



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

September 28, 2017

CERTIFIED MAIL # 7014 2120 0002 7589 9377

Crystal Lussier
555 Corporate Drive, Suite 115
Ladera Ranch, California 92694

RE: CN 17-35

Dear Ms. Lussier:

We have completed review of the Certificate of Need application submitted Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC proposing to establish an ambulatory surgery center in Spokane within Spokane 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 Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC agrees to the following in its entirety.

Project Description:

This certificate approves Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC to establish a single specialty two- operating room ASC located at 510 S. Cowley Street within the city of Spokane in Spokane County secondary health services planning area. The ASC would provide dermatology surgical services to patients of all age groups, with emphasis on patients with various types of skin cancer who are not expected to require hospitalization and can be served in an outpatient surgery setting. Surgical procedures to be provided at the ASC include malignant (cancerous) skin growths, benign (non-cancerous) skin growths, treatment for skin cancer, tissue transfer or rearrangement, myocutaneous (skin) flap, skin graft, and Mohs surgery.

Conditions:

1. Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC agrees with the project description as stated above. Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC 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. Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC must be Medicare and Medicaid certified and must maintain its Medicare and Medicaid certification throughout the life of the facility, regardless of ownership.
3. Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC must obtain and maintain state licensure throughout the life of the facility, regardless of ownership.
4. Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC will provide charity care in compliance with the charity care policy provided in the application, or any subsequent policies. Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC will use reasonable efforts to provide charity care in the amount comparable to or exceeding the average amount of charity care provided by the four hospitals in Spokane County. Currently, this amount is 1.84% for gross revenue and 5.09% for adjusted revenue. Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC will maintain records of charity care amount provided by documenting the amount of charity care it provides and demonstrating compliance with its charity care policies.
5. Prior to providing services, Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC will provide an executed copy of the patient transfer agreement for the department's review and approval. The executed patient transfer agreement must be consistent with the draft agreement provided in the application.
6. Prior to providing services, Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC will provide executed copies of the agreements listed below for the department's review and approval.
 - Lab services
 - Radiology Services
 - Hazardous Waste Disposal
 - Biomedical Services
 - Linen Services

Approved Cost:

The approved capital expenditure for this project is \$1,171,000

Crystal Lussier
Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC
Certificate of Need App #17-35
September 28, 2017
Page 3 of 3

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.

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:

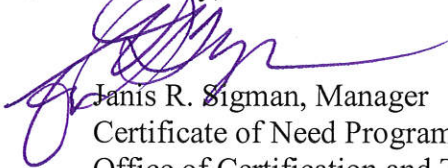
Department of Health
Certificate of Need Program
Mail Stop 47852
Olympia, WA 98504-7852

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,



Janis R. Sigman, Manager
Certificate of Need Program
Office of Certification and Technical Support

Enclosure

**EVALUATION DATED THURSDAY, SEPTEMBER 28, 2017, FOR THE CERTIFICATE OF
NEED APPLICATION SUBMITTED BY CHESNUT INSTITUTE OF COSMETIC
RECONSTRUCTION SURGERY, PLLC PROPOSING TO ESTABLISH A NEW
AMBULATORY SURGERY CENTER¹ IN SPOKANE COUNTY
SECONDARY HEALTH SERVICES PLANNING AREA**

APPLICANT DESCRIPTION

Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC was incorporated in Washington in September 2016 as a for profit limited liability corporation and is located at 510 South Cowley Street in the city of Spokane. Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC is solely owned and operated by Cameron Chesnut, MD. [Source: Application, page 2 and <https://www.sos.wa.gov>]

PROJECT DESCRIPTION

Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC proposes to establish a single specialty two room ambulatory surgery center (ASC) in the city of Spokane. The ASC would provide dermatology surgical services to patients of all age groups, with emphasis on patients with various types of skin cancer who are not expected to require hospitalization and can be served in an outpatient surgery setting. Surgical procedures to be provided at the ASC include malignant (cancerous) skin growths, benign (non-cancerous) skin growths, treatment for skin cancer, tissue transfer or rearrangement, myocutaneous (skin) flap, skin graft, and Mohs surgery. [Source: Application, pages 2 and 5, and May 12, 2017, supplemental information, page 3]

Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC would be located at 510 South Cowley Street in Spokane [99202] within Spokane County secondary health services planning area. If this project is approved, Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC would be operational by October 2017. Under this timeline, year 2018 is Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC's first full calendar year of operation and year 2020 is year three. [Source: Application, page 6, and May 12, 2017, supplemental information, page 3]

The estimated capital expenditure for this project is \$1,171,000; of that amount, 40.7% or \$477,000 is related to tenement improvement and AIA fees, 25.7% or \$301,188 is for equipment; 24.1% or \$282,312 is for working capital, and the remaining 9.4% or \$110,500 is for taxes and fees. For ease of reference within this evaluation, the department will refer to Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC as ('CICRS').

APPLICABILITY OF CERTIFICATE OF NEED LAW

This project is subject to Certificate of Need 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:

¹ For Certificate of Need purposes, ambulatory surgery facility (ASF) and ambulatory surgery center (ASC) have the same meaning. For ease of reading, the term "ASC" will be used throughout this analysis.

“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). 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

This application was reviewed under the regular review timeline outlined in WAC 246-310-160, which is summarized on the next page.

APPLICATION CHRONOLOGY

Action	CICRS
Letter of Intent Submitted	November 28, 2016
Application Submitted	March 10, 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 	<ul style="list-style-type: none"> March 31, 2017 May 12, 2017 June 5, 2017 June 21, 2017
Beginning of Review	June 28, 2017
End of Public Comment <ul style="list-style-type: none"> • Public comments accepted through • Public hearing conducted² • Rebuttal Comments Received³ 	<ul style="list-style-type: none"> August 2, 2017 N/A N/A
Department's Anticipated Decision Date	October 2, 2017
Department's Actual Decision Date	September 28, 2017

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(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.

² The department did not conduct a public hearing.

³ All public comment received for this project was in support. CICRS chose not to provide rebuttal comments.

For this application, Providence Health & Services sought interested and affected person status.

Providence Health & Services

Providence Sacred Heart Medical Center, an affiliate of Providence Health & Services, is a licensed acute care hospital located in City of Spokane within Spokane County. Providence Health & Services requested interested person status and to be informed of the department's decision on behalf of both Sacred Heart Medical Center and Providence Surgery and Procedure Center. Therefore, Providence Health & Services met the definition of an "interested person" under WAC 246-310-010(34). Providence Health & Services provided public comments on this project. Providence Health & Services qualifies as an "affected person."

SOURCE INFORMATION REVIEWED

- Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC Certificate of Need application received on March 10, 2017
- Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC screening responses received on May 12, 2017 and June 21, 2017
- 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 Spokane County
- Department of Health's Integrated Licensing and Regulatory System [ILRS] data obtained for ambulatory surgery centers located in Spokane County.
- Office of Financial Management population data for Spokane County
- Licensing data provided by the Medical Quality Assurance Commission
- Washington State Secretary of State website at www.sos.wa.gov

CONCLUSION

For the reasons stated in this evaluation, the application submitted by Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC to establish an ambulatory surgery center in Spokane within Spokane County secondary health services planning area is consistent with applicable criteria of the Certificate of Need Program provided Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC agrees to the following in its entirety.

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Approved Cost:

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CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

Based on the source information reviewed, and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC has met the applicable 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.*

To evaluate this sub-criterion, the department uses facility specific criteria found in WAC 246-310-270.

WAC 246-310-270(9) – Ambulatory Surgery Numeric Methodology

The methodology in WAC 246-310-270(9) divides Washington State into 54 secondary health services planning areas. The proposed ASC would be located in the Spokane County planning area. The numeric methodology provides a basis of comparison for existing operating room (OR) capacity for both outpatient and inpatient ORs in a planning area using the current utilization of existing providers.

The methodology estimates OR need in a planning area using multiple steps as defined in WAC 246-310-270(9). This methodology relies on a variety of assumptions and initially determines existing capacity of dedicated outpatient and mixed-use operating rooms in the planning area, it subtracts this capacity from the forecasted number of surgeries expected in the planning area in the target year, and it 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 and endoscopy operating rooms and procedures.

CICRS Application of the Numeric Methodology

- *“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 outpatients and mixed-use operating room in the planning area. The data points used in the methodology are total planning area surgical cases, uses rate, percent of surgery (inpatient versus outpatient), average minutes per case, existing operating rooms, and population forecast estimates”. [Source: Screening responses received May 12, 2017, page 4]*
- *“Please see below for the table citing the data points used to determine the need for additional ORs in Spokane County. Reference Exhibit H*

**Table (Reproduced)
CICRS Data Points Used for Spokane County ORs Need**

Data Points	Data Used
<i>Planning area</i>	<i>Spokane County</i>
<i>Population Estimates</i>	<i>Office of Financial Management Population Data Year 2016—494,375 Year 2019—509,026</i>
<i>Total Planning area Surgical Cases</i>	<i>Based on DOH Survey from 2011, 2013, and 2016 Outpatient cases = 30,421 Inpatient Cases = 63,170</i>
<i>Use rate</i>	<i>189.312/1,000</i>
<i>Percent of Surgery</i>	<i>67.5% Inpatient and 32.5% Outpatient</i>
<i>Average Minutes Per Case</i>	<i>Inpatient Cases = 86.94 Minutes Outpatient Cases = 53.98 Minutes</i>
<i>OR Annual Capacity in Minutes</i>	<i>68,850 Outpatient Surgery Minutes 94,250 Inpatient or Mixed Use Surgery Minutes</i>
<i>Existing Providers / ORs</i>	<i>7 Dedicated Outpatient ORs and 81 mixed used ORs</i>
Methodology Results	<i>Surplus of 8.18 Mixed-Use OR's Shortage of 17.56 of dedicated outpatient OR's"</i>

[Source: Screening responses received May 12, 2017, page 4]

Public Comment

None

Rebuttal Comment

None

The Department's Application of the Numeric Methodology

The numeric portion of the methodology requires a calculation of the annual capacity of the existing provider's inpatient and outpatient ORs in a planning area. According to the department's historical records, there are 24 providers within Spokane County secondary health services planning area including the applicant with OR capacity. Of the 24 providers, five are hospitals and 19 are ASCs. Shown below in Table 1 is the listing of the five hospitals. [Source: CN historic files and DOH ILRS database]

**Table 1
Spokane County Planning Area Hospitals**

Hospitals	DOH License	Zip Code
MHS Deaconess Hospital	HAC.FS.600054542	99204
Providence Holy Family Hospital	HAC.FS.00000050	99208
Providence Sacred Heart Medical Center	HAC.FS.00000162	99204
Shriners Hospital For Children	HAC.FS.00000042	99204
MHS Valley Hospital	HAC.FS.600545580	99216

For the five hospitals listed in Table 1 above, 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 Washington. When CICRS submitted its application on March 10, 2017, the department's most recent annual utilization survey was mailed to providers in August 2016 and collected data for year 2015. Since the data provided in this annual utilization survey is the most recently available data, the department will use this data. Listed in Table 2 below are the 24 ASCs located in the planning area.

Table 2
Spokane County Planning Area Ambulatory Surgery Centers

Ambulatory Surgery Centers	Zip Code
Advance Dermatology & Skin Center	99212
Aesthetic Plastic Surgical Center	99206
Carol Hathaway, MD. PS	99216
Columbia Surgery Center	99201
Empire Eye Surgery Center	99216
Inland Northwest Surgery Center	99206
NEOS Surgery Center	99202
Northwest Orthopedic Specialist	99204
Pacific Cataract and Laser Institute	99202
Plastic Surgery Northwest Surgery Center	99202
Providence Surgery & Procedure Center	99216
Rockwood Eye Surgery Center	99202
Spokane Digestive Disease Center*	99204
The Spokane Eye Surgery Center	99204
Spokane Plastic Surgeons Surgicenter	99218
Spokane Valley Ambulatory Surgery	99211
South Perry Endoscopy*	99202
SRM Spokane	99216
Womens Health Connection	99218

[Source: ILRS]

Of the 19 ASCs shown above, two are endoscopy facilities (shown with an asterisk). The ASC numeric methodology deliberately excludes OR capacity and procedures for endoscopy facilities.⁴ As a result, the ORs and procedures for the two facilities will not be counted in the numeric methodology.⁵

For the remaining 17 ASCs, 15 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 these facilities. Therefore, these 15 facilities do not meet the ASC definition in WAC 246-310-270. For Certificate of Need-exempt ASCs, the number of surgeries, but not ORs, is included in the methodology for the planning area. The remaining two ASCs are Certificate of Need-approved facilities.⁶ For these two facilities, the OR capacity and utilization is counted in the numeric methodology.

⁴ WAC 246-310-270(9)(iv).

⁵ The two facilities are Spokane Digestive Disease Center and South Perry Endoscopy.

⁶ Rockwood Eye Surgery Center and Providence Surgery Center & Procedure Center.

In summary, utilization data will be used for the five acute care hospitals, 15 Certificate of Need-exempt ASCs, and the two Certificate of Need-approved ASCs. OR capacity will be counted for the five acute care hospitals and the two CN approved exempt ASCs. If a facility does not complete and return a utilization 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). WAC 246-330-100(2), licensed ambulatory surgical facilities must submit to the department an annual update form. The data provided on this annual update form 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 the 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 3. The methodology and supporting data used by the department is provided in the attached Appendix A with this evaluation.

**Table 3
Department's Methodology Assumptions and Data**

Assumption	Data Used
Planning Area	Spokane County
Population Estimates and Forecasts	Age Group: 0-85+ Office of Financial Management Population: Year 2015 – 489,491 Year 2020 – 513,910
Use Rate	Divide calculated surgical cases by 2015 population results in the service area use rate of 168.432/1,000 population
Year 2015 Total Number of Surgical Cases	52,018 – Inpatient or Mixed-Use; 30,428 – Outpatient 82,446 – Total Cases
Percent of surgery: ambulatory vs. inpatient	Based on DOH survey and ILRS data: 36.91% ambulatory (outpatient); 63.09% inpatient
Average minutes per case	Based on DOH survey and ILRS Data: Outpatient cases: 51.55 minutes Inpatient cases: 83.58 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 Spokane County Providers: 8 dedicated outpatient ORs 79 mixed use ORs
Department's Methodology Results	Surplus of 18.94 outpatient ORs

Based on the assumptions described in Table 3, the department's numeric methodology by itself, projects a surplus of 18.94 outpatient ORs in Spokane County for projection year 2020.

WAC 246-310-270(4)

Outpatient operating rooms should ordinarily not be approved in planning areas where the total number of operating rooms available for both inpatient and outpatient surgery exceeds the area need.

CICRS

The applicant provided the following information under this sub-criterion.

- *“There is clear and unequivocal need for the applicant’s proposed facility and its services at this time, each year in the U.S. over 5.4 million cases of skin cancer are treated in more than 3.3 million people, and there are more new cases of skin cancer than the combined incidence of cancers of the breast, prostate, lung and colon. One in five American will develop skin cancer in the course of a lifetime and according to the most recent statistic one person dies of melanoma every 54 minutes...”* [Source: Application page 8]
- *“Skin cancers are the most common malignancies worldwide and the incidence of melanoma is increasing faster than any other type of fatal tumor (American Cancer Society: Cancer Facts & Figures 2017). Particularly, those skin cancers located in the areas that the applicant physician (Cameron Chesnut, MD) is treating have an extremely high morbidity rate”.* [Source: Application page 8]
- *“Clinical studies have demonstrated that Mohs surgery provides five year cure rate approaching 99% for new cancers and 95% for recurrent cancers (American Society for Mohs Surgery: The Mohs Surgical Procedure)”.* [Source: Application page 8]
- *Currently, there is only one other licensed ambulatory surgery center in Spokane County that specializes in outpatient dermatological surgical services; in addition, the applicant is currently the only Mohs surgeon in the area who accepts the state-based insurance plans.* [Source: Application page 9]
- *“Dr. Chesnut’s fellowship training was focused on large, complex reconstruction which are very unique amongst his peers and in the services area and it makes the applicant’s surgical mix more acute and complex requiring more complex flap and skin graft reconstructions”.* [Source: Application page 9]
- *“Because there is a current lack of these specific types of surgical services in the primary services area, Dr. Chesnut’s practice currently consists of more than 50% referrals from other area dermatologist and surgeons to deal complex cases; as a result, this has allowed Dr. Chesnut to function as the tertiary referral center for these cases in the area”.* [Source: Application page 9]
- *“...It was reported that the leading causes of death among the Spokane County residents for 2014 were cancer and heart disease; cancer represented 22.6% of the deaths in the county (Spokane Regional Health District: Spokane County Leading Causes of Death, 2014)”.* [Source: Application page 9]
- *“As outlined in the original CON application, the demographic of the population to be served by this proposal are also enclosed as Exhibit M with this packet”.* [Source: Screening responses received May 12, 2017, page 5]

- *“Furthermore, please see Exhibit EE that shows the patients by zip code for Dermatology Specialists of Spokane”*. [Source: Screening responses received May 12, 2017, page 5]
- *“In order to forecast the projected utilization for CICRS the applicant ran current utilization reports (by CPT code) for Dr. Chesnut from their practice management system. The annual forecast in year 1 of operation is based on actual case volume data currently performed by the applicant physician. For years 2 -5 of operation, the applicant assumed a very conservative annual growth rate of 2.5%. On average, similar ambulatory surgery centers experience an annual case volume increase of 7%. Because the applicant will provide very specific, unmet need for dermatological services, a 2.5% annual growth rate is extremely conservative”*. [Source: Screening responses received May 12, 2017, page 5]
- *“Please see Exhibit DD enclosed with this packet. Dr. Chesnut joined DSS in June of 2014 and this report shows the historical data for Dr. Chesnut at DSS since he joined the group in 2014 through April 25th, 2017. This is the actual historical procedure data for Dr. Chesnut since he joined the group practice”*. [Source: Screening responses received May 12, 2017, page 5]

Public Comment

During the review of this project, the department received nine separate letters from existing providers of healthcare services in Spokane County. All nine letters voiced support for approval of this project. Below is a listing of the healthcare providers that submitted public comment.

Date of Letter	Person	Provider
04/26/17	Tyson Sohns	Department of Veterans Affairs
04/27/17	Jeffrey Clode, MD	Providence Internal Medicine
04/27/17	William Wray, MD	Private Dermatology Practice
04/25/17	David Skale, MD	Empire Eye Physicians
04/27/17	Brenda Wilks, PA	Rockwood Eye Surgeons
04/27/17	Theresa Schimmels, PA-C	Rockwood Eye Surgeons
04/27/17	Steven Dixon, MD	Private Dermatology Practice
05/04/17	Nan Smith, MD	Kaiser Permanente, Riverfront Medical Center
04/27/17	Regan Brown, PAC	Private Dermatology Practice

Each of the healthcare providers stated that they currently refer patients to Dr. Chesnut’s practice and they would continue to refer patients if this project is approved. Noted in the public comment above is both Rockwood Eye Surgeons and Providence Health & Services. Both entities are the only two CN approved surgery centers Spokane County. Below is excerpts from their public comment.

Rockwood Eye Surgeons

“The purpose of this letter is to inform the State of Washington Department of Health Certificate of Need program that I indeed regularly refer patients to Dr. Chesnut for consultations and to perform outpatient based dermatological procedures. The relationship has become mutually beneficial for my patients and has provided a high quality of care referral option. Dr. Chesnut is also the only provider of such services in town who chooses to accept and treat all patients with state-based insurance plans, which is a huge benefit to our community. In summary, I would

like to voice my support for Dr. Chesnut's proposed project as it will provide much needed outpatient dermatological services in the proposed service area."

[Source: Brenda Wilks, PA-C and Theresa Schimmels, PA-C, Rockwood Dermatology, public comment]

Providence Health & Services

"I am an internist in Spokane and regularly refer patients to Dr. Chesnut for consultation and surgery. His results are superb and my patients have been very pleased with the surgical results.

He accepts all patients regardless of payer source, including those on state-based insurance plans and is therefore a notable asset to the community. I ask your consideration and support for his venture."

[Source: Jeffrey Clode, MD, Providence Internal Medicine, public comment]

Providing letters of support for CICRS demonstrates a willingness of Providence Health & Services and Rockwood Eye Surgeons to continue to work with the surgery center if this project is approved.

Rebuttal Comment

None

Department Evaluation

CICRS provided extensive statements and supporting documentation intended to demonstrate that approval of its surgery center is necessary absent numeric need. Further, the two CN approved surgery centers in Spokane County provided comments in support of the project.

Based on the information provided by CICRS under this sub-criterion and the letters of support provided for CICRS, the department concludes the current services and facility of the type proposed are not sufficiently available and accessible to meet the current need in the planning area. The department concludes **this sub-criterion is met.**

WAC 246-310-270(6)

An ambulatory surgical facility shall have a minimum of two operating rooms.

CICRS

The applicant stated it would have two ORs provided a copy of its single line drawings to demonstrate it meets this sub-criterion. [Sources: Application, page 2, and Exhibit G]

Public Comment

None

Rebuttal Comment

None

Department's Evaluation

WAC 246-310-270(6) requires a minimum of two ORs in an ASC. CICRS currently operates two ORs and the applicant intends it will continue to maintain both ORs. A review of the facility floor layout submitted by CICRS in the application confirmed it has two operating rooms. **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.

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 project.

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.

CICRS

- *“Admission policy— Please refer to Exhibit P*
- *Community Services Policy—Please Refer to Exhibit Q*
- *Charity Care Policy—Please Refer to Exhibit Q”. [Source: Application page 13]*
- *“The service proposed by the applicant’s facility will serve a very specific need of elderly and low income patients”. [Source: Application page 12]*

- *“Furthermore, the facility intends on participating in state and federal revenue programs including but not limited to Medicare and Medicaid as well as all commercial insurance Medicare and Medicaid replacement plans. These particular health plans consists of a high percentage of elderly and low-income individuals and due to the nature of the procedure performed, the elderly are prime candidates for dermatological services offered”. [Source: Application page 12]*

- *“The propose center’s volume is comprised of approximately 50% of state and federally funded patient insurance programs”. [Source: Application page 12]*

- “Furthermore, the facility intends on providing a portion of its services to medically indigent patients; specifically the applicant estimates providing charity care to the equivalent of 5% of its annual patient volume” [Source: Application page 12]
- “Please find enclosed Exhibit FF—REVISED. This revised proforma income statement includes the projected charity care as a line item. Please also find enclosed Exhibit GG—Charity Care REVISED which details the updated charity care calculations for each of the projected years”. [Source: Screening responses received June 21, 2017, page 1]
- “Exhibit D from the CON application provides the number of projected cases and projected revenues for the Medicare and Medicaid programs and is enclosed with this packet”. [Source: Screening responses received May 12, 2017, page 1]

CICRS provided a table showing its projected revenue and utilization by payer source for year one. The table is reproduced below. [Source: Screening responses received May 12, 2017, Exhibit D]

Exhibit D
Revenue by Source & Utilization by Payer Source—Year 1

Case load Data

Insurance Type				Medicare Volume	Commercial Private Ins Volume	Medicaid Volume	HMO & Managed Care Volume	Volume Totals	
% of Total Cases	Surgical Case Type			40%	17%	7%	36%	100%	
# of cases	Dermatology	Level 1	Volume	152	63	27	137	379	
# of cases	Dermatology	Level 2	Volume	252	107	44	226	829	
# of cases	Dermatology	Level 3	Volume	103	44	18	93	258	
Totals	Year 1 Volume			507	214	89	456	1,266	
								Total Volume	1,266

Revenue Data

Insurance Type				Medicare Volume	Commercial Private Ins Volume	Medicaid Volume	HMO & Managed Care Volume	Volume Totals
% of Total Revenue	Surgical Case Type			32%	21%	5%	42%	100%

CICRS also provided a table comparing its projected percentages of charity care with all hospitals located in the eastern Washington Region and the five hospitals located in Spokane County. The comparison table is reproduced below. [Source: Screening responses received May 12, 2017, page 4]

Reproduced CICRS Projected Charity Care

	<i>% of Total Revenue</i>	<i>% of Adjusted Revenue</i>
Hospitals in Spokane County	2.69%	6.47%
Eastern Washington Region Hospitals Combined	1.86%	5.08%
CICRS	3.25%	5.17%

Public Comment

None

Rebuttal Comment

None

Department Evaluation

The admission policy provided by CICRS outlines the process and criteria the applicant will use to admit patients for treatment and ensures that patients receive appropriate care at the ASC. CICRS stated it will obtain state licensure and Medicare and Medicaid certification upon project completion. A review of the information provided in the application shows that CICRS expects reimbursements from both Medicare and Medicaid. [Sources: Application page 4 and Screening responses received June 21, 2017, Exhibit FF-REVISED]

If this project is approved, the department would attach a condition requiring CICRS to obtain Medicare and Medicaid certification and continue to maintain Medicare and Medicaid certification throughout the life of the facility as stated in the application. Similarly, the department would attach a condition requiring CICRS to obtain and maintain state licensure throughout the life of the facility.

The department acknowledges that CICRS demonstrated its intent to provide charity care to patients receiving treatments at the ASC by submitting its Charity Care/Community Service Policy intended to be used at the facility. The policy outlines 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, Exhibit Q]

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, Washington State is divided into five regions: King County, Puget Sound, Southwest, Central, and Eastern. CICRS would be located in Spokane County secondary health services planning area within the Eastern Washington Region. Currently, there are 20 hospitals operating in the region. Of those, six are acute care hospitals located in Spokane County and four of the six could be affected by approval of this project.⁷ For this project, the department reviewed the most recent three years charity care data for the 20 hospitals currently operating within the Eastern Washington Region, and focused on the four acute care hospitals that would be affected by a new surgery center in Spokane County. For this evaluation, the charity data reviewed is for historical years 2013, 2014, and 2015. Shown in Table 4 below is a comparison of the three-year average charity care for the Eastern Washington Region as a whole, the combine four hospitals

⁷ St. Luke's Rehabilitation Institute is an acute care hospital dedicated to rehabilitation services only. Shriners' Hospital for Children is also an acute care hospital. It provides care to children for orthopedic and neuromusculoskeletal conditions. Shriners' Hospital for Children also provides a substantial amount of free services to children. Neither of these two hospitals would be affected by approval of this project.

charity care averages, and CICRS projected charity care for this project. [Sources: HPDS Charity Care 2013-2015, CICRS Supplemental information received June 21, 2017, Exhibit FF]

Table 4
Charity Care Comparison Table

	% of Total Revenue	% of Adjusted Revenue
Eastern Washington County Region	1.88%	5.14%
Four Hospitals Combined⁸	1.84%	5.09%
CICRS	4.22%	6.02%

As shown in the table above, the proposed charity care levels represented in CICRS application exceeded the regional and the four hospital three-year average. In its pro forma financial statement, CICRS included a ‘charity care’ line item as deduction from revenues. [Sources: Screening responses received June 21, 2017, Exhibit FF] If this project is approved, the department will attach a condition requiring CICRS to provide a copy of its final charity care policy consistent with the policy documentation provided in the application.

Based on the source documentation reviewed and CICRS agreement to the conditions identified in the “conclusion” section of this evaluation, the department concludes that all residents of the service area, 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.**

- (3) The applicant has substantiated any of the following special needs and circumstances the proposed project is to serve.
- (a) The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their services or resources, or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas.

Department Evaluation

This sub-criterion is not applicable to the application.

- (b) The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.

Department Evaluation

This sub-criterion is not applicable to the application.

- (c) The special needs and circumstances of osteopathic hospitals and non-allopathic services.

Department Evaluation

This sub-criterion is not applicable to the application.

- (4) The project will not have an adverse effect on health professional schools and training programs. The assessment of the conformance of a project with this criterion shall include consideration of:

⁸ Community Health Systems, the owner of Valley Hospital, did not report its year 2015 charity care data to the Department of Health as required. As a result, the table does not include Valley Hospital’s data for year 2015.

(a) The effect of the means proposed for the delivery of health services on the clinical needs of health professional training programs in the area in which the services are to be provided.

Department Evaluation

This sub-criterion is not applicable to the application.

(b) If proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools serving the area will have access to the services for training purposes.

Department Evaluation

This sub-criterion is not applicable to the application.

(5) The project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization or proposed health maintenance organization and the services proposed are not available from nonhealth maintenance organization providers or other health maintenance organizations in a reasonable and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.

Department Evaluation

This sub-criterion is not applicable to the application.

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 determines that Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC 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 operating 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.

CICRS

The assumptions used by CICRS to determine utilization and the projected number of surgeries for the first three full years of operation are below. [Source: Application, Page 10-11]

- *In order to forecast the annual patient {case} volume, the applicant ran current utilization reports {by CPT Code} from their practice management system. The annual forecast in year 1 of operations is based on actual case volume data currently performed by the applicant physician.*
- *For years 2 – 5 of operations, the applicant assumes a very conservative annual growth rate of 2.5%.*
- *Because there is a current lack of these specific types of surgical services in the primary service area, Dr. Chesnut's practice currently consists of more than 50% referrals from other*

area dermatologists and surgeons to deal with these complex cases; as a result, this has allowed Dr. Chesnut to function as the tertiary referral center for these cases in the area. The complexity of these particular cases refers to tumor size, aggressiveness of the tumor histology and location on high risk areas such as the eyelids, nose, lips and ears. As a result, rather than duplicate the existing services, the proposed facility will perfectly complement them.

In addition to the statements above, CICRS provided the following payer source breakdown in the application. [Source: Application, Exhibit D]

<i>Payer Source</i>	<i>Percentage of Cases</i>	<i>Percentage of Revenue</i>
<i>Medicare</i>	40%	32%
<i>Medicaid</i>	7%	5%
<i>HMO/Managed Care</i>	36%	42%
<i>Commercial/Private</i>	17%	21%
Total	100%	100%

Using the assumptions above, CICRS provided projected number of cases broken down by payer source for years 2017 through 2021.

CICRS Projected Revenue and Expenses Years 2017 through 2021

	2017	2018	2019	2020	2021
Medicare	507	519	531	546	559
Medicaid	89	91	93	95	98
Commercial/Private	214	221	226	232	237
HMO & Managed Care	456	467	480	490	503
Total Cases	1,266	1,298	1,330	1,363	1,397

In addition to the assumptions identified above, CICRS provided the following assumptions to determine its revenue and expenses of the surgery center for the first three full years of operation. [Source: Application, page 9-11]

- Approximately 5% of the projected patients would qualify for charity care.
- Bad debt is estimated at 0.7% of gross revenues.
- The initial number of FTEs (6) is not expected to grow with volumes in future years; rather the FTEs would increase hours from part-time to full time.

Based on the utilization projections above, CICRS provided its revenue and expense statement shown below. [Source: June 21, 2017, screening response, Exhibit FF-Revised]

	2017	2018	2019	2020	2021
<i>Total Revenue</i>	<i>\$1,231,141</i>	<i>\$1,294,106</i>	<i>\$1,359,260</i>	<i>\$1,428,424</i>	<i>\$1,500,378</i>
<i>Total Expenses</i>	<i>\$916,080</i>	<i>\$950,999</i>	<i>\$987,551</i>	<i>\$1,025,987</i>	<i>\$1,066,316</i>
<i>Net Income/(Loss)</i>	<i>\$315,061</i>	<i>\$343,107</i>	<i>\$371,079</i>	<i>\$402,436</i>	<i>\$434,061</i>

In addition to the revenue and expense statement above, CICRS provided its projected balance sheet for the surgery center. Shown below is the year 2017 balance sheet projected for three months of operation and the third year of operation for the surgery center (2019). [Source: May 12, 2017, screening response, Exhibit HH-Revised]

CICRS Balance Sheet Year 2017

Assets		Liabilities	
Current Assets	\$307,827	Current Liabilities	\$207,312
Property, Plant & Equipment	\$722,433	Long Term Debt	\$657,339
Other Assets	\$225,850	Members Equity	\$391,459
Total Assets	\$1,256,110	Total Liabilities & Member Equity	\$1,256,110

CICRS Balance Sheet Year 2019

Assets		Liabilities	
Current Assets	\$1,016,108	Current Liabilities	\$57,313
Property, Plant & Equipment	\$610,923	Long Term Debt	\$395,791
Accumulated Depreciation	\$112,925	Members Equity	\$1,286,852
Total Assets	\$1,739,956	Total Liabilities & Member Equity	\$1,739,956

Public Comments

None

Rebuttal Comments

None

Department Evaluation

To evaluate this sub-criterion, the department first reviewed the assumption used by CICRS to determine the projected number of procedures of the proposed surgery center. Basing its projections on historical utilization is reasonable. CICRS based its revenue and expense assumptions on historical use of the practice and surgery center. This approach is also reasonable.

CICRS anticipates this project would become operational by the end of October 2017. Under this timeline, year 2018 is the facility first full calendar year of operation and year 2020 is year three. [Source: Application, page 6, and May 12, 2017, supplemental information, page 3]

CICRS provided its revenue and expense statement above and clarified that the “Total Revenue” line item includes gross revenue, minus charity care and bad debt. The “Total Expenses” line item includes salaries and wages & benefits and all costs associated with operation of a surgery center. The expense line item also includes the repayment necessary for the bank loan associated with funding 90% of the project.⁹

CICRS is currently located at 510 S. Cowley Street in the city of Spokane and currently leases office space from “510 S. Cowley Street, LLC.” CICRS provided an executed lease agreement between 510 S. Cowley Street, LLC (Landlord) and Cameron D. Chesnut and Aubree R. Chesnut (Tenant). [Source: Application page 7 and Exhibit L] The executed lease expires in 2037. The lease outlines the roles and responsibilities of both lessor and lessee and includes all costs associated with the lease.

Cameron Chesnut, MD the owner of the ASC, is identified as the facility’s medical director. This position does not require a contract or additional payment for services. [Source: Application Page 17]

⁹ Further information on the funding is provided in this evaluation under sub-section (3) of this criterion.

As shown above, CICRS projects the surgery center's revenues will cover expenses in all years of operation shown.

Based on the information above, the department concludes 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.

CICRS

- *"The applicant will be purchasing the medical equipment necessary to provide the outpatient surgical services for the proposed project. A detailed list of the proposed equipment is attached as Exhibit F."* [Source: Application page 6]
- *"The equipment costs are expected to total \$301,188. Please refer to Exhibit F for a detailed list of equipment"* [Source: Application page 14]
- *Please refer to Exhibit F for a breakdown of equipment, freight and installation charges".* [Source: Application page 14]
- *"Financing terms are outlined in Exhibit E, there are no loan fees for the anticipated financing. Page 2 of the Exhibit B provides the breakdown of Development Costs which includes an estimated \$6,000 of pre-opening (interim) interest expense".* [Source: Application page 15]
- *"Please refer to Exhibit B for breakdown of estimated capital expenditure. The total estimated capital expenditure for the project is \$1,171,000 and was calculated as follows:*
 - **Capital Equipment: \$301,188** – A detailed equipment itemization and budget was developed for all equipment necessary to complete and operate the proposed facility. An itemized equipment breakdown and budget is included as Exhibit F.
 - **Development & CON Fees: \$110,500** - This includes consulting fees of \$84,000 which are under contract with an ASC development firm. CON application fee is estimated at approximately \$20,500. Total pre-opening and interim interest expenses estimated at \$6,000; this includes the pre-opening construction interest for 6 months as well as 3 months of pre-opening interest for working capital.
 - **Tenant Improvement & AIA Fees: \$477,000** – This includes construction (tenant improvement costs) of \$440,000 as outlined in Exhibit S which is the construction proposal from the General Contractor scheduled to build out the proposed facility.

This also includes the architectural and engineering fees for the project which total \$37,000.

- **Working Capital: \$282,312** – This is comprised of pre-opening expenses totaling \$66,292 and 3 months of operating expenses totaling \$216,020. These assumptions are detailed in Exhibit B – Projected Proforma”. [Source: Application page 15]
- DOH reproduction of CICRS capital costs breakdown provided in screening responses.

Reproduced Breakdown of CICRS Capital Cost

A.	Land Purchase	\$0.00
D.	Equipment	\$310,188.00
E.	Development & CON Fees	\$110,500.00
F.	Tenant Improvement & AIA Fees	\$477,00.00
G.	Working Capital	\$282,312.00
	Total Capital Costs	\$1,171,000.00

[Source: Screening responses received May 12, 2017, page 6]

Public Comment

None

Rebuttal Comment

None

Department Evaluation

Consistent with Certificate of Need Program practices, CICRS submitted a letter of intent identifying the total costs for the project to be \$1,171,000. The capital costs identified in the application is consistent with the costs in the letter of intent. [Source: Application, page 6 and Exhibit C]

This project involves tenant improvements and the purchase of medical equipment necessary to provide outpatient surgical services. CICRS stated it would finance 90% of the cost needed for the project with a commercial loan from Umpqua Bank. A copy of the bank loan term was provided as Exhibit E in the application. The impact of the cost is included in the operating revenue and expenses statement for the ASC. Any increase in the operating costs will be associated with increase in the number of procedures to be performed. Based on the information, the department concludes this project may not have an unreasonable impact on the costs and charges for healthcare services in Spokane County secondary health services planning area. **This sub criterion is not 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.

CICRS

- “Approximately 90% of the capital needs for the project (\$1,060,500) will be funded through a privately secured loan with Umpqua Bank. A copy of the term sheet from Umpqua Bank is

provided as Exhibit E—Bank Financing; the term sheet details and the sources and amounts of funding as well as the loan terms associated with the funding.

- *The additional 10% of the capital needs for the project (\$110,500) will be funded through an equity contribution by the owner, Cameron Chesnut, MD.*
- *A detailed breakdown of sources and uses of funds is outlined on Page 1 in Exhibit B—Project Proforma”. [Source: Application, page 6 and Screening responses received May 12, 2017, page 6]*

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As previously stated, this project involves tenant improvements and the purchase of medical equipment necessary to provide the outpatient surgical services identified in the application. CICRS intends to finance approximately 90% of the cost—or \$1,060,500—with a commercial loan from Umpqua Bank.

The remaining costs of \$110,500, would be funded by a capital contribution by the physician owner, Cameron Chesnut, MD. Dr. Chesnut provided a letter of financial commitment for the capital contribution.

To demonstrate compliance with this sub-criterion, CICRS provided a copy of the bank loan term for the 90% funding and included those costs in the pro forma revenue and expense statement. The letter of financial commitment for the remaining 10% funding is also a demonstration of compliance with this sub-criterion.

Based on the source information above, the department concludes the cost of the capital costs for the project can be appropriately financed **this sub criterion is met.**

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

Based on the source information reviewed and provided the applicant agrees to the conditions identified in the conclusion section of this evaluation, the department determines Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC has met the structure and process 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 full time equivalents (FTEs) that should be employed for projects of this type or size. Therefore, using its experience and expertise the department determined whether the proposed staffing would allow for the required coverage.

CICRS

- “Please refer to Exhibit V—Employee Data. All FTE’s position will be new positions as this is a new facility”. [Source: Application page 17]
- “The applicant has already begun an employee recruitment program well prior to actual commencement of operations; a focus has been placed on identifying key roles such as the Director Nursing and lead surgical technician”. [Source: Application page 17]
- “Because the proposed facility is a smaller operation with only 2 operating rooms and 4 pre/post op beds, there is not a large number of healthcare personnel needed”. [Source: Application page 17-18]
- “In addition, through the applicant’s due diligence thus far, it has been determined that an adequate number of licensed healthcare personnel are available for employment in the service area so the staff availability will not be a problem”. [Source: Application page 18]

Exhibit V – EMPLOYEE DATA (Reproduced)

Staffing	PAY (Hourly Rate)	FTE’s	SALARY + BENEFITS
Director of Nursing	\$40	1.00	96,000
O.R. Tech/Instrument Tech	\$18	1.00	43,200
Recovery Room RN	\$28	1.00	67,200
Recovery Room Nurse Assistant	\$15	1.00	36,000
Insurance Biller & Accounts Receivable	\$18	1.00	43,200
Admitting/Scheduler	\$12	1.00	28,800
Total FTE’s		6.00	\$314,400

Allowance for PTE’s/Benefits Pkg Enhancement	\$9,432
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PAYROLL TOTAL – Includes 20% Benefits Package:	\$323,832
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[Source: Application Exhibit V]

- “The proposed center anticipated 5 surgical cases per day with the proposed staffing model, the center will maintain a ration of at least 1 healthcare personnel to every 2 patients in the facility, which exceeds the industry average for these types of outpatient facilities. The center will at all times maintain healthcare personnel to patient ratios that are above the industry standard, to ensure the highest level of patient care at all times”. [Source: Application page 18]

Public Comment

None

Rebuttal Comment

None

Department Evaluation

As shown in the reproduced table above, it appears that CICRS would have the FTE's needed for the project. Dr. Cameron Chesnut the ASC owner was identified as the medical director for the facility. This position does not require a contract. Based on the above information, the department concludes that CICRS has the ability to recruit and retain a 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) criteria as identified in WAC 246-310-200(2)(a)(i). There are no 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 history in meeting these standards at other facilities owned or operated by the applicant.

CICRS

- *“The applicant has an extremely positive professional relationship with Providence Sacred Heart Medical Center which is a full service general acute hospital located only 0.5 miles from the proposed facility.*
- *In addition the owner (Cameron Chesnut, MD) maintains active medical staff privileges at Providence Sacred Heart Medical Center.*
- *The proposed center will provide complimentary services to the hospital and through a formal agreement, the hospital will provide much needed ancillary services to the center's patient.*
- *A copy of the pending transfer, lab and radiology services agreement with Providence Sacred Heart Medical Center is attached as Exhibit X”. [Source: Application Pages 19-20]*

Public Comments

None

Rebuttal Comments

None

Department Evaluation

CICRS is not currently operating in Spokane County. However, CICRS asserts it has a positive working relationship with the largest hospital in the county—Providence Sacred Heart Medical Center. CICRS provided a copy of its draft patient transfer agreement between itself and Providence Sacred Heart Medical Center. [Source: Application, Page 20 and Exhibit X] CICRS also provided a copy of its draft laboratory and radiology services agreement with Providence Sacred Heart Medical Center. As previously stated, Providence Health & Services qualified for an interested person for this project, but did not provide public comment.

If this project is approved, the department would attach a condition requiring the CICRS to provide the final executed agreements for its patient transfer and laboratory and radiology services. The executed agreement must be consistent with the draft agreement provided in the application. Based

on the information reviewed and agreement to the conditions identified above, the department concludes **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 no 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.

CICRS

- *“Not Applicable, the applicant entity has no history with respect to the actions noted in Certificate of Need rules and regulations WAC 246-310-230(5)(a)”. [Source: Application, Page 20]*
- *“...In addition to the state licensure requirements set forth by the Washington State Department of Health, the proposed facility will meet the Medicare program's stringent certification criteria in order to be eligible for Medicare reimbursement, and the procedures issued by CMS”. [Source: Application Page 20]*
- *“In addition to criteria set forth by CMS, the proposed facility will also be accredited through the Accreditation Association for Ambulatory Health Care (AAAHC); AAAHC has established very strict and stringent requirements for the provision of quality care”. [Source: Application Page 20]*

Public Comments

None

Rebuttal Comments

None

Department Evaluation

CICRS was incorporated in the Washington in September 2016. As a part of this review, the department must conclude that the services provided by the ASC is provided in a manner that ensures safe and adequate care to the public.¹⁰ To accomplish this task, the department reviews an applicant's quality of care compliance history for all the healthcare facilities owned, operated, or managed by the applicant. For this review, CICRS is not operating its proposed surgery center and, therefore does not have an ambulatory surgery center compliance history with Washington State. [Source: Certificate of Need historical files]

CICRS stated that upon approval, the ASC would be accredited through the Accreditation Association for Ambulatory Health Care (AAAHC¹¹). In addition CICRS stated, *“The proposed*

¹⁰ WAC 246-310-230(5)

¹¹ The Accreditation Association for Ambulatory Health Care is a private, non-profit organization that accredits more than 6,000 organizations, including ambulatory surgery centers, community health centers, medical and dental group practices, medical home practices, and managed care organizations. The AAAHC develops standards to advance and promote patient safety, quality care, and value for ambulatory health care through a peer-based accreditation process, education, and research.

facility will at all times maintain an extensive, ongoing *Quality Assessment and Performance Improvement (QAPI) Program that will serve as the basis for its ongoing operations*". [Source: Application page 20] A copy of the QAPI program was provided within the application.

The department conducted quality of care check for the owning physician and proposed medical director—Cameron Chesnut—through the Medical Quality Assurance Commission. The department's review demonstrates that Dr. Chesnut's credential is in good standing.

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Based on the information reviewed, the department concludes that there is reasonable assurance that CICRS would be operated and managed in conformance with applicable state and federal licensing and certification requirements if this project is approved. **This sub criterion is met.**

- (4) The proposed project will promote continuity in the provision of health care, not result in an unwarranted fragmentation of services, and have an appropriate relationship to the service area's existing health care system.

WAC 246-310 does not contain specific WAC 246-310-230(4) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that 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.

CICRS

- *"A detailed listing of the services and relationship is listed below, combined these will provide the necessary ancillary and support services needed to meet the demands of the proposed project:*
 - **Hospital Transfer**—*Formal agreement will be placed with Providence Sacred Heart Medical Center.*
 - **Lab Services**—*Formal agreement will be placed with Providence Sacred Heart Medical Center.*
 - **Radiology Services**—*Formal agreement will be placed with Providence Sacred Heart Medical Center.*
 - **Hazardous Waste Disposal**—*Formal agreement will be placed with Stericycle, Inc., a nationally licensed biomedical engineering company.*
 - **Linen Services**—*Formal agreement will be placed with Image First, a nationally licensed healthcare linen company*". [Source: Application Page 19]

With a single focus on the ambulatory care community, AAAHC offers organizations a cost-effective, flexible, and collaborative approach to accreditation. AAAHC accreditation for ASCs holds Medicare deemed status from the Centers for Medicare and Medicaid Services (CMS). [Source: AAAHC website]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Based on the information above and the draft documents submitted by CICRS, the department concludes the ASC would establish working relationships with existing healthcare providers in the planning area.

If this project is approved, the department would attach a condition requiring CICRS to provide the final executed agreements consistent with the information provided in the application. Based on the information reviewed and the applicant's agreement to the condition identified above, the department concludes approval of this project would promote continuity in provision of healthcare for the planning area, and may not result in an unwarranted fragmentation of services. **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 addressed in sub-section (3) above and **is met.**

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

Based on the source information reviewed and provided the applicant agrees to the conditions identified in the conclusion section of this evaluation, the department concludes that Chesnut Institute of Cosmetic & Reconstructive Surgery, PLLC project 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 has met the applicable criteria in WAC 246-310-210 through 230 criteria, the department then assesses the other options considered by the applicant. If the department determines the proposed project is better or equal to other options considered by the applicant and the department has not identified any other better options this criterion is determined to be met unless there are multiple applications.

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria contained throughout WAC 246-310 related to the specific project type in Step three. The superiority criteria are objective measures used to compare competing projects and make the determination between two or more approvable projects, which is the best alternative. If WAC 246-310 does not contain any service or facility type superiority criteria as directed by WAC 246-310-200(2) (a)(i), then the department would use 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.

Department Evaluation

Step One

The department determined CICRS met the applicable review criteria under WAC 246-310-210, which includes portions of WAC 246-310-270, 220, and 230. Therefore, the department moves to step two.

Step Two

For this project, CICRS is the only applicant and it has met the review criteria in the applicable sections of WAC 246-210, WAC 246-310-220, and WAC 246-310-230. Therefore, the department reviews the proposed alternatives by the applicant.

CICRS

- *“Prior to pursuing the proposed project, the applicant carefully evaluated all aspects of the proposed services as well as potential alternatives to the proposed project. There is currently only one other existing licensed outpatient surgery center in the service area specializing in dermatology surgical services, and since the applicant maintains his own private dermatology practice it was not feasible to joint venture with the existing facility; the only alternative available was to refrain from moving forward with the proposed project which would be a terrible disservice to the community of Spokane County”.* [Source: Application Page 21]
- *“Based on the applicant’s elderly and low income patient base that is constantly expanding at the applicant’s Spokane clinic, this alternative was not a realistic option. This base of patients with state and federally funded insurance is clearly evidenced throughout the applicant’s CON application; without this project coming to fruition it would promote the access barriers for the local population that are unfortunately already in place”.* [Source: Application Page 21]
- *“By allowing a severely limited number of outpatient dermatology surgical providers in the area, it enables any existing facilities to demand whatever fees they see fit. Alternatively, by allowing a choice in healthcare services to the patient population, it helps drive the objective of cost effectiveness and less costly healthcare to patients and insurance providers. If this proposed facility was not pursued, it would only lead to higher costs in the community due to a higher price structure facilitated by the procedures done in limited (and inpatient) settings. As noted in this application, the applicant’s patient base consist of nearly 50% of patients with state and federally funded insurance; furthermore, the applicant intends offering a fee structure to the community that is 10-15% less than the average charges”.* [Source: Application Page 21]
- *“As is clearly demonstrated by the projected profit and loss detail in Exhibit B, the projected caseload volume in conjunction with the average reimbursement rates is more than sufficient to maintain cost effectiveness at the proposed project. By having a sufficient base volume, administration and management will be able to continuously focus effort on cost containment and reduction. This will include, but not limited to, maintaining enrollment in a Group Purchasing Organization (GPO). By partnering with a national GPO, the facility will ensure*

that it constantly receives the lowest and most competitive pricing from all of its major equipment vendors and medical/surgical suppliers”. [Source: Application Page 22]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The department did not identify any other alternatives that would be equal to or superior to those considered by CICRS. Within the application, CICRS stated its patient base will be nearly 50% of patients with state and federally funded insurance and its fee structure would be 10-15% less than the average charges in the planning area. As a result, the reasoning for moving forward with the application and rejecting the status quo is reasonable. Based on the source information evaluated the department concludes that **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;

CICRS

- *“As referenced in Exhibit H, the proposed facility has a gross sq. footage of 2,484; the estimated construction (tenant improvement) cost for the proposed facility is approximately \$177/sf for a total capital construction expense of \$440,000. The architectural and engineering firm retained by the applicant was commissioned to design an ambulatory surgery center that complied with all regulatory guidelines set forth by the Washington State Department of Health as well as the Centers For Medicare and Medicaid Services; these guidelines include, but are not limited to those applicable codes set forth in the Facility Guidelines Institute (FGI) as well as the National Fire Protection Association (NFPA). The applicant is working closely with the Construction Review Services branch of the Department of Health to ensure compliance on all levels of designs and construction for these types of facilities”. [Source: Application Page 22]*

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The information reviewed by the department is consistent with similar dialysis projects. The department concludes **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.

CICRS

- *“If this propose facility was not pursued, it would only lead to higher costs in the community due to a higher price structure facilitated by the procedures done in limited (and inpatient)*

settings. As noted in this application, the applicant's patient base consist of nearly 50% of patients with state and federally funded insurance; furthermore, the applicant intends offering a fee structure to the community that is 10-15% less than the average charges".
[Source: Application Page 21]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The information reviewed by the department is consistent with similar projects. Because there is a demonstrated need for additional outpatient's operating rooms in Spokane County secondary health services 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.*

CICRS

- *"The applicant sought conventional bank financing for the proposed project, the applicant desired private lending that offered term loan financing with the following key terms: 1) 90% lender financing and 10% owner equity contribution; 2) a 20 year amortization period for construction expenses; 3) a 7 year amortization period for equipment capital; 4) a 3 year amortization period for working capital funds".* [Source: Application Page 16]
- *"The applicant sourced out 3 different private lenders and went through the financing due diligence process with all 3 private banks, Umpqua Bank was the first bank to provide a term sheet to the applicant for consideration. The applicant presented the key terms of the financing offered by Umpqua Bank to the 2 potential lenders and both lenders stated that they could not match the 90% financing nor could they offer as competitive interest rates on the loans. Furthermore, Umpqua Bank agreed to waive any loan fees associated with the applicant's financing so Umpqua Bank was selected as the source of financing for the project".* [Source: Application Page 16]

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 application stated Dr. Cameron Chesnut will contribute 10% of the estimated capital expenditure for the project through equity and for the remaining 90% of capital expenditure, the applicant intend to use a commercial loan from Umpqua Bank. CICRS provided a

copy of the loan documentation showing the terms. Based on the information, the department concludes **this sub criterion is met.**

APPENDIX A

	Service Area Population: 2020	513,910	OFM	Age:0-85+																
	Surgeries @ 168,432/1,000:	86,559																		
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	10,685	Outpatient surgeries												
a.iv.	79	mixed-use OR's x 94,250 minutes =			7,445,750	minutes mixed-use OR capacity	89,083	Mixed-use surgeries												
b.i.		projected inpatient surgeries =	54,613	=	4,564,683	minutes inpatient surgeries														
		projected outpatient surgeries =	31,946	=	1,646,733	minutes outpatient surgeries														
b.ii.		Forecast # of outpatient surgeries - capacity of dedicated outpatient OR's																		
			31,946	-	10,685	=	21,261	outpatient surgeries												
b.iii.		average time of inpatient surgeries		=		83.58	minutes													
		average time of outpatient surgeries		=		51.55	minutes													
b.iv.		inpatient surgeries*average time		=	4,564,683	minutes														
		remaining outpatient surgeries(b.ii.)*ave time		=	1,095,933	minutes														
					5,660,616	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																		
			7,445,750																	
			- 5,660,616																	
			1,785,134	/	94,250	=	18.94													
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.																		
			4,564,683																	
			- 7,445,750																	
			(2,881,067)	/	94,250	=	-30.57													
		divide outpatient part of b.iv. By 68,850 to determine shortage of dedicated outpatient OR's																		
			1,095,933	/	68,850	=	15.92													



APPENDIX A
ASC Need Methodology
Spokane County

Facility	Credential Number	ZIP Code	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use	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
MHS Deaconess Hospital	HAC.FS.60054542	99204	5	0	0	16	116.0	8,718	1,007,434				Year 2014 data obtained from Year 2015 survey.
Providence Holy Family Hospital	HAC.FS.00000050	98004	0	0	0	14	42.3	16,810	711,242				Year 2015 Data obtained from Year 2016 survey.
Providence Sacred Heart	HAC.FS.00000162	99204	0	0	0	41	107.0	28,988	3,101,111				Year 2015 Data obtained from Year 2016 survey.
Shriners Hospital For Children	HAC.FS.00000042	99204	0	0	0	2	84.6	900	76,178				Year 2015 Data obtained from Year 2016 survey.
MHS Valley Hospital	HAC.FS.60054580	99216	0	0	2	6	86.3	5,320	459,256				Year 2014 data obtained from Year 2015 survey.
Advance Dermatology & Skin Surgery	ASF.FS.60102980	99212	0	0	6	0	0.0	0	0	50.0	1,313	65,650	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
Aesthetic Plastic Surgical Center	ASF.FS.60099788	99206	0	0	1	0	0.0	0	0	50.0	82	4,100	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
Carol Hathaway, MD, PS	ASF.FS.60100034	99216	0	0	1	0	0.0	0	0	50.0	90	4,500	ILRS Data. Minutes/surgery calculated.
Columbia Surgery Center	ASF.FS.60099962	99201	0	0	4	0	0.0	0	0	50.0	4,717	235,850	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
Empire Eye Surgery Center	ASF.FS.60100027	99216	0	0	1	0	0.0	0	0	50.0	1,460	73,000	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
Inland Northwest Surgery Center	ASF.FS.60329939	99206	0	0	1	0	0.0	0	0	50.0	298	14,900	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
NEOS Surgery Center	ASF.FS.60417825	99202	0	0	1	0	0.0	0	0	53.2	517	27,484	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
Northwest Orthopedic Specialist	ASF.FS.60100039	99204	0	0	5	0	0.0	0	0	50.0	5,394	269,700	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
Pacific Cataract & Laser	ASF.FS.60101115	99202	0	0	2	0	0.0	0	0	50.0	2,796	139,800	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
Plastic Surgery Northwest Surgery Center	ASF.FS.60100936	99202	0	0	2	0	0.0	0	0	145.4	816	118,632	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
Providence Surgery & Procedure Center	ASF.FS.60475161	99216	1	0	3	0	0.0	0	0	50.9	347	17,648	Year 2015 data obtained from Year 2016 survey. Minutes/surgery calculated.
Rockwood Eye Surgery Center	ASF.FS.60294169	99202	0	0	3	0				16.4	1,868	30,620	Year 2015 data obtained from Year 2016 survey.
Spokane Digestive Disease Center	ASF.FS.60011130	99204	0	0	0	0				ENDOSCOPY ORS & MINUTES NOT COUNTED-CN APPROVED			
The Spokane Eye Surgery Center	ASF.FS.60101697	99204	0	0	5	0				50.0	9,600	480,000	ILRS Data. Minutes/surgery calculated.
Spokane Plastic Surgeons Surgcenter	ASF.FS.60099788	99218	0	0	1	0	0.0	0	0	105.3	54	5,684	Year 2015 data obtained from Year 2016 survey.
Spokane Valley Ambulatory Surgery Center	ASF.FS.60129513	99216	0	0	1	0	0.0	0	0	49.1	902	44,299	Year 2015 data obtained from Year 2016 survey.
South Perry Endoscopy	ASF.FS.60700933	99202	0	0	0	0				ENDOSCOPY ORS & MINUTES NOT COUNTED			
SRM Spokane	ASF.FS.60443322	99216	0	0	2	0	0.0	0	0	567.0	54	30,620	Year 2015 data obtained from Year 2016 survey.
Womens Health Connection	ASF.FS.60102759	99218	0	0	1	0	0.0	0	0	50.0	120	6,000	ILRS Data. Minutes/surgery calculated.
Totals			1	0	42	79	320.3	52,018	4,347,787	1,487	30,428	1,568,487	
ORs counted in numeric methodology							Avg min/case inpatient		83.58	Avg min/case outpatient		51.55	
ILRS: Integrated Licensing & Regulatory System													
Population data source: Office of Financial Management													
Total Surgeries			82,446										
Area population 2015 [0-85+]			489,491										
Use Rate			168,432										
Planning Area projected population Year: 2020			513,910										
% Outpatient of total surgeries			36.91%										
% Inpatient of total surgeries			63.09%										