



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

June 30, 2015

CERTIFIED MAIL # 7009 0080 0000 5404 2205

Trisha West, MHA, Director of Strategic Planning
EvergreenHealth
12040 Northeast 128th Street, MS-100
Kirkland, Washington 98034

RE: Certificate of Need Application #15-22

Dear Ms. West:

Enclosed is Certificate of Need #1549 approving the establishment of an ambulatory surgery center in Kirkland, within east King County.

The certificate is not approval for any other local, federal, or state statutes, rules, or regulations. Such a project may also need Department of Health approval for a construction plan and facility licensing or certification, as well as other federal or local jurisdiction permits.

The Certificate of Need is valid for two years. The project must begin during this time. If there is substantial and continuing progress, we may extend the certificate for one six month period. For an extension, you must submit an extension request at least 120 days before the expiration. You cannot begin a project after the expiration date.

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

Mailing Address:

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

Physical Address

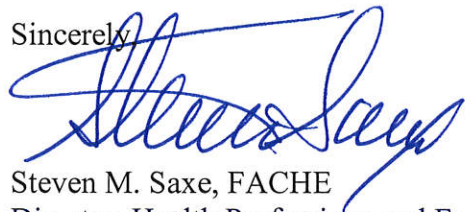
Department of Health
Adjudicative Clerk Office
111 Israel Road SE
Tumwater, WA 98501

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We monitor projects until completed or the expiration date, whichever occurs last. We do this with quarterly progress reports. At least 30 days before the report's due date, you will receive a form to complete and return.

If you have any questions, please contact Janis Sigman, Manager of the Certificate of Need Program at (360) 236-2955.

Sincerely,



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

cc: Department of Health, Office of Investigations and Inspections



This Certificate is granted under the authority of RCW 70.38. Issuance of this Certificate does not constitute approval under any other local, federal or state statute, implementing rules and regulations. Examples where additional approval may be necessary include, but are not limited to, construction plan approval through the Construction Review Unit of the Department of Health, facility licensing/certification through the Department of Social and Health Services or Department of Health, and other federal or local jurisdiction permits.

Certificate of Need #1549 is issued to:

Legal Name of Applicant: King County Public Hospital District #2-EvergreenHealth
Address of Applicant: 12040 Northeast 128th Street, Kirkland, Washington 98034
Type of Service: Ambulatory Surgery Center
Facility Name: Evergreen Surgical Clinic
Facility Address: 12333 Northeast 130th Lane, #420, Kirkland, Washington 98034

ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION DATED JUNE 22, 2015 (CN App #15-22)

Project Description:

This certificate approves the establishment of a three-operating room ambulatory surgery center in Kirkland, within King County. The surgery center would serve patients of all ages who require surgical services that can be served appropriately in an outpatient setting. Services to be provided at the ambulatory surgery center include breast services, colorectal services, hernia services, vein services, and other as described in the application.

Service Area

East King County and surrounding areas

Conditions

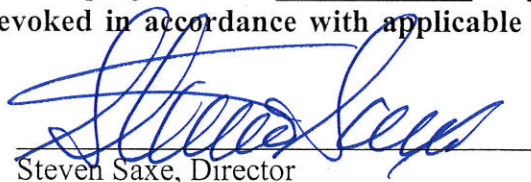
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Approved Capital Expenditure

The approved capital expenditure for this project is \$9,473,000 and is solely related to the acquisition of ESC and required insurance coverage..

This Certificate authorizes commencement of the project from June 30, 2015 to June 30, 2017, unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: June 30, 2015


Steven Saxe, Director

This Certificate of Need is not transferable.

Certificate of Need #1549

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Conditions:

1. King County Pubic Hospital District #2-EvergreenHealth agrees with the project description as stated above. King County Pubic Hospital District #2-EvergreenHealth 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. King County Pubic Hospital District #2-EvergreenHealth will provide to the department for review and approval a copy of the executed Asset Purchase and Sale Agreement for Evergreen Surgical Clinic.
3. King County Pubic Hospital District #2-EvergreenHealth must license the ambulatory surgery center under chapter 70.230 of the Revised Code of Washington. King County Pubic Hospital District #2-EvergreenHealth must maintain licensure for the ambulatory surgery center under this chapter.
4. The ambulatory surgery center must obtain its own Medicare and Medicaid certification, separate from the hospital's provider numbers, throughout the operation of the facility, regardless of ownership.
5. To ensure patients receive the lower cost services as stated in the application, EvergreenHealth must not charge hospital provider based rates at the ambulatory surgery center.
6. King County Pubic Hospital District #2-EvergreenHealth will provide to the department for review and approval a copy of the adopted Charity Care Policy to be used at the ambulatory surgery center. The adopted policy must include the appropriate non-discrimination language and specific references to ESC.
7. King County Pubic Hospital District #2-EvergreenHealth and any subsequent owners of the ambulatory surgery center must not develop any policies or practices that discriminate against admission of patients based on payer source.
8. The ambulatory surgery center will provide charity care in compliance with the charity care policy referenced above, or any subsequent polices reviewed and approved by the Department of Health. King County Pubic Hospital District #2-EvergreenHealth will use reasonable efforts to provide charity care at the ambulatory surgery center in an amount comparable to or exceeding the average amount of charity care provided by the four hospitals in East King County. Currently, this amount is 1.54% for gross revenue and 2.70% for adjusted revenue. King County Pubic Hospital District #2-EvergreenHealth will maintain records at the ambulatory surgery center documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.