



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

November 6, 2014

CERTIFIED MAIL #7011 1570 0002 7809 5810

Ann Sullivan, Area Manager  
Washington Capitol Area  
Fresenius Medical Care  
719 Sleater Kinney Road Southeast  
Lacey, Washington 98503

RE: DOR #15-07

Dear Ms. Sullivan:

Thank you for your July 31, 2014, letter requesting a Determination of Reviewability (DOR) related to Fresenius Medical Care's (FMC) proposed relocation of Chehalis Dialysis Center. Below are the facts relied upon by the Certificate of Need Program in reaching its conclusion regarding your proposed relocation project.

**FACTS**

- On April 20, 1999, Providence St. Peter Hospital was issued Certificate of Need (CN) #1188 approving the establishment of a 7-station dialysis center to be located in a medical office building on the Chehalis campus of Providence Hospital-Centralia. The address for the dialysis center is 500 Southeast Washington in Chehalis, within Lewis County. The facility was established and the approved project was complete as of January 29, 2002.
- On February 1, 2002, the Chehalis Dialysis Facility underwent a change of ownership from Providence St. Peter Hospital to a subsidiary of Fresenius Medical Care known as Renal Care Group Northwest (RCGNW).
- On October 26, 2006, CN #1340 was issued to RCGNW approving the addition of five stations to the dialysis center, for a facility total of 12 in-center dialysis stations. CN #1340 acknowledged that the dialysis center did not include training stations.
- FMC-Chehalis Dialysis Center has remained at its current location since its establishment in year 2002. Documentation provided in this relocation application demonstrate that the medical office building was purchased in 2009 by American Behavioral Health Systems, Inc. Subsequent lease agreements between the new owners and RCGNW continue to identify the address of the dialysis center at 500 Southeast Washington in Chehalis.

- While the physical location of the dialysis center did not change, the main entrance to the dialysis center was moved to the other side of the building. This change in building access resulted in issuance of a new address by the postmaster. The new address is 505 Southeast Adams Avenue in Chehalis [98532].
- The facility continues to provide in-center dialysis services only, with no training stations.
- Your July 31, 2014, letter and supplemental information provided on September 16, September 25, and October 1, 2014, requests relocation of the 12-station FMC Chehalis Dialysis Center in its entirety. Below is a summary of the information provided.
  - The new site is 1684 Bishop Road in Chehalis [98532] and is within four miles of the existing site on Southeast Adams.
  - The current site and the new site are both located in Lewis County as defined in Washington Administrative Code 246-310-280(9).
  - FMC expects that the new facility would become operational in March 2015. The existing facility would cease operation as an FMC dialysis center once the relocated facility was operational.
  - No break in dialysis services would occur as a result of the relocation.
  - Chehalis Dialysis Center does not provide home training services at the current site. The floor plan for the new facility shows space for training services [one station]. FMC intends to provide home training services upon opening Chehalis Dialysis Center at the new site.
  - The floor plan for the new site also shows one isolation station and a permanent bed station. Dialysis services in isolated space and a permanent bed will be available at the new site.
  - In summary, the floor plan for the new facility demonstrates that the facility will be built-out as an 18-station dialysis center with no shelled space. The stations include one private isolation room, one training station, one bed station, and 15 built out stations.
  - For this relocation, FMC negotiated a 'turn-key' lease with the landlord. The landlord will finance land purchase, development, and build-out costs, and then recoup those costs in the lease agreement with FMC or its subsidiary, RCGNW.
  - The total costs for the entire building and equipment are estimated at \$3,791,486. Of that amount, \$3,348,284 is attributed to the 12-station relocation and \$443,202 is attributed to the station expansion.
  - FMC's share of the \$3,348,284 relocation costs is \$319,098 and the landlord's share is \$3,029,186.

### ANALYSIS

- Revised Code of Washington (RCW) 70.38.105(4) identifies the types of projects subject to prior Certificate of Need review and approval. Subsection (a) identifies that the construction, development, or other establishment of a new health care facility is subject to CON review. RCW 70.38.025(6) defines "health care facility" to include kidney disease treatment centers.



- WAC 246-310-289 allows for relocation of a kidney disease treatment center within the same planning area [as defined in WAC 246-310-280(9)] without undergoing prior Certificate of Need review and approval, provided the following five requirements are met.
  - (a) The existing facility ceases operation;
  - (b) No new stations are added to the replacement facility;
  - (c) There is no break in service between the closure of the existing facility and the operation of the replacement facility;
  - (d) The existing facility has been in operation for at least five years at its present location; and
  - (e) The existing facility has not been purchased, sold, or leased within the past five years.

### **CONCLUSION**

Based on the above factual information, the Certificate of Need Program concludes that the proposed relocation of FMC Chehalis Dialysis Center does not qualify for a relocation exemption under WAC 246-310-289, because six additional stations will be built out at the new site. This action is inconsistent with section (b) above that requires no new stations are added to the replacement facility.

### **APPEAL OPTIONS**

This decision may be appealed. The two appeal options are listed below.

#### **Appeal Option 1:**

You or any interested or affected person may request a public hearing to reconsider this decision. The request must state the specific reasons for reconsideration in accordance with Washington Administrative Code 246-310-560. A reconsideration request must be received within 28 calendar days from the date of the decision at one of the addresses below.

<u>Mailing Address:</u>	<u>Physical Address</u>
Department of Health	Department of Health
Certificate of Need Program	Certificate of Need Program
Mail Stop 47852	111 Israel Road SE
Olympia, WA 98504-7852	Tumwater, WA 98501

#### **Appeal Option 2:**

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 addresses listed on the following page.

<u>Mailing Address:</u>	<u>Physical Address</u>
Department of Health	Department of Health
Adjudicative Service Unit	Adjudicative Service Unit
Mail Stop 47879	111 Israel Road SE
Olympia, WA 98504-7879	Tumwater, WA 98501

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

Sincerely,

A handwritten signature in cursive script that reads "Janis R. Sigman".

Janis Sigman, Manger  
Certificate of Need Program  
Community Health Systems