



STATE OF WASHINGTON
DEPARTMENT OF HEALTH

August 2, 2013

Anna Timmerman, Attorney
McGuire Woods, LLP
77 West Wacker Drive, #4100
Chicago, Illinois 60601

DOR #14-01

Dear Ms. Timmerman:

The department has completed its review of your July 9, 2013, determination of reviewability regarding the proposed ownership change for Physicians Endoscopy, LLC, which has ownership interest in three ambulatory surgery centers within Washington State. The three centers are identified below.

Name	City Location	Status
Eastside Endoscopy Center-Bellevue	Bellevue	CN #1469 – project complete
Eastside Endoscopy Center-Issaquah	Issaquah	CN #1460 – project complete
Northwest Endoscopy Center	Bellingham	Currently undergoing Certificate of Need review App #13-38

The three surgery centers shown above are jointly owned by Physicians Endoscopy, LLC and various physicians.¹ Currently, Physicians Endoscopy, LLC is 100% owned by Physicians Endoscopy Intermediate Holdco, LLC, which is 100% owned by Physicians Endoscopy Holdings LLC. Physicians Endoscopy Holdings, LLC is owned by a private equity company and individual owners.

As I understand the transaction, a new private equity company and other individuals would purchase a majority interest in Physicians Endoscopy Intermediate Holdco, LLC. The new private equity company would have greater than 50% ownership and the individuals would share the remaining ownership. Physicians Endoscopy Holdings, LLC would cease to exist. Physicians Endoscopy, LLC would be 100% owned by Physicians Endoscopy Intermediate Holdco, LLC, which would be 100% owned by the new private equity company and individual owners. The restructure is expected to occur on August 15, 2013.

¹ Physicians Endoscopy, LLC has 27.3% ownership of Eastside Endoscopy Center-Bellevue; 27.3% ownership of Eastside Endoscopy Center-Issaquah; and 30% ownership of Northwest Endoscopy Center located in Bellingham.

Below is the information considered by the Certificate of Need Program in reaching its conclusion regarding the ownership restructure.

INFORMATION CONSIDERED

- Determination of Reviewability request submitted on July 10, 2013
- Revised Code of Washington (RCW) 70.38
- Washington Administrative Code (WAC) 246-310
- Secretary of State information obtained from its website
- Quarterly Progress Reports for CN #1460 Eastside Endoscopy Center-Issaquah
- Quarterly Progress Reports for CN #1469 Eastside Endoscopy Center-Bellevue
- Certificate of Need application for Northwest Endoscopy Center submitted on April 3, 2013

CONCLUSION

Based on the totality of information considered, the transaction you describe does not affect the Certificate of Need approval for Eastside Endoscopy Center-Issaquah or Eastside Endoscopy Center-Bellevue.

Because Physicians Endoscopy Center, LLC is one of the applicants for the Northwest Endoscopy Center application, the transaction as described is considered a change in applicant for this project. WAC 246-310-010(6) defines "applicant" and sub-section (b) states:

"any person or individual with a ten percent or greater financial interest in a partnership or corporation or other comparable legal entity engaging in any undertaking subject to review under chapter 70.38. RCW."

As a result, if this transaction occurs as expected on August 15, 2013, information provided in the current Northwest Endoscopy Center application would no longer be correct. A new application, with correct applicant information, would have to be submitted in accordance with WAC 246-310-090.²

APPEAL OPTION

This decision may be appealed. You may request an adjudicative proceeding to contest this decision within 28 calendar days from the date of this letter. The notice of appeal must be filed according to the provisions of Revised Code of Washington 34.05 and Washington Administrative Code 246-310-610. A request for an adjudicative proceeding must be received within the 28 days at one of the following addresses:

² WAC 246-310-100 allows an applicant to submit an amendment to a current application. The amendment must be submitted during the screening or public comment timeline. For the Northwest Endoscopy Center application, the public comment timeline ended on July 22, 2013. As a result, the current Northwest Endoscopy Center application cannot be amended. Therefore, a new application must be submitted.

Anna Timmerman, Attorney
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Mailing Address:
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Other Than By Mail
Department of Health
Adjudicative Service Unit
111 Israel Road SE
Tumwater, WA 98501

Please call me directly at (360) 236-2957 if you have any questions or you would like to meet to discuss this determination.

Sincerely,



Karen Nidermayer, Analyst
Certificate of Need Program
Office of Certification and Technical Support

cc: Sandra Vanderyacht, RN
applicant contact for Northwest Endoscopy Center CN Application #13-38
