

January 15, 2014

To: John Hilger
From: Austin Ross, Northwest Kidney Centers
Re: Submitted comments regarding the December 19, 2013 Rules Workshop #3

Section 1: Threshold number

We recommend a utilization threshold of 5.5 patients per station for two consecutive quarters to qualify existing providers for the automatic capacity expansion process (the plus-two proposal).

Section 2: Large facility and automatic capacity expansion

We do not support an alternate automatic capacity expansion of 20 percent for facilities with 40 or more certified stations, as this would be the equivalent of 8 additional stations, the nominal treatment capacity for another 48 patients; this goes unreasonably beyond the original idea of providing an emergency relief valve.

Section 3: No formal construction / minimal improvements

It is not reasonable to expect a qualifying facility (for the automatic capacity expansion) to do so without some minimal construction expense; for example, new safety or infection control mitigations that might not have been previously foreseen, such as improving patient visibility or adding hand-washing sinks; we recommend an allocation of costs not to exceed \$10,000 per station requested.

Section 4: Second prong relief (facility above threshold AND planning area demonstrating need)

For the second prong relief valve approach, we believe the 5.5 patients per station threshold is still a reasonable benchmark. A facility within the planning area should have 4 years from the date of the CON award to hit 4.8 patients per station before adding additional capacity under this rule.

Section 5: Superiority analysis suggested revisions

WAC 246-310-240 requires the Program to analyze each applicant's project and whether such project furthers cost containment. It is our position that there should be a more robust evaluation of applications under this criteria. WAC 246-310-240(1) requires an evaluation of "superior alternatives, in terms of cost, efficiency or effectiveness." We do not believe the Program's current Three Step Approach in evaluating this criterion, which incorporates the tiebreakers in WAC 246-310-288, places appropriate emphasis on cost containment. It is our

position that in evaluating applications under WAC 246-310-240(1), the Program should focus on an evaluation of the following:

- The capital costs of a Project [consider whether this evaluation should take into account owning versus leasing a facility]
- The operating costs of a Project (as reflected in the pro forma)
- The costs to payers (including patients) as defined as gross charges per treatment.
- The access costs in terms of the projected time needed to make the services available to patients

If there are competing applications, the Program should first evaluate the competing applications using cost containment criteria to determine whether one is superior to the other before applying tiebreaker criteria. We think that the points outlined above are consistent with the CN statute, which specifies that the review criteria are to include consideration of "the availability of less costly or more effective alternative methods of providing such services."

Thank you,



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