



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

December 14, 2015

CERTIFIED MAIL # 7015 0640 0000 6441 5713

Carol Taylor, Regional Director
Group Health Cooperative
201 – 16th Avenue East, #D640
Seattle, Washington 98112

RE: Certificate of Need Application #15-33

Dear Ms. Taylor:

We have completed review of the Certificate of Need (CN) application submitted by Group Health Cooperative proposing to establish a 5-OR ambulatory surgery center in the current Group Health Central Hospital campus in Seattle, within King County.

For the reasons stated in the enclosed evaluation, the application is consistent with the applicable criteria of the Certificate of Need Program, provided Group Health Cooperative agrees to the following in its entirety.

Project Description

This project approves the other establishment of a five operating room ambulatory surgery center in Seattle within King County. The surgery center will be known as the Group Health Capitol Hill Procedure Center. The types of procedures to be performed at the ambulatory surgery center include gastroenterology procedures, manometry, EBUS, and TEE.

Conditions

1. Group Health Cooperative agrees with the project description as stated above. Group Health Cooperative further agrees that any change to the project as described in the project description is a new project and requires a new Certificate of Need.
2. Consistent with Revised Code of Washington 70.38.115(3), the Group Health Capitol Hill Procedure Center may not be sold, leased, or have a change in control without first obtaining a Certificate of Need.

Approved Capital Costs:

The approved capital expenditure for this project is \$84,750 and is solely related to capital improvements and fees.

Carol Taylor, Regional Director
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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 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,



Steven M. Saxe, FACHE
Director, Community Health Systems

Enclosure

**EVALUATION DATED DECEMBER 14, 2015 OF THE CERTIFICATE OF NEED
APPLICATION SUBMITTED BY GROUP HEALTH COOPERATIVE PROPOSING
THE OTHER ESTABLISHMENT OF AN AMBULATORY SURGERY CENTER IN
CENTRAL KING COUNTY**

APPLICANT DESCRIPTION

Group Health Cooperative (GHC) was founded in Seattle in 1947 as a provider of prepaid health coverage and health care services through its own medical providers and facilities. GHC is registered as a health maintenance organization (HMO) under state law, and continues to provide most of its Seattle area health care services to enrolled HMO members, at GHC owned and operated facilities, and through providers who are employed directly by GHC or by its affiliated medical group, Group Health Permanente PC.¹
[source: application, p. 5]

GHC is currently registered with both the Washington State Secretary of State office and the Department of Revenue. GHC is governed by a Board of Trustees elected by members or enrollees. GHC's corporate structure includes the following three separate corporations: Group Health Options, KPS Health Plans, and Columbia Medical Associates, LLC. [sources: Washington State Secretary of State and Washington State Department of Revenue websites; application, p. 5]

“Group Health provides medical coverage and care to around 600,000 residents in Washington State and North Idaho who are covered by health plans offered by Group Health Cooperative or its subsidiaries, Group Health Options, Inc., and KPS Health Plans. Nearly two-thirds of members receive care at Group Health Medical Centers.

Group Health Cooperative, together with its subsidiary Group Health Options, Inc., operates in all or parts of 20 counties in Washington and two counties in North Idaho. In Washington, Group Health Cooperative offers coordinated-care plans for both groups and individuals and their Medicare Advantage plans.

Care is provided by Group Health Physicians doctors and other clinicians and Group Health-operated medical facilities. In service areas where Group Health doesn't own facilities and for

¹ Under RCW 70.38.025(7), a health maintenance organization means “a public or private organization, organized under the laws of the state, which:

- (a) Is a qualified health maintenance organization under Title XIII, section 1310(d) of the Public Health Services [Service] Act; or
- (b) (i) Provides or otherwise makes available to enrolled participants health care services, including at least the following basic health care services: Usual physician services, hospitalization, laboratory, X-ray, emergency, and preventive services, and out-of-area coverage; (ii) is compensated (except for copayments) for the provision of the basic health care services listed in (b)(i) to enrolled participants by a payment which is paid on a periodic basis without regard to the date the health care services are provided and which is fixed without regard to the frequency, extent, or kind of health service actually provided; and (iii) provides physicians' services primarily (A) directly through physicians who are either employees or partners of such organization, or (B) through arrangements with individual physicians or one or more groups of physicians (organized on a group practice or individual practice basis).

plans offering more choice, a network of nearly 9,000 community clinicians and 41 hospitals meet member health care needs.”

[source: Group Health Cooperative website]

As of the writing of this evaluation, GHC owns and operates one acute care hospital in Seattle, two ambulatory surgery centers (Bellevue and Tacoma), and approximately 25 full-service clinics throughout the state. The hospital, known as Group Health Central Hospital, is currently operating and is licensed for 326 acute care beds. GHC plans to relinquish the hospital license for Group Health Central Hospital in early 2016. With the closing of Group Health Central Hospital, inpatient services for Group Health enrollees in King County will be provided by Swedish Health Services. Outpatient surgical services will remain on-site in two free-standing ambulatory surgery centers. One surgery center, known as the Group Health Capitol Hill Ambulatory Surgery Center, has 11 operating rooms and obtained Certificate of Need approval on November 20, 2015 (CN #1559). The second surgery center is the focus of this project and will be known as the Group Health Capitol Hill Procedure Center.

[sources: application, pp. 14-15; Group Health Cooperative Year 2014 Annual Hospital License Application; CN #1559 evaluation p. 2]

PROJECT DESCRIPTION

GHC currently owns and operates Central Hospital, a licensed, accredited, Medicare-certified general acute care hospital at 201 - 16th Avenue East on the Capitol Hill campus in Seattle, Washington. Central Hospital includes a procedure center with 5 operating rooms², one admitting area room with 2 stretchers, and one room with 7 bays for post procedure recovery and discharge. The services provided in these operating rooms are restricted to gastroenterological procedures, manometry³, EBUS⁴, and TEE⁵.

[source: application, p. 10]

² Throughout the application, Group Health refers to these operating rooms as “procedure rooms.” For the purposes of Certificate of Need, operating rooms (ORs) and procedure rooms (PRs) are the same, and the terms will be used interchangeably throughout this evaluation.

³ “Manometry,” according to the U.S. National Library of Medicine is *“a test to measure how well the esophagus is working. During esophageal manometry, a thin, pressure-sensitive tube is passed through your nose, down the esophagus, and into your stomach. After the tube is in the stomach, the tube is pulled slowly back into your esophagus. At this time, you are asked to swallow. The pressure of the muscle contractions is measured along several sections of the tube. While the tube is in place, other studies of your esophagus may be done. The tube is removed after the tests are completed. The test takes about 1 hour.”* [source: www.nlm.nih.gov/medlineplus]

⁴ “EBUS” means Endobronchial Ultrasound Bronchoscopy. According to the American Lung Association, *“For endobronchial ultrasound, a bronchoscope (a thin, lighted, flexible tube) is fitted with an ultrasound device (a device that uses sound waves to make pictures of the inside of your body) at its tip. It is passed down into the windpipe to look at nearby lymph nodes and other structures in the chest. This is done with numbing medicine (local anesthesia) and light sedation. A hollow needle can be passed through the bronchoscope and guided by ultrasound into an area of concern to take biopsy samples.”* [source: www.lung.org]

⁵ “TEE” means transesophageal echocardiography. According to the American Heart Association, TEE is *“a test that produces pictures of your heart. TEE uses high-frequency sound waves (ultrasound) to make detailed pictures of your heart and the arteries that lead to and from it. Unlike a standard echocardiogram, the echo transducer that produces the sound waves for TEE is attached to a thin tube that passes through your mouth, down your throat and into your esophagus. Because the esophagus is so close to the upper chambers of the heart, very clear images of those heart structures and valves can be obtained.”* [source: www.heart.org]

This project focuses on conversion of the hospital procedure center into a free-standing ambulatory surgery center with the closing of Central Hospital. While the physical space already exists and provides outpatient surgical services⁶, the current entity (the hospital) will close, and will reopen as a new healthcare facility – a separately licensed ambulatory surgery center. The ASC will be licensed and accredited, and will be called the Group Health Capitol Hill Procedure Center. The intent is to provide the surgical services in an ASC service model, consistent with GHC’s longstanding methods of operation in delivering coordinated care to its members. [sources: application, p. 2, Group Health Cooperative Year 2014 Annual Hospital License Application; and Group Health Cooperative website]

GHC has operated the procedure center under the hospital license in its current location for almost 20 years, and intends to maintain the number of procedure rooms, and the types of procedures performed. [sources: application, p. 10]

The estimated capital expenditure associated with the project is \$84,750 and is solely related to the capital improvements required for licensure. [source: application, p. 11]

If this project is approved, GHC anticipates it would begin to offer services as a CN approved ASC immediately. Under this timeline, 2016 would be the first full year of operation and year 2018 would be the third full year of operation. [source: application, p. 1]

APPLICABILITY OF CERTIFICATE OF NEED LAW

This project is subject to Certificate of Need review as the other establishment of a new health care facility under the provisions of Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code (WAC) 246-310-020(1)(a).

EVALUATION CRITERIA

Revised Code of Washington (RCW) 70.38.115(3) limits the criteria the department uses in its review of an HMO facility. The statute also prohibits the sale, lease, or change in controlling interest of an entity granted a CN under this statutory provision without first obtaining a CN approving the sale, acquisition or lease. WAC 246-310 does not contain service or facility standards for an HMO project.

⁶ “Surgical Services” as defined in WAC 246-330-010(47) means “invasive medical procedures that:

(a) Utilize a knife, laser, cautery, cytogenics, or chemicals; and

(b) Remove, correct, or facilitate the diagnosis or cure of disease, process or injury through that branch of medicine that treats diseases, injuries and deformities by manual or operative methods by a practitioner.”

Further, per WAC 246-330-010(20) an “invasive medical procedure” means “a procedure involving puncture or incision of the skin or insertion of an instrument or foreign material into the body including, but not limited to, percutaneous aspirations, biopsies, cardiac and vascular catheterizations, **endoscopies**, angioplasties, and implantations. Excluded are venipuncture and intravenous therapy.” [emphasis added]

TYPE OF REVIEW

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

APPLICATION CHRONOLOGY

Action	Group Health Cooperative ASC
Letter of Intent Submitted	May 5, 2015
Application Submitted	June 9, 2015
Department's Pre-Review Activities <ul style="list-style-type: none">• Department 1st Screening Letter Sent• GHC's 1st Screening Responses Received• Department 2nd Screening Letter Sent• GHC's 2nd Screening Responses Received	June 30, 2015 August 14, 2015 September 4, 2015 October 19, 2015
Department Begins Review of the Application <ul style="list-style-type: none">• public comments accepted throughout review;• no public hearing requested or conducted	October 26, 2015
End of Public Comment	November 30, 2015
Rebuttal Comments Due	December 15, 2015
Department's Anticipated Decision Date	January 29, 2016
Department's Actual Decision Date	December 14, 2015

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 246-310-010(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.*

For this application, two entities sought interested person status and requested that copies of all information regarding the application be provided to them throughout the course of review. The

two entities are Swedish Health Services, and MultiCare Health System. Below are summaries of each and a determination of their respective status regarding this application.

Swedish Health Services

Swedish Health Services is a non-profit health care provider that operates five hospital campuses – three of which are located in King County. Beginning in 2016, Swedish will be the primary hospital provider for inpatient services for adult Group Health HMO members. Swedish is affiliated with Providence Health and Services.

MultiCare Health System

MultiCare is a non-profit health care organization that serves Pierce, King, Thurston, and Kitsap counties. In King County, MultiCare has a hospital campus in Auburn, urgent care services in Federal Way and Kent.

Both of these entities qualified as interested persons under WAC 246-310-010(34). The second requirement to be recognized as an affected person is to submit written comment or to testify at a public hearing. Since no public hearing was conducted, each requesting entity needed to submit written comments to qualify under WAC 246-310-010(2). Neither of the requesting entities submitted public comment throughout the course of review. As a result, neither of these entities met the criteria to be an “affected person.”

SOURCE INFORMATION REVIEWED

- Group Health Cooperative Certificate of Need Application received on June 9, 2015
- Supplemental information received on August 14, 2015
- Supplemental information received on October 19, 2015
- Licensing data provided by the Department of Health’s internal database, Integrated Licensing & Regulatory System, “ILRS”
- Group Health Cooperative website at www.ghc.org
- Washington State Secretary of State website at www.sos.wa.gov
- Washington State Department of Revenue website at www.dor.wa.gov
- Certificate of Need historical files

CONCLUSION

For the reasons stated in this evaluation, the application submitted by Group Health Cooperative to establish an ambulatory surgery center in central King County is consistent with the applicable review criteria, provided Group Health Cooperative agrees to the following in its entirety.

Project Description

This project approves the other establishment of a five operating room ambulatory surgery center in Seattle within King County. The surgery center will be known as the Group Health Capitol Hill Procedure Center. The types of procedures to be performed at the ambulatory surgery center include gastroenterology procedures, manometry, EBUS, and TEE.

Conditions

1. Group Health Cooperative agrees with the project description as stated above. Group Health Cooperative further agrees that any change to the project as described in the project description is a new project and requires a new Certificate of Need.
2. Consistent with Revised Code of Washington 70.38.115(3), the Group Health Capitol Hill Procedure Center may not be sold, leased, or have a change in control without first obtaining a Certificate of Need.

Approved Costs

The approved capital expenditure for this project is \$84,750 and is solely related to capital improvements and fees.

CRITERIA DETERMINATIONS

A. RCW 70.38.115(3)(a)

Based on the source information reviewed and provided the applicant agrees to the conditions stated in the 'conclusion' section of this evaluation, the department determines Group Health Cooperative met the applicable criteria set forth in RCW 70.38.115(3)(a).

Revised Code of Washington 70.38.115(3)(a) provides only the following guidance for reviewing applications submitted by an HMO. It states:

"A certificate of need application of a health maintenance organization or a health care facility which is controlled, directly or indirectly, by a health maintenance organization, shall be approved by the department if the department finds:

(a) Approval of such application is required to meet the needs of the members of the health maintenance organization and of the new members which such organization can reasonably be expected to enroll"

WAC 246-310 does not provide specific review criteria for an HMO operated or controlled ASC. Therefore, the department reviewed the arguments and data provided by the applicant.

Applicant's Data

GHC provided the following statement related to this project. *"The conversion of GHC's Central Hospital Procedure Center to a freestanding ASC is part of GHC's overall strategic initiative to change the manner in which hospital and other acute care services are furnished to GHC members in the Seattle metropolitan area."* GHC adapted the ambulatory surgery center methodology found in WAC 246-310-270 that is used for projecting need of non-HMO ambulatory surgery ORs. They applied this adapted methodology to their own enrollee population for the purpose of demonstrating need in their application. The adapted methodology projects a numeric need for five procedure rooms and is shown on the following page in Table 1. Four of these rooms are designated for gastroenterological procedures, and one has been designated for EBUS and TEE (labeled as "gastro" and "pulm," respectively).

[sources: application, p. 14; August 14, 2015 supplemental information, p. 11]

**Table 1
Group Health Projected Need for 5 Procedure Rooms (PR) Using Adapted ASC
Methodology**

Criteria	GHC Data Used	
	4 Gastro Rooms	1 Pulm Room
Existing Capacity		
Annual Capacity per PR (68,850 min/room)	275,400 minutes	68,850 minutes
Average Minutes per Procedure	30 minutes	73 minutes
Annual Capacity for Procedures	9,180 procedures	943 procedures
Future Need		
Actual 2014 Procedures	4,911 procedures	144 procedures
Add manometry procedures @ 30 min each	104 procedures	n/a
Projected 6% growth in enrollees in 3 years	301 procedures	9 procedures
Projected 2.25% outpatient procedure increase in 3 years	110 procedures	3 procedures
Add scheduled but cancelled procedures @ 6%	326 procedures	9 procedures
Total adjusted projected PR procedures in 3rd year	5,752 procedures	165 procedures
Subtract projected procedures from capacity	3,428 procedures	778 procedures
Convert procedures to procedure minutes	102,840 minutes	56,794 minutes
Net Need		
Divide procedure room need/surplus minutes by single procedure room capacity	1.49 PR surplus	0.8 PR surplus
Total Minimum Need, Rounded Up	3 PRs	1 PR
Backup PR	0.5 PR	n/a
Coordinated Care PR	0.5 PR	n/a
Total PR Needed	4 PRs	1 PR

[source: August 14, 2015 supplemental information, p. 11]

To further demonstrate adherence to the criteria in RCW 70.38.115(3)(a), GHC states that it requires at least one backup procedure room in addition to the three justified by the adapted numeric need methodology. GHC currently operates 8 gastroenterology procedure rooms in Seattle and Bellevue. In the event that one or more procedure rooms at those locations become unavailable because of equipment or systems problems or other reasons, good practice requires GHC to keep a backup procedure room available in order to maintain to the extent possible its regular outpatient surgery schedule and access.

Additionally, care coordination in the GHC care model requires more than the minimum number of ORs projected by the adapted need methodology for non-HMO ASCs. GHC provided the following example of care coordination: “*Care coordination in the gastroenterology procedure room setting requires having pairs of rooms available for scheduling with individual providers. For example, having two pairs of procedure rooms allows two physicians to perform procedures in a highly efficient and cost-effective manner. GHC will set up one room for a patient while the*

physician is performing a procedure with another patient in another room. When the physician completes the procedure and cleanup begins, the physician can switch to the paired procedure room to begin another procedure with another patient, and so on during the daily schedule. This paired approach to scheduling and utilization is highly efficient and allows physicians and other providers to perform more procedures each day, thus reducing the cost of each procedure. Maintaining the current number of 4 gastroenterology rooms would provide two room pairs for coordinated scheduling.”

[source: application, p. 20]

Department’s Review

Since there are no adopted standards for the review of an HMO owned or controlled ASC, the department’s review will focus on the reasonableness of the assumptions and modifications that GHC made to the existing non-HMO methodology in their request for 5 operating rooms. For reader ease, Table 1 has been replicated on the next page, with department comments following:

**Table 1
Group Health Projected Need for 5 Procedure Rooms (PR) Using Adapted ASC
Methodology**

Criteria	GHC Data Used	
	4 Gastro Rooms	1 Pulm Room
Existing Capacity		
Annual Capacity per PR (68,850 min/room)	275,400 minutes	68,850 minutes
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Total Minimum Need, Rounded Up	3 PRs	1 PR
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Coordinated Care PR	0.5 PR	n/a
Total PR Needed	4 PRs	1 PR

[source: August 14, 2015 supplemental information, p. 11]

- The applicant used existing patient origin data and actual number of surgeries to establish a use rate. This substitution is acceptable.
- Rather than using a set planning area population, GHC instead used actual numbers of enrollees who have received surgical care at the hospital outpatient surgery department. The applicant then assumed two rates of increase over three years – 6% enrollment increase and 2.25% utilization increase.
 - GHC originally projected a 12% increase in enrollment. Through screening, the department questioned the 12% increase in enrollment assumption because it was not consistent with historical figures. Subsequently, GHC provided a more modest projected increase of 6% over the next three years, and asserted that through significant cost-cutting measures they will be more attractive to potential enrollees. The 6% enrollment increase projection is reasonable.
[source: July 17, 2015 supplemental information, p. 10]
 - GHC originally projected a 4.5% utilization increase among enrollees. This is consistent with historical data provided by the applicant. Since 2009, the use rate among enrollees has increased by 16%. In response to screening, GHC reduced the anticipated utilization increase. This modest assumption of continued growth – 2.25% over the course of 3 years – is reasonable.
[source: August 14, 2015 supplemental information, p. 11]
- The applicant included a further 6% of procedures in their methodology that are scheduled, but then cancelled. In response to screening, GHC provided 6 months of data that demonstrates that between 6 and 8% of procedures were either cancelled within 24 hours or did not take place because the patient did not arrive. Due to the nature of the procedures performed in these operating rooms and the associated “lengthy and uncomfortable preparation at home” prior to the procedure, GHC asserts that these unfilled time slots cannot be refilled. This assumption can be substantiated and is reasonable.
[sources: application, p. 19-20; August 14, 2015 supplemental information, pp. 8-9]

The department agrees that the assumptions GHC made in their adapted methodology can be substantiated and demonstrates numeric need for 4 ORs.

The rationale presented by GHC states non-numeric need for an additional OR for a total of 5. Under ordinary circumstances, ORs beyond those projected in the numeric need would not be approved. However, in accordance with WAC 246-310-210(5), “[*this*] project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization.” GHC identified several different reasons for converting all of its 5 outpatient ORs at GHC Central Hospital to a freestanding ASC. These reasons are not unique to Group Health. However, this proposed project maintains the current level of access to outpatient surgery at a Group Health facility for enrollees in the greater King County area. Therefore, the rationale presented by GHC for the additional OR, for a facility total of 5 is reasonable.

Based on the source information evaluated the department concludes that **this criterion is met.**

B. RCW 70.38.115(3)(b)

Based on the source information reviewed and provided the applicant agrees to the conditions stated in the ‘conclusion’ section of this evaluation, the department determines Group Health Cooperative met the applicable criteria set forth in RCW 70.38.115(3)(b).

Revised Code of Washington 70.38.115(3)(b) provides only the following guidance for reviewing applications submitted by an HMO. It states:

"A certificate of need application of a health maintenance organization or a health care facility which is controlled, directly or indirectly, by a health maintenance organization, shall be approved by the department if the department finds:

(b) The health maintenance organization is unable to provide, through services or facilities which can reasonably be expected to be available to the organization, its health services in a reasonable and cost-effective manner which is consistent with the basic method of operation of the organization and which makes such services available on a long-term basis through physicians and other health professionals associated with it."

WAC 246-310 does not provide specific review criteria for an HMO operated or controlled ASC. Therefore, the department reviews the arguments and data provided by the applicant.

Applicant's Data

Group Health distinguishes itself as an HMO that provides the full spectrum of health care services and healthcare coverage on a pre-paid basis. They do this using their own employed and closely affiliated providers and staff – and as often as possible use their own facilities to help control costs. They assert that this integrated model of services allows for system efficiency, greater patient satisfaction, and less expense.

[source: application, pp. 27-29]

If this was a traditional ambulatory surgery facility application, the intent of this section would be to ensure that the project is the most cost-effective option after a thorough review of alternatives. In this case, rather than providing fully formed alternative options, GHC instead provided examples of services and efficiencies that the ASC will have that would not be available if the project changed GHC's standard method of operating outpatient surgery services. They are listed as follows:

- *The provision of coordinated care across the continuum is a key element of the high quality care provided to Group Health consumers. Reliance on other ASC resources would diminish our ability to provide coordinated care and achieve quality goals.*
- *Our ability to control costs, quality and safety would diminish if services are provided outside of Group Health facilities.*
- *Scheduling and coordinating care between Group Health ambulatory care clinics and a variety of procedure centers would add needless complexity to systems and processes. The added complexity would diminish our ability to coordinate care and would raise risks of service quality and patient safety issues.*

- *Our ability to use Epic, our integrated health record system, for the seamless coordination of care for procedures would be diminished, compromising our ability to coordinate care and continue to achieve our high quality standards.*
 - *Group Health patients expect and are accustomed to receiving procedure care at Group Health owned and operated facilities. Referrals to other ASCs would significantly diminish the customer experience at Group Health, potentially leading to the loss of Group Health members.*
 - *Group Health costs of care would increase and efficiencies would diminish if Group Health Physicians were required to perform procedures in procedure centers not on the Group Health Capitol Hill Campus, where their offices are located.*
 - *Group Health costs of care would increase if ASC procedures are performed in a hospital based surgery center, because an additional facility fee would be imposed.*
 - *Will take a significant amount of time and resources to plan for and execute a complete change in the provision of procedures at GH.*
 - *Will result in layoffs of a significant number of healthcare team members currently providing procedure care to GH patients.*
- [source: application, pp. 28-29]

Department's Review

Once GHC made the decision to close Group Health Central Hospital, their options for continuing to provide outpatient surgical services were limited to the following:

- To change the existing care structure for outpatient surgery and potentially increase costs by only providing outpatient surgical services through contracted ASCs and hospitals; or
- To establish a new location for the freestanding ambulatory surgery center.

The department agrees that the option of changing the structure of existing outpatient surgery services by only providing ASC services through contracted providers would be disruptive to patients and to Group Health when compared to continuing to provide outpatient surgical services at the Capitol Hill location.

The department also agrees that relocating the surgery center is not the most cost-effective option, when changing the licensure status of the hospital outpatient surgery department space into an ASC is an available alternative. First, the facility already exists as a hospital outpatient surgery department. Though the space will require some physical changes to meet ASC standards, Group Health already owns the space, and the cost of modifying the facility to meet licensure requirements will be less than leasing or acquiring a new facility. The capital expenditure for these alterations is \$84,750 – significantly less expensive than the prospect of acquiring or leasing a new building.

The department concludes that with the approval of this 5-OR ambulatory surgery center, Group Health will be better able to provide its health services in a reasonable and cost-effective manner which is consistent with their current method of operation for providing outpatient surgery. **This criterion is met.**