



STATE OF WASHINGTON  
**DEPARTMENT OF HEALTH**  
*Olympia, Washington 98504*

June 11, 2021

Ken Cole, Chief Operating Officer  
Evergreen Eye Clinic  
[kcole@evergreeneye.com](mailto:kcole@evergreeneye.com)

Lance Baldwin, ASC Consultant  
[lance@m-exec.com](mailto:lance@m-exec.com)

RE: Certificate of Need Application #21-02 Evergreen Eye Clinic-Tacoma Project

Dear Mr. Cole and Mr. Baldwin:

We have completed the reconsideration review of the Certificate of Need application submitted by Evergreen Eye Clinic, Inc. PS proposing to establish an ambulatory surgical facility (ASF) in Tacoma, within central Pierce County. Enclosed is a written evaluation of the application.

For the reasons stated in this evaluation, the application submitted by Evergreen Eye Center proposing to establish an ambulatory surgical facility in central Pierce County planning area is consistent with applicable review criteria of the Certificate of Need Program provided that Evergreen Eye Center agrees to the following in its entirety.

**Project Description:**

This certificate approves the establishment of an ambulatory surgical facility to be located at 502 South Main Street in Tacoma [98405], within the central Pierce County planning area. The surgery center will have three operating rooms and solely provide ophthalmology services.

**Conditions:**

1. Approval of the project description as stated above. Evergreen Eye Center, Inc. PS 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. Evergreen Eye Center, Inc. PS will obtain and maintain Medicare and Medicaid certification for the surgery center.
3. Evergreen Eye Center, Inc. PS will provide charity care in compliance with its charity care policy reviewed for this surgery center. Evergreen Eye Center, Inc. PS will use reasonable efforts to provide charity care at the surgery center in the amount consistent with the three-year average of charity care for gross revenue provided by the three hospitals located in the central Pierce County planning area. The gross revenue three-year average for years 2017 – 2019 is 1.50%.

4. Evergreen Eye Center, Inc. PS will maintain records of charity care applications received and the dollar amount of charity care discounts granted at the new surgery center. The records must be available upon request.
5. Prior to providing surgical services, Evergreen Eye Center, Inc. PS will provide a listing of ancillary and support services used by the surgery center to Certificate of Need Program for its review.
6. Prior to providing surgical services, Evergreen Eye Center, Inc. PS will provide a listing of its staff to Certificate of Need Program for its review. The listing of staff shall include the name and professional license number.

**Approved Costs:**

There is no capital expenditure associated with this project.

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 their entirety, your application will be approved, and a Certificate of Need sent to you.

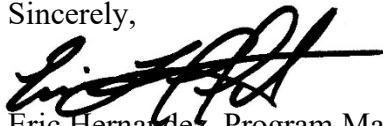
If you reject any of the above provisions, your application will be denied. The department will send you a letter denying your application and provide you information about your appeal rights.

Send your written response to the Certificate of Need Program at this e-mail address:

[fslcon@doh.wa.gov](mailto:fslcon@doh.wa.gov).

If you have any questions or would like to arrange for a meeting to discuss our decision, please contact the Certificate of Need Program at (360) 236-2955.

Sincerely,



Eric Hernandez, Program Manager  
Certificate of Need  
Office of Community Health Systems

Enclosure

cc: Thomas Grimm, Attorney  
Ryan Swanson & Cleveland

**RECONSIDERATION EVALUATION DATED JUNE 11, 2021 FOR THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY EVERGREEN EYE CENTER, INC, PS PROPOSING TO ESTABLISH AN AMBUATORY SURGICAL FACILITY IN TACOMA, WITHIN CENTRAL PIERCE COUNTY**

**APPLICANT DESCRIPTION**

Evergreen Eye Center, Inc., PS is a Washington State corporation established in December 1993. It is governed by the following four individuals.<sup>1</sup>

Gary Chung                      Brice Nicholson                      Robert Tester                      John Whitehead

Evergreen Eye Center, Inc. PS’s administration office is located at 716 South 348<sup>th</sup> Street in Federal Way [98003], within King County. For this project, Evergreen Eye Center, Inc. PS is the applicant and will be referenced in this evaluation as ‘Evergreen Eye Center.’

Evergreen Eye Center currently operates four clinics and two of them have an adjoining Certificate of Need exempt ambulatory surgical facility (ASF).<sup>2</sup> All four clinics are located in King County and are identified below.

Name	Address	City/Zip	Description
Evergreen Eye Center-Federal Way	34719 – 6 <sup>th</sup> Avenue South	Federal Way/98003	Clinic with adjoining exempt ASF <sup>3</sup>
Evergreen Eye Center-Auburn	700 M Street NE	Auburn/98002	Clinic only
Evergreen Eye Center-Burien	15153 – 5 <sup>th</sup> Avenue SW	Burien/98166	Clinic only
Evergreen Eye Center-Seattle	1229 Madison Street, #1250	Seattle/98104	Clinic with adjoining exempt ASF <sup>4</sup>

**PROJECT DESCRIPTION**

This project proposes to establish a fifth clinic associated with Evergreen Eye Center. The new clinic would have an adjoining Certificate of Need approved ASF at the site and would operate under the Evergreen Eye Center, Inc. PS entity. The clinic would be known ‘Evergreen Eye Center-Tacoma’ and located at 502 South Main Street in Tacoma [98405], within Pierce County. The ASF would have three operating rooms (ORs) and solely provide ophthalmology services. [source: Application, p5] For this evaluation, the ASF is referenced as ‘EEC-Tacoma.’

There is no capital expenditure associated with this project for the following reasons:

- Prior to January 1, 2015, the clinic and associated CN exempt ASF, known as St. Mark’s Micro Surgical Center, was owned by a sole physician, Douglas McLeod, MD. The ASF provided ophthalmology services.
- On January 1, 2015, the clinic and associated CN exempt ASF was purchased by a sole physician, Andrew Kopstein, MD. After this purchase, there were no changes in the name, location, and services provided at the CN exempt ASF [ASF license #60433684].

<sup>1</sup> UBI 601 512 780

<sup>2</sup> A Certificate of Need (CN) exempt surgery center has operational and physician use limitations.

<sup>3</sup> CN exemption approved on February 20, 1996. [source: CN facility file]

<sup>4</sup> CN exemption approved on June 27, 2018 (DOR 18-22). [source: CN facility file]

- On August 1, 2017, the clinic and associated ASF were purchased by Proliance Surgeons, PS. While the name of the ASF changed to The Eye Surgeons Group Ambulatory Surgery Center, the location and services provided at the ASF did not change [ASF license #60779058].
- In December 2019, the clinic and the surgery center were purchased by the applicant, Evergreen Eye Center. Again, the location and services remained the same; however, the name of the ASF was changed to Evergreen Eye Center [ASF license #61026553].
- Throughout the ownership changes described above, the ASF has continued to provide the same ophthalmic services as provided when it was established in February 1996. Therefore, no new equipment is necessary for this project.
- Since the facility was first licensed by the department, each owner identified two ORs at the ASF; however, the facility has always had a ‘procedure room.’ For construction purposes, procedure rooms are not required to meet the same standards as an OR. Therefore, the owners did not include the procedure room in the count of ORs at the ASF. For Certificate of Need purposes, procedure rooms are included in the count of ORs. As a result, while this application appears to increase the number of ORs at the ASF from two to three, the physical space at the ASF is not increasing. Therefore, there is no construction necessary for this project.

Within this application, Evergreen Eye Center clarified that the surgery center had been closed for approximately three years. Under the circumstances described above, the applicant anticipates this project will be complete at issuance of a CN. Under this timeline, the applicant identified year 2021 as a partial year of operation for EEC-Tacoma. The first full calendar year of operation is year 2022; and year three is 2024. [source: Application, p5 and November 19, 2020, screening response, Exhibit 1]

### **RECONSIDERATION PROCESS**

On March 5, 2021, the department denied Evergreen Eye Center’s Certificate of Need application. On April 2, 2021, Evergreen Eye Center submitted its reconsideration request. On April 27, 2021, the department agreed to reconsider its denial of Evergreen Eye Center’s application and provided notification of the time and date of the virtual reconsideration hearing to be conducted on May 24, 2021.

The hearing was attended by representatives of the department and the applicant. The applicant provided its public comments related to the reconsideration. There are no interested or affected persons associated with this project, so no other public comment was provided during the reconsideration review. Given that no other public comments were submitted, the applicant did not submit rebuttal comments during the reconsideration review. More information on the reconsideration review and documents provided are in the specific relevant areas of this evaluation.

### **APPLICABILITY OF CERTIFICATE OF NEED LAW**

This application is subject to Certificate of Need review as the construction, establishment, or other development of a health care facility under RCW 70.38.105(4)(a) and 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.

If 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.

To obtain Certificate of Need approval, an 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 ambulatory surgical facility (ASF) projects and must be used to make the required determinations for applicable criteria in WAC 246-310-210.

### **RECONSIDERATION SUMMARY**

The department's initial evaluation denied Evergreen Eye Center's application because specific financial documents necessary to conduct a comprehensive review were not provided even though the department had requested the applicant to provide them.

WAC 246-310-570(2)(b), restated below, outlines the grounds that the department may deem to show good cause for reconsideration.

- (i) *Significant relevant information not previously considered by the department which, with reasonable diligence, could not have been presented before the department made its decision;*
- (ii) *Information on significant changes in factors or circumstances relied upon by the department in making its findings and decision; or*
- (iii) *Evidence the department materially failed to follow adopted procedures in reaching a decision.*

The applicant provided a request for reconsideration that listed rationale for granting reconsideration under sub-section (iii) above. Certificate of Need Program staff have been working remotely since March 12, 2020. During this time, applicants have been submitting all correspondence by attaching pdfs to e-mails. This process, while not infallible, has been working well for the most part.

Specific to this project, in response to the department's second screening of the project, Evergreen Eye Center sent a 167-page pdf attachment to an e-mail that included the financial documents requested. However, the department received a 157-page pdf. During the initial review, the department was unaware that it was relying on an incomplete pdf and Evergreen Eye Center was unaware that the entire 167-page pdf was not received by the department.

Evergreen Eye Center's reconsideration request demonstrated that it had sent a 167-page pdf by re-forwarding the original pdf to the analyst. The re-forwarded pdf received with the reconsideration request included all 167 pages. As a result, the department concluded that reconsideration was appropriate to correct this technological error.

In a reconsideration evaluation, only those sub-criteria that were denied in the initial evaluation are reviewed and addressed. The sub-criteria not previously denied are not re-evaluated and remain an approval.

### **TYPE OF REVIEW**

This application was initially reviewed under a regular review timeline. The table on the following page shows a summary of the timeline used for the initial review of this project and this reconsideration review.

## **APPLICATION CHRONOLOGY**

<b>Action</b>	<b>Evergreen Eye Center, Inc. PS</b>
Letter of Intent Received	April 20, 2020
Application Received	July 1, 2020
Department's pre-review activities: <ul style="list-style-type: none"><li>• DOH 1st Screening Letter</li><li>• Applicant's 1<sup>st</sup> Responses Received</li><li>• DOH 2<sup>nd</sup> Screening Letter</li><li>• Applicant's 2<sup>nd</sup> Responses Received</li></ul>	July 28, 2020 September 11, 2020 October 5, 2020 November 19, 2020
Beginning of Review	November 30, 2020
Public Hearing Conducted	None requested or conducted
Public Comments Deadline <sup>5</sup>	January 4, 2021
Rebuttal Comments Deadline <sup>6</sup>	January 19, 2021
Department's Anticipated Decision	March 5, 2021
Department's Actual Decision	March 5, 2021

## **RECONSIDERATION REVIEW CHRONOLOGY**

<b>Action</b>	<b>Evergreen Eye Center, Inc. PS</b>
Applicant's Request for Reconsideration	April 2, 2021
Department's Request for Supplemental Information	April 19, 2021
Applicant's Supplemental Information Submitted	April 22, 2021 April 23, 2021
Reconsideration Granted	April 27, 2021
Virtual Reconsideration Public Hearing Conducted and End of Public Comment	May 24, 2021
Reconsideration Rebuttal Documents Due	June 8, 2021
Department's Anticipated Reconsideration Decision Date	July 8, 2021
Department's Actual Reconsideration Decision Date	June 11, 2021

## **AFFECTED PERSONS**

"Affected persons" are defined under WAC 246-310-010(2). In order to qualify as an affected person someone must first qualify as an "interested person" defined under WAC 246-310-010(34). For this project no entities requested interested or affected person status during the initial or reconsideration reviews.

## **PUBLIC COMMENT AND REBUTTAL**

There was no public comment submitted other than that from the applicant for this application during the reconsideration review; as a result, the applicant was precluded from providing rebuttal comments. This fact is stated here and will not be restated throughout this evaluation.

<sup>5</sup> There were no public comments submitted for this project.

<sup>6</sup> Because there were no public comments submitted, the applicant did not provide rebuttal comments.

## **SOURCE INFORMATION REVIEWED-INITIAL REVIEW**

- Evergreen Eye Center, Inc. PS's Certificate of Need application received on July 1, 2020
- Evergreen Eye Center, Inc. PS's first screening response received September 11, 2020
- Evergreen Eye Center, Inc. PS's second screening response received on November 19, 2020
- Compliance history for credentialed or licensed staff from the Medical Quality Assurance Commission and Nursing Quality Assurance Commission
- DOH Provider Credential Search website: <http://www.doh.wa.gov/pcs>
- Historical charity care data for years 2017, 2018, and 2019 obtained from the Department of Hospital/Finance and Charity Care.
- Years 2020 Annual Ambulatory Surgery Provider Surveys for surgical procedures performed during calendar years 2019 for hospitals, ambulatory surgery centers, or ambulatory surgical facilities located in central Pierce County.<sup>7</sup>
- Claritas population data as of August 2020
- Department of Health internal database – Integrated Licensing & Regulatory Systems (ILRS)
- Washington State Secretary of State website: <https://sos.wa.gov>
- Department of Health Certificate of Need facility files for St. Mark's Micro Surgical Center, The Eye Surgeons Group, ASC, and Evergreen Eye Center

## **SOURCE INFORMATION REVIEWED-RECONSIDERATION REVIEW**

- Evergreen Eye Center's Reconsideration Request received April 2, 2021
- Evergreen Eye Center's Supplemental Information received April 22 and 23, 2021
- Evergreen Eye Center's public comments submitted at the Virtual Reconsideration Hearing conducted on May 24, 2021

## **CONCLUSION**

For the reasons stated in this evaluation, the application submitted by Evergreen Eye Center proposing to establish an ambulatory surgical facility in central Pierce County planning area is consistent with applicable review criteria of the Certificate of Need Program provided that Evergreen Eye Center agrees to the following in its entirety.

### **Project Description:**

This certificate approves the establishment of an ambulatory surgical facility to be located at 502 South Main Street in Tacoma [98405], within the central Pierce County planning area. The surgery center will have three operating rooms and solely provide ophthalmology services.

### **Conditions:**

1. Approval of the project description as stated above. Evergreen Eye Center, Inc. PS 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. Evergreen Eye Center, Inc. PS will obtain and maintain Medicare and Medicaid certification for the surgery center.
3. Evergreen Eye Center, Inc. PS will provide charity care in compliance with its charity care policy reviewed for this surgery center. Evergreen Eye Center, Inc. PS will use reasonable efforts to

---

<sup>7</sup> For Certificate of Need purposes, "Ambulatory Surgery Centers" (ASCs) and "Ambulatory Surgical Facilities" (ASFs) are often used interchangeably – ASCs are Medicare-certified surgery centers, whereas ASFs are licensed facilities in the state of Washington. With limited exceptions, all CN-approved ASFs are also ASCs, and the applicants in this review have self-identified as both.

provide charity care at the surgery center in the amount consistent with the three-year average of charity care for gross revenue provided by the three hospitals located in the central Pierce County planning area. The gross revenue three-year average for years 2017 – 2019 is 1.50%.

4. Evergreen Eye Center, Inc. PS will maintain records of charity care applications received and the dollar amount of charity care discounts granted at the new surgery center. The records must be available upon request.
5. Prior to providing surgical services, Evergreen Eye Center, Inc. PS will provide a listing of ancillary and support services used by the surgery center to Certificate of Need Program for its review.
6. Prior to providing surgical services, Evergreen Eye Center, Inc. PS will provide a listing of its staff to Certificate of Need Program for its review. The listing of staff shall include the name and professional license number.

### **Approved Costs:**

There is no capital expenditure associated with this project.

## **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 concludes that the Evergreen Eye Center, Inc., PS project met the applicable need criteria in WAC 246-310-210 and the applicable ambulatory surgery facility criteria in 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.*

### **Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that the Evergreen Eye Center application met this sub-criterion. This conclusion was based, in part, on a review of the following specific information and documentation.

- A review of the Department of Health’s numeric methodology under WAC 246-310-270(9);
- The applicant’s demonstration of compliance under WAC 246-310-270(6); and
- The department’s availability and accessibility review focusing on need for additional outpatient ORs in the central Pierce County planning area.

[source: March 5, 2021, initial evaluation, pp6-9]

The reconsideration review does not focus on this sub-criterion. **This sub-criterion remains 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.*

### **Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that the Evergreen Eye Center application met this sub-criterion. This conclusion was based, in part, on a review of the following specific information and documentation.



- A review of the applicant's Admission Policy, Charity Care Policy, Patient Rights and Responsibilities Policy, and Non-Discrimination Policy;
- A review of the applicant's Scope of Care Document and Narrative Program Document;
- A review of the applicant's projected payer mix and associated assumptions for the new surgery center; and
- A review of the applicant's projected percentage of charity care to be provided at the new surgery center.

[source: March 5, 2021, initial evaluation, pp9-11]

The reconsideration review does not focus on this sub-criterion. **This sub-criterion remains 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.
- (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.
- (c) The special needs and circumstances of osteopathic hospitals and non-allopathic services.
- (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:
- (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.
- (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.
- (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.

### **Reconsideration Review**

The department's March 5, 2021, initial evaluation concluded that the above sub-criteria are not applicable to this project. The above sub-criteria continue to be not applicable in this reconsideration evaluation.

### **B. Financial Feasibility (WAC 246-310-220)**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this reconsideration evaluation, the department determines that the Evergreen Eye Center, Inc. PS project meets the applicable financial feasibility criteria in WAC 246-310-220.

- (1) The immediate and long-range capital and operating costs of the project can be met.  
WAC 246-310 does not contain specific WAC 246-310-220(1) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC

246-310-200(2)(a)(ii) and (b) that directs what the operating revenues and expenses should be for a project of this type and size. Therefore, using its experience and expertise the department evaluates if the applicant's pro forma income statements reasonably project the proposed project is meeting its immediate and long-range capital and operating costs by the end of the third complete year of operation.

To evaluate this sub-criterion, the department reviews the assumptions provided by an applicant, projected revenue and expense (income) statements, and projected balance sheets. The assumptions are the foundation for the projected statements. The income statement is a financial statement that reports a company's financial performance over a specific period—either historical or projected. Projected financial performance is assessed by giving a summary of how the business expects its revenues to cover its expenses for both operating and non-operating activities. It also projects the net profit or loss incurred over a specific accounting period.<sup>8</sup>

The purpose of the balance sheet is to review the financial status of company at a specific point in time. The balance sheet shows what the company owns (assets) and how much it owes (liabilities), as well as the amount invested in the business (equity). This information is more valuable when the balance sheets for several consecutive periods are grouped together, so that trends in the different line items can be viewed.

As a part of its review, the department must determine that a project is financially feasible – not just as a stand-alone entity, but also as an addition to its own existing operations, if applicable. To complete its review, the department may request an applicant to provide projected financial information for the parent corporation if the proposed facility would be operated under the parent.

### **Initial Evaluation Summary**

In its March 5, 2021, evaluation, the department concluded that the following factors identified in Evergreen Eye Center's application were reasonable:

- Assumptions used to project the number of procedures for the proposed surgery center;
- Assumptions used to project the utilization of the proposed surgery center;
- Market share percentage for the proposed surgery center; and
- Assumptions used to determine the revenue and expenses for the proposed surgery center.

In addition, the department recalculated Evergreen Eye Center's pro forma Revenue and Expense statement using the three-year average percentage of charity care from the three licensed hospitals currently operating in the central Pierce County planning area. This recalculation showed that the new surgery center's revenues would cover expenses, even though the net profit was decreasing in each of the four calendar years shown (2021 through 2024).

Evergreen Eye Center's project failed in this sub-criterion for the following three reasons:

- Focusing on the decrease in net profit in each of the three full calendar years of operation, Evergreen Eye Center did not provide an explanation of the cause for the decreasing profit or an explanation of steps to be taken to ensure EEC-Tacoma would remain a financially viable surgery center;

---

<sup>8</sup> One purpose behind the income statement is to allow key decision makers to evaluate the company's current situation and make changes as needed. Creditors use these statements to make decisions on loans it might make to the company. Stock investors use these statements to determine whether the company represents a good investment.

- Evergreen Eye Center did not provide projected balance sheets for EEC-Tacoma, the surgery center under review or explain whether projected balance sheets are created at the surgery center level; and
- Evergreen Eye Center did not provide projected balance sheets for Evergreen Eye Center as a whole.

Because the surgery center was projected to experience decreasing financial health in each of the projection years shown and no financial documents were provided to ensure financial viability of both the surgery center and the applicant—Evergreen Eye Center—this project failed under this sub-criterion. [source: March 5, 2021, initial evaluation, pp14-19]

**Department’s Reconsideration Evaluation**

This reconsideration review will focus on the areas described above that resulted in failure of this project under this sub-criterion.

**EEC-Tacoma - Decrease in Net Profit**

In its March 5, 2021, evaluation, the department concluded that the proposed surgery center’s charity care dollars and percentages were significantly lower than the Puget Sound Region and the three licensed hospitals operating in Tacoma. As a result, the department recalculated EEC-Tacoma’s projected charity care dollars to ensure compliance with the sub-criterion in Washington Administrative Code 246-310-210(2). The recalculation increased the charity care dollars for all three projection years. This approach is used because it allows for review of the larger dollar amount for charity care and by showing the most impact to the net profit / (loss) line item.

The table below shows the recalculation of the Revenue and Expense Statement Summary with the projected increase in charity care dollars equal to the total amount provided by the three licensed hospitals that may be affected by approval of this project. [source: March 5, 2021, initial evaluation, p19]

**Department Table 1  
Evergreen Eye Center-Tacoma  
Revenue and Expense Statement Summary Recalculated**

	<b>Partial Year-2021</b>	<b>Year 1-2022</b>	<b>Year 2-2023</b>	<b>Year 3-2024</b>
Total Net Revenue	\$927,156	\$925,190	\$935,368	\$945,656
Total Expenses	\$708,572	\$754,705	\$926,467	\$941,670
<b>Net Profit / (Loss)</b>	<b>\$218,584</b>	<b>\$170,485</b>	<b>\$8,901</b>	<b>\$3,986</b>

With the increase of charity care dollars in full years 2022 through 2024, the table above shows a smaller net profit than projected by the applicant. While the applicant’s and the department’s projected tables both show that the surgery center’s revenues would cover expenses, it is noted that the both projections show a decreasing net profit in the projection years.

When a project is shown to have a decrease in net profits in each of the projection years, typically, the department reviews the financial viability of the parent organization to ensure short- and long-term financial viability of the project. Given that those pages were inadvertently deleted during the transfer of the pdf from the applicant to the department, this review could not occur. This financial documentation was provided during this reconsideration process and the department’s review is below.

**Evergreen Eye Center Projected Revenue and Expense Statement, with this Project**

To demonstrate that the applicant’s financial health would not be negatively affected by the establishment of a new ASF in Tacoma, the applicant provided the projected revenue and expense

statements for Evergreen Eye Center that includes the operations of EEC-Tacoma. This documentation was omitted in the initial review of this project and provided during the reconsideration review. The statements show an increase in net profit in each of the three projection years, even though EEC-Tacoma would be operating at a decreasing net profit. A summary of the projected statements is below. [source: Reconsideration documents, Exhibit 12]

**Department Table 2  
Evergreen Eye Center with the Project  
Revenue and Expense Statement Summary<sup>9</sup>**

	<b>Partial Year-2021</b>	<b>Year 1-2022</b>	<b>Year 2-2023</b>	<b>Year 3-2024</b>
Total Net Revenue	\$25,297,702	\$25,560,675	\$25,826,383	\$26,094,853
Total Expenses	\$23,232,152	\$23,477,149	\$23,724,731	\$23,974,922
<b>Net Profit / (Loss)</b>	<b>\$2,065,550</b>	<b>\$2,083,526</b>	<b>\$2,101,652</b>	<b>\$2,119,931</b>

Evergreen Eye Center Projected Balance Sheets

To further demonstrate that the applicant’s financial health would not be negatively affected by this project, Evergreen Eye Center provided its projected balance sheets that include the operations of EEC-Tacoma. This documentation was omitted in the initial review of this project and provided during the reconsideration review. Below is a summary of the projected balance sheets. [source: Reconsideration documents, Exhibit 12]

**Department’s Table 3  
Evergreen Eye Center Projected Balance Sheet Summary**

<b>Assets</b>	<b>Partial Year-2021</b>	<b>Year 1-2022</b>	<b>Year 2-2023</b>	<b>Year 3-2024</b>
Current Assets	\$1,488,154	\$1,532,799	\$1,578,783	\$1,626,146
Property & Equipment	\$691,821	\$712,576	\$733,953	\$755,972
Other Assets	\$966,604	\$970,662	\$974,841	\$979,146
<b>Total Assets</b>	<b>\$3,146,579</b>	<b>\$3,216,037</b>	<b>\$3,287,577</b>	<b>\$3,361,264</b>
<b>Liabilities</b>	<b>Partial Year-2021</b>	<b>Year 1-2022</b>	<b>Year 2-2023</b>	<b>Year 3-2024</b>
Current Liabilities	\$357,750	\$275,414	\$210,938	\$217,266
Long Term Liabilities	\$1,281,616	\$1,320,064	\$1,359,666	\$1,400,456
Total Capital	\$1,507,213	\$1,620,559	\$1,716,973	\$1,743,543
<b>Total Liabilities &amp; Capital</b>	<b>\$3,146,579</b>	<b>\$3,216,037</b>	<b>\$3,287,577</b>	<b>\$3,361,265</b>

In summary, in the initial review of this project the department concluded it could not review the financial viability of EEC-Tacoma because there was no documentation to review. During this reconsideration process, Evergreen Eye Center demonstrated that the information had been submitted as requested. The documents demonstrate that the applicant would be financially healthy with the addition of this surgery center.

The department concludes that Evergreen Eye Center demonstrated financial viability of EEC-Tacoma and short- and long-term financial health of Evergreen Eye Center as the applicant. **This sub-criterion is met under this reconsideration review.**

<sup>9</sup> It is noted that the applicant’s statement included an addition error for projection years 2022, 2023, and 2024 that was apparent when the department prepared its summary for this reconsideration review. Once corrected, the summary above results in a smaller net profit for Evergreen Eye Center than identified in the statement. The difference does not affect the projected financial health of the applicant.

- (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.

#### **Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that this sub-criterion does not apply to the project because there is no capital expenditure associated with Evergreen Eye Center's project. [source: March 5, 2021, initial evaluation, p20]

In this reconsideration evaluation, the information reviewed does not change. This sub-criterion does not apply to this project.

- (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.

#### **Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that this sub-criterion does not apply to the project because there is no capital expenditure associated with Evergreen Eye Center's project. [source: March 5, 2021, initial evaluation, p20]

In this reconsideration evaluation, the information reviewed does not change. This sub-criterion does not apply to this project.

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that that the Evergreen Eye Center, Inc. PS project meets the applicable 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 FTEs that should be employed for projects of this type or size. Therefore, using its experience and expertise the department concludes that the planning would allow for the required coverage.

#### **Initial Evaluation Summary**

In its March 5, 2021, evaluation, the department reviewed the following factors:

- Assumptions used to project the number of staff for the proposed surgery center;
- Projected number of staff identified in the first three full years of operation; and
- Recruitment and retention strategies used by an applicant to ensure appropriate staffing.

Evergreen Eye Center's project failed in this sub-criterion for the following two reasons:

- Projected number of staff appeared low compared to the projected number of surgeries in the first three years of operation, however, Evergreen Eye Center did not adequately explain why its staffing was appropriate; and
- Evergreen Eye Center did not provide a description of its staff recruitment and retention strategies for the new surgery center.

Because the surgery center had been closed for three years prior to submission of this application, this implied that the surgery center was not operational. As a result, any number of staff identified for the surgery center would be considered new staff and must be recruited. This was further evidenced by Evergreen Eye Center's statements on page 6 of the November 19, 2020, screening response, which states:

*"The goal for the ASC is to be operational January 1, 2021. Supplemental staff have not been hired at this time. The table below provides all partner and employed physicians that may provide care in the ASC. EEC is agreeable to provide the information related to licensed hires conditional to the certificate of need decision."*

As a result, Evergreen Eye Center's project failed under this sub-criterion. [source: March 5, 2021, initial evaluation, pp20-22]

### **Reconsideration Review**

Before completing the reconsideration review for this sub-criterion, the department must first clarify whether the facility is currently operational. During the initial review of this project, Evergreen Eye Center asserted that EEC-Tacoma was not operational and had not been operational for three years. [source: November 19, 2020, screening response, p1] These statements were consistent with the department's historical files for the surgery center, statements provided in the application, and statements and data provided in the applicant's two screening responses.

During the reconsideration review, Evergreen Eye Center stated that it became operational in July 2020 and provided the following clarification. [source: April 22, 2021, reconsideration documentation]

*"Attached are both the application for CHOW from TES to EEC, and a copy of the ASF license. For cases in the ASC, we did our first "test" cases on 7/8/20 where we billed only provider fees. This was in preparation for TJC survey. We did not do any surgery in May 2020 as per Karen's/Lance's documentation. It was initially scheduled for May but due to COVID it was pushed back.*

*Cases completed from 7/8/20 to 4/14/21: 230. I think it's important to note that we've seen a gradual uptick since the first of the year from 42 cases per month to 54 cases per month. The limiting factor is that not all payers are credentialed yet. Let me know if you need anything else!"*

Focusing on the timing referenced above, this application was submitted on July 1, 2020, and seven days later, 'test cases' were completed. From July 8, 2020, through January 4, 2021—the end of public comment—the surgery center was operational. However, this information was unclear in the application or screening responses.

Further, Evergreen Eye Center purchased the CN exempt surgery center from Proliance Surgeons in December of 2019. In the application, Evergreen Eye Center clarified that the surgery center was not operational. Again, this information is consistent with historical CN files. Since Evergreen Eye Center

is a new owner of the surgery center, prior to providing services at the surgery center, Evergreen Eye Center must obtain its own exemption from CN review as the new owner. This action did not occur before the surgery center became operational on July 8, 2020.

Based on the information provided during this review, the department would not expect the surgery center to become operational prior to either:

- 1) Evergreen Eye Center obtaining its own exemption to operate the surgery center; or
- 2) approval of this project under review.

Based on the information above, the surgery center is currently operating out of compliance with both state and federal regulations. The remedy for this oversight by Evergreen Eye Center is to complete either #1 or #2 outlined above.

As clarified above, the surgery center is currently operational. The department’s initial evaluation provided a table showing the breakdown of full-time equivalents (FTEs) for the surgery center. A summary of the information is shown in the table below. [source: May 5, 2021, initial evaluation, p21]

**Department’s Table 4**  
**Evergreen Eye Center-Tacoma**  
**Projected FTEs for Partial Year One and Full Calendar Years 2022 through 2024**

FTE Type	Partial Year 1 2021	Full Year 1 2022 Increase	Full Year 2 2023 Increase	Full Year 3 2024 Increase	Total
Office / Clerical Employees	1.00	0.00	0.00	0.00	1.00
Registered Nurses	1.50	0.00	0.00	0.00	1.50
OR Technicians	2.00	0.00	0.00	0.00	2.00
Manager	1.00	0.00	0.00	0.00	1.00
<b>Total FTEs</b>	<b>5.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.50</b>

During the initial review of the project, Evergreen Eye Center did not respond to the department’s repeated questions about recruitment and retention efforts for necessary staff. Since the applicant did not clarify that the surgery center was operational during the review, the department concluded that the table above is showing new staff, rather than current staff. This is also supported by the applicant’s ‘N/A’ response to the questions regarding identification of current and key staff for the surgery center. [source: Application, p24-26]

The reconsideration documents provide the following statements regarding staffing and recruitment and retention efforts. [source: April 2, 2021, reconsideration request, p3]

*“Bases for denial based upon WAC 246-310-230(1), Sufficient Supply of Staff.*

*The Decision Letter, p. 20, states:*

*Evergreen Eye Center did not provide a staff recruitment schedule based upon a Certificate of Need decision date or described strategies it has successfully used in the past to recruit and retain staff. Given that the medical director is of the facility is the physician owner, only the medical director is already in place.”*

*The highlighted statement is simply incorrect. Evergreen Eye Center already has the facility staffed and did not need to propose a recruiting schedule. Currently Evergreen Eye Center currently staffs the operating rooms with the following persons, by skill set:*

- 2 RNs
- 4 techs
- 1 Front Desk
- 1 CRNA (contracted with anesthesia service)

*Based upon demand for days/additional rooms, the facility will recruit additional staff. Recruiting methods that the facility has found to be successful include:*

- 1) Employee referral, internal hire, Indeed (Internet recruiter).*
- 2) Promoting staff internally has been successful, as they are already familiar with their work ethic and skills. These staff are able to plug into new roles and train up well.*
- 3) Employee referrals have also proven to be a successful option in hiring for the ASC staff. The facility offers to present staff an incentive for referrals who are hired and work for the facility for at least 1 year. This helps to engage current staff as the facility seek f the best hires.*
- 4) Indeed is the facility's main go-to source for posting open positions externally. Hiring managers work with HR manager to engage the applicants who are best suited to the needs of the role.*

*The above facts mandate that the Reconsideration Decision change the determination of compliance with WAC 246-310-230(1) to "met." WAC 246-310-220 is met by this application and must not be a basis for denial based on that regulation or WAC 246-310-230. The facility will agree to the staff condition stated on p, 23 of the Evaluation."*

With the clarification of operational status of the surgery center, the department understands that the surgery center is currently staffed. However, Evergreen Eye Center did not provide the name and credential number for its current staff as requested during the initial review. If this project is approved under reconsideration, the department would attach a condition requiring Evergreen Eye Center to provide the name and credential number for its current staff. **With agreement to this condition, the department concludes that this sub-criterion is met under reconsideration.**

*(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 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 ability to establish and maintain appropriate relationships.

### **Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that the Evergreen Eye Center application met this sub-criterion. This conclusion was based, in part, on a review of the following specific information and documentation.

- A review of the applicant's listing of ancillary and support services that would be sought in Pierce County for this proposed surgery center; and
- A review of the existing Patient Transfer Agreement with CHI Franciscan dba St. Joseph Medical Center in Tacoma.

[source: March 5, 2021, initial evaluation, pp22-23]

The reconsideration request does not focus on this sub-criterion. **This sub-criterion remains met.**



- (3) *There is reasonable assurance that the project will be in conformance with applicable state licensing requirements and, if the applicant is or plans to be certified under the Medicaid or Medicare program, with the applicable conditions of participation related to those programs.*

WAC 246-310 does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's history in meeting these standards at other facilities owned or operated by the applicant.

As part of this review, the department must also conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.<sup>10</sup> To accomplish this task, the department reviews the quality of care compliance history for all Washington State and out-of-state healthcare facilities owned, operated, or managed by an applicant, its parent company, or its subsidiaries.

### **Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that the Evergreen Eye Center application met this sub-criterion and the sub-criterion under WAC 246-310-230(5). This conclusion was based, in part, on a review of the following specific information and documentation.

- A review of the quality of care history of the applicant's three surgery centers located in Washington State;
- A review of the 'Termination Provider Counts Report obtained from the Centers for Medicare and Medicaid Services (CMS) website; and
- A compliance review of the physician owners associated with Evergreen Eye Center, including the proposed medical director for this facility, Robert Tester, MD.

[source: March 5, 2021, initial evaluation, pp24-25]

While the reconsideration request does not focus on this sub-criterion, in this reconsideration review, the department must take into consideration that EEC-Tacoma became operational prior to:

- 1) Evergreen Eye Center obtaining its own exemption to operate the surgery center; or
- 2) approval of this project under review.

As previously stated, Evergreen Eye Center's remedy is to complete either #1 or #2 outlined above. Evergreen Eye Center is completing #2 above with this reconsideration review.<sup>11</sup> As a result, this sub-criterion remains 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 direct 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.

---

<sup>10</sup> WAC 246-310-230(5).

<sup>11</sup> It is noted, however, that if this reconsideration review results in a denial, Evergreen Eye Center must submit an exemption request for the ASF prior to continuing operation.

### **Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that the Evergreen Eye Center application was denied under this sub-criterion. This conclusion was based, in part, on a review of the following specific information and documentation.

- A review of the applicant's referral sources and assumptions;  
[source: March 5, 2021, initial evaluation, pp25-26]

The department concluded that the applicant provided all of the necessary information to demonstrate compliance under this sub-criterion. However, given the applicant's initial failure under financial feasibility [WAC 246-310-220(1)], the department concluded that approval of this project may result in unwarranted fragmentation of healthcare services in the county.

In this reconsideration evaluation, the information reviewed does not change. Since the project has met the financial feasibility sub-criterion in WAC 246-310-220(1), the department concludes **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.*

### **Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that the Evergreen Eye Center application met this sub-criterion along with WAC 246-310-230(3). The reconsideration request does not focus on this sub-criterion. **This sub-criterion remains met.**

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Evergreen Eye Center, Inc. PS project meets the applicable 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, in terms of cost, efficiency, or effectiveness, the department takes a multi-step approach. First, the department determines if the application has met the other criteria of WAC 246-310-210 thru 230. If the project has failed to meet one or more of these criteria then the project cannot be considered to be the best alternative in terms of cost, efficiency, or effectiveness as a result the application 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.

### **Initial Evaluation Summary**

Given this project's failure in WAC 246-310-220(1), WAC 246-310-230(1) and (4), Evergreen Eye Center's project failed this sub-criterion. As a result, the department did not continue to evaluate the project's compliance with this sub-criterion. [source: March 5, 2021, evaluation, pp26-27]

During this reconsideration review, the department concludes that the project meets the sub-criterion previously failed, therefore, the remaining sub-criterion is evaluated below.

**Evergreen Eye Center**

For this project, Evergreen Eye Center met the applicable review criteria under WAC 246-310-210, 220, and 230. Evergreen Eye Center provided the following statements related to this sub criterion. [source: Application, pp27-25]

*“In deciding to submit this application, EEC-Tacoma explored the following options:*

1. *No Project – continuing as a licensed, CN-exempt facility and*
2. *The requested project – CN approval for three OR facility.”*

Evergreen Eye Center provided Tables 13, 14, 15, and 16 showing its alternatives analysis under this sub-criterion. The tables are recreated below. [source: Application, pp28-29]

*Applicant’s Tables 13 – 16*

<b>Table 13: Alternatives Analysis: Promoting Access to Healthcare Services</b>	
<b>Option:</b>	<b>Advantages/Disadvantages:</b>
No project: Remain CN exempt for three ORs	<ul style="list-style-type: none"> <li>• There is no advantage to continuing as is in terms of improving access. (Disadvantage (“D”))</li> <li>• Planning Area supply constraints prevent the potential for further growth in outpatient surgical procedures, leading to reduced access to outpatient surgery services for Planning Area residents.</li> <li>• Without the project, these constraints may require patients to out-migrate to non-Planning Area facilities, which harms access. (D)</li> </ul>
CN Approval (Requested Project)	<ul style="list-style-type: none"> <li>• Allows for additional procedures, open to all physicians in the community who are credentialed and privileged as a member of the Evergreen Eye medical staff, improving local access to ophthalmic procedures for Planning Area residents (Advantage (“A”))</li> </ul>

<b>Table 14: Alternatives Analysis: Promoting Quality of Care</b>	
<b>Option:</b>	<b>Advantages/Disadvantages:</b>
No project: Remain CN exempt for three ORs	<ul style="list-style-type: none"> <li>• There are no advantages from a quality of care perspective.</li> <li>• However, there are no current quality of care issues. (Neutral (“N”))</li> </ul>
CN Approval (Requested Project)	<ul style="list-style-type: none"> <li>• The requested project meets and promotes quality and continuity of care issues in the Planning Area, given it improves access identified above. (A)</li> <li>• From a quality of care perspective, there are only advantages. (A)</li> </ul>
No project: Remain CN exempt for three ORs	<ul style="list-style-type: none"> <li>• Under this option, there would be no impacts on costs or efficiency—the surgery center would continue as presently. (N)</li> <li>• However, without the project, some residents in need of surgical procedures need to either out-migrate or be treated at inpatient facilities as a result of Planning Area supply constraints. (D)</li> </ul>

Table 15: Alternatives Analysis: Promoting Cost and Operating Efficiency	
Option:	Advantages/Disadvantages:
CN Approval (Requested Project)	<ul style="list-style-type: none"> <li>No increase in cost and costs and charges are based on fee schedules with CMS and principal payers. Therefore, in general, the proposed project would not be expected to affect costs and charges. (N)</li> <li>Increased volume will provide greater accessibility to planning area residents for outpatient surgical services. Adding capacity to a local ASF reduces travel time and costs, patient inconvenience and anxiety, and is a cost-effective alternative to increased utilization of hospital outpatient surgery departments. (A)</li> </ul>

Table 16: Alternatives Analysis: Legal Restrictions	
Option:	Advantages/Disadvantages:
No project: Remain CN exempt for three ORs	<ul style="list-style-type: none"> <li>There are no legal restrictions to continuing operations as presently. (A)</li> </ul>
CN Approval (Requested Project)	<ul style="list-style-type: none"> <li>Requires certificate of need approval. This requires time and expense. (D)</li> </ul>

**Department Evaluation**

The numeric methodology demonstrated need for more than 14 ORs in the central Pierce County planning area. This project proposes to establish a dedicated ophthalmic surgery center with three ORs. Once Evergreen Eye Center makes the choice to provide the services in the planning area, either an exemption from Certificate of Need, or a Certificate of Need is required and no other option is available.

As previously noted in this reconsideration review, EEC-Tacoma is currently operating out of compliance and the remedy is for Evergreen Eye Center to either:

- 1) Obtain its own exemption to operate the surgery center; or
- 2) obtain a Certificate of Need for the surgery center (this project).

Based on the two remedies outlined above, the department did not identify any superior alternatives that is available or practicable for the applicant.

The department concludes approval of Evergreen Eye Center’s application is the best available alternative for the central Pierce County planning area. **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;
  - (b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.

**Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that this sub-criterion does not apply to the project because there is no capital expenditure associated with Evergreen Eye Center’s project. [source: March 5, 2021, initial evaluation, pp26-27] In this reconsideration evaluation, the information reviewed does not change. **This sub-criterion does not apply to this project.**

- (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.

**Reconsideration Review**

In its March 5, 2021, initial evaluation, the department concluded that the Evergreen Eye Center application was denied under this sub-criterion. This conclusion was based, on the applicant's initial failure under financial feasibility [WAC 246-310-220(1)] and structure and process of care [WAC 246-310-230(1) and (4)]. As a result, the department concluded that approval of this project may not foster improvements in the delivery of health services in the central Pierce County planning area.

In this reconsideration evaluation, the information reviewed does not change. Since the project has met the financial feasibility sub-criterion in WAC 246-310-220(1) and the structure and process of care sub-criterion in WAC 246-310-230(1) and (3), the department concludes **this sub criterion is met.**