Years 2011 and 2014

Type of Staff	Year 2011 Current	Year 2012 Increase	Year 2013 Increase	Year 2014 Increase	Total FTEs
RN	5.88	0.32	0.13	0.12	6.45
Non-Licensed Staff	0.77	0.05	0.01	0.02	0.85
Administration	3.05	0.16	0.07	0.06	3.34
Total FTEs	9.70	0.53	0.21	0.20	10.64

As shown in Table 6 above, VEC anticipates adding two more FTEs from 2012 through 2014 once the facility begins offering the additional procedures. To demonstrate that staff would be available and accessible for this project, VEC provided the following statements:

“Our exempt ASC is currently under utilized with 3 surgery days a week so adding services described in this project would add 1-2 surgery days a week. Our staff is already fully trained and in place. They would like to work extra days and will be trained by a vitreoretinal surgical assistant (RN) currently working for Retina Northwest. The existing staff already is familiar with plastic cases and will need minimal additional training for plastic cases currently not performed at our surgery center.” [source: Application, p22]

Based on the information provided above, the department concludes that staff is available or can be recruited and retained. **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(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.

As an operational exempt ASC, VEC already has established ancillary and support relationships with community healthcare providers for the following services: anesthesia, radiology, ambulance, patient transfer, pharmacy, laboratory, equipment maintenance, waste removal, hazardous waste removal, laundry, janitorial, and building security. For emergent patient transfers, VEC has established a transfer agreement with PeaceHealth Southwest Washington Medical Center. VEC provided copies of all agreements, including the transfer agreement with the hospital. [source: Application, p24 and Exhibit V]

Management of the ASC is provided by one of the employees—Christie Moses, RN, who also serves as the director of nursing for the ASC. Theresa Clayton, MD, provides medical director services. Management and medical director services are provided under employee job descriptions rather than a contract, and both positions work with the three-person governing body to ensure coordination. [source: Application, p22]

Based on the information provided in the application, the department concludes that the ASC would have appropriate ancillary and support relationships as required. **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.

VEC has been operating as an exempt ASC since approximately 2006 and holds AAACH accreditation. On July 1, 2009, DOH licensure became an option for ambulatory surgical facilities (ASFs), and VEC obtained its license. The Department of Health's Investigations and Inspections Office (IIO), which surveys ASCs and ASFs within Washington State, has not yet completed a compliance survey for VEC. VEC does not own or operate any other health care facilities in Washington or any other state. [source: ILRS database]

The Department of Health's Medical Quality Assurance Commission credentials medical staff in Washington State and is used to review the compliance history for all medical staff, which includes physicians, RNs, and LPNs, associated with VEC. A compliance history review of all medical staff associated with VEC reveals no recorded sanctions for all. [source: MQAC compliance history]

After reviewing the compliance history of all medical staff associated with the exempt ASC and the medical clinic, the department concludes there is reasonable assurance that VEC would operate its ASC in conformance with applicable state and federal licensing and certification requirements.

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 directs 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.

In response to this sub-criterion, VEC provided the following statements. [source: Application, p24]

"...The objective of the proposed project is to provide comprehensive ophthalmic surgical care in Clark County and southwest Washington. This would be in accord with the legislative intent of the state of Washington (RCW 43.370.030 and RCW 70.38) by utilizing our exempt facility for additional services currently unavailable to our existing patients."

To further demonstrate compliance with this sub-criterion, VEC acknowledged that it currently operates as an exempt ASC and the addition of services not currently provided in the planning area would complement the services already offered. Further, established ancillary and support agreements are already in place for the exempt facility and would continue if this project is approved. [source: Application, p24-25]

Based on this information provided above, the department concludes that approval of this project would not cause unwarranted fragmentation of the existing healthcare system. Therefore, **this sub-criterion is met.**

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

This sub-criterion is 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 and the applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes Vancouver Eye Care has met the cost containment criteria in WAC 246-310-240.

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

If the project met WAC 246-310-210 through 230 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

For this project, VEC's project met the review criteria under WAC 246-310-210, 220, 230, and 270. Therefore, the department moves to step two below.

Step Two

Within the application, VEC identified only the option of status quo before submitting this application. VEC rejected this option primarily for the following two reasons:

- The current ASC is underutilized.

- The services are not offered in Clark County and patients must travel out of state to Portland to obtain the services.

[source: Application, pp26-27]

Given the only other option to this project is do nothing, taking into account the support of referring healthcare facilities and one of the local hospitals, the department concludes that the project described is the best available alternative for the community.

Step Three

For this project, only VEC submitted an application to establish an ASC in the Clark County. As a result, step three is not evaluated under this sub-criterion.

Based on this information provided above, the department concludes that this project is the best available alternative for the community. **This sub-criterion is met.**

APPENDIX A

Service Area Population 2014:	468,758 (per OFM data)				
Surgeries @ 77.22/1,000:	36,197				
a.i.	94,250 minutes/year/mixed-use OR				
a.ii.	68,850 minutes/year/dedicated outpatient OR				
a.iii.	8 dedicated outpatient OR's x 68,850 minutes =	550,800 minutes dedicated OR capacity		9,943	Outpatient surgeries
a.iv.	22 mixed-use OR's x 94,250 minutes =	2,073,500 minutes mixed-use OR capacity		15,399	Mixed-use surgeries
b.i.	projected inpatient surgeries = 8,891 =	1,197,255 minutes inpatient surgeries			
	projected outpatient surgeries = 27,306 =	1,512,629 minutes outpatient surgeries			
b.ii.	Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's				
	27,306 - 9,943 =	17,363 outpatient surgeries			
b.iii.	average time of inpatient surgeries =	134.65 minutes (per Survey)			
	average time of outpatient surgeries =	55.40 minutes (per Survey)			
b.iv.	inpatient surgeries * average time =	1,197,255 minutes			
	remaining outpatient surgeries (b.ii.) * ave time =	961,829 minutes			
		2,159,084 minutes			
c.i.	if b.iv. < a.iv., divide (a.iv. - b.iv.) by 94,250 to determine surplus of mixed-use OR's				
	Not Applicable - Go to c.ii. and ignore any value here.				
	2,073,500				
	- 2,159,084				
	(85,584) /	94,250 =		(0.91)	<i>Negative number equals shortage</i>
c.ii.	if b.iv. > a.iv., divide (inpatient part of b.iv. - a.iv.) by 94250 to determine shortage of inpatient OR's				
	USE THESE VALUES				
	1,197,255				
	- 2,073,500				
	(876,245) /	94,250 =		(9.30)	<i>Negative number equals surplus</i>
	divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's				
	961,829 /	68,850 =		13.97	<i>Negative number equals surplus</i>

Survey Response-Clark County

Facility	Special rms	Ded Inpat	Ded. Output	Mixed use	closed/in ot used	op hrs	op wks	ip hrs	ip wks	mixed hrs	mixed wks	ip min/case	ip clean	2010 ip cases	2010 ip min	op clean	2010 op case	2010 op min	Comments	
PeaceHealth SWMC	0.00	0	0	14	9	0	0	0	0	2352	52	141	31.4	8092	866829	26.5	5543	473214	Data provided in survey	
Legacy Salmon Creek Hospital	0.00	0	0	8	0	9.5	52	9.5	52	9.5	52	118	25	2186	257820	15	2254	166680	Hospital did not complete survey, data obtained from 2008 app	
SW Washington Regional ASC	0.00	0	8	0	2	50	52	0	0	0	0	0	0	0	0	20	8963	335269	Data provided in survey	
Salmon Creek Plastic Surgery	0.00	0	1	0	0	0	0	0	0	0	0	0	0	0	0	250	250	125000	Data based on LRS & WAC 246-310-270	
The Vancouver Clinic	0.00	0	4	0	0	0	0	0	0	0	0	0	0	0	0	50	5400	270000	Data based on LRS & WAC 246-310-270	
ENT Clinic of the NW	0.00	0	2	0	0	0	0	0	0	0	0	0	0	0	0	50	800	40000	Data based on LRS & WAC 246-310-270	
Michael Workman	0.00	0	1	0	0	0	0	0	0	0	0	0	0	0	0	50	250	12500	Data based on LRS & WAC 246-310-270	
Vancouver Eye Care (Applicant)	0.00	0	2	0	0	0	0	0	0	0	0	0	0	0	0	50	1962	98100	Data based on LRS & WAC 246-310-270	
Totals	0.00	0	18	22	11	59.5	104	9.5	52	2361.5	104	Average min/case		8278	1114649		25422	1408263		
Not including the ORs in the Exempt ASCs Below:																				
Salmon Creek Plastic Surgery																				
The Vancouver Clinic																				
ENT Clinic of the NW																				
Michael Workman																				
Vancouver Eye Care (Applicant)																				
Total Surgeries 2010	33,700																			
Area population 2010	436,391 (per OFM zip code data)																			
Use Rate 2010 per survey	77.22																			
Applicant's use rate	75.4%																			
In pt surgery percentage	24.6%																			
Output surgery percentage	75.4%																			
ORS COUNTED IN METHOD																				
	ded inpt	ded outpt	mix use																	
SW Washington	0	0	14																	
Legacy Salmon Creek	0	0	8																	
SW Washington Regional ASC	0	8	0																	
TOTALS	0	8	22																	