



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH  
*PO Box 47852 • Olympia, Washington 98504-7852*

July 14, 2016

CERTIFIED MAIL # 7009 0960 0000 5564 6492

Richard Petrich, Vice President  
Planning and Business Development  
CHI-Franciscan Health  
1145 Broadway, #1000  
Tacoma, Washington 98402

RE: Certificate of Need Application #16-11A

Dear Mr. Petrich:

Enclosed is Certificate of Need #1581 issued to CHI-Franciscan Health approving the establishment of an ambulatory surgery center in 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. The appeal options are listed below.

Appeal Option 1:

Any person with standing may request a public hearing to reconsider this decision. The request must state the specific reasons for reconsideration in accordance with Washington Administrative Code 246-310-560. A reconsideration request must be received within 28 calendar days from the date of the decision 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

Appeal Option 2:

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 Service Unit  
111 Israel Road SE  
Tumwater, WA 98501

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,



Bart Eggen, Acting Director  
Office of Community Health Systems

Enclosure



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 #1581 is issued to:

**Legal Name of Applicant:** CHI-Franciscan Health  
**Address of Applicant:** 1145 Broadway, #1000, Tacoma, Washington 98402  
**Type of Service:** Ambulatory Surgery Center  
**Facility Name:** Franciscan Endoscopy Center  
**Facility Address:** 34503 – 9<sup>th</sup> Avenue, #300, Federal Way, Washington 98003

**ISSUANCE OF THIS CERTIFICATE OF NEED IS BASED ON THE DEPARTMENT'S RECORD AND EVALUATION DATED JULY 1, 2016 (CN App #16-11A)**

#### **Project Description**

This certificate approves the establishment of a two-operating room endoscopy ambulatory surgery center in Federal Way, within southeast King County. The primary endoscopy services provided include colonoscopy, feeding tube replacement, flexible sigmoidoscopy, esophageal dilation, upper endoscopy, esophageal banding, and colonic dilation. Additional services to be provided at the surgery center include GIVEN capsule endoscopy, liver biopsy, and hemorrhoid banding. The endoscopy services will be provided to patients age 18 and older.

#### **Service Area**

Southeast King County

#### **Conditions**

Conditions identified on page two

#### **Approved Capital Expenditure**

The approved estimated capital expenditure for this project is \$2,857,713

This Certificate authorizes commencement of the project from July 14, 2016 to July 14, 2018 unless extended, withdrawn, suspended, or revoked in accordance with applicable sections of the Certificate of Need law and regulations.

Date Certificate Issued: July 14, 2016

A handwritten signature in blue ink, appearing to read "Bart Eggen", written over a horizontal line.

Bart Eggen, Acting Director  
Office of Community Health Systems

**This Certificate is not transferable**

## **Certificate of Need #1581- Page 2 Conditions**

1. CHI-Franciscan Health agrees with the project description as stated above. CHI-Franciscan Health 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. Before commencement of the project, CHI-Franciscan Health must provide to the department for review and approval, an executed copy of the lease agreement for the surgical center site. The executed agreement must be consistent with the draft agreement provided in the application.
3. Before commencement of the project, CHI-Franciscan Health must provide to the department for review and approval, an executed Letter of Understanding for the Medical Director Agreement. The executed Letter of Understanding must be consistent with the draft document provided in the application.
4. CHI-Franciscan Health will finance this project using reserves as described in the application.
5. The ambulatory surgery center will provide charity care in compliance with the charity care policy provided in the application, or any subsequent policies reviewed and approved by the Department of Health. CHI-Franciscan Health 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 King County Region. Currently, this amount is 2.03% for gross revenue and 3.84% for adjusted revenue. CHI-Franciscan Health will maintain records at the St. Francis Hospital documenting the amount of charity care it provides and demonstrating its compliance with its charity care policies.
6. If the ambulatory surgery center is separately licensed or is sold in the future, the ambulatory surgery center must obtain and maintain Medicare and Medicaid certification.