



Proposed Final Report

Regulation of Ambulatory Surgical Facilities

Legislative Auditor Conclusion:

DOH has not met its goal for how frequently it performs state licensing inspections of ambulatory surgical facilities. It is unclear how this affects patient safety.

DOH should determine an inspection frequency goal based on patient safety risks and ensure license fees are aligned with that goal.

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Legislative Auditor's Recommendations

- 1 DOH should **identify how the frequency of licensing inspections is related to risks to patient safety and determine an inspection frequency goal** based on those risks.

DOH Partially Concur
- 2 DOH should follow its cost recovery policy and best practices to **maintain a reserve fund balance.**

DOH Concur
- 3 The Legislature should amend statute to permit DOH to **collect ASF license fees annually.**

DOH Concur
- 4 DOH should **improve the procedures and data systems** it uses to collect state licensing and survey data.

DOH Concur

JLARC reviewed DOH's Ambulatory Surgical Facility regulatory program

Study mandate in 2019-21 operating budget

State vs. Federal

Survey (inspection) requirements, process, and program costs

State licensing program

Licensing fees
\$

Costs, staffing, capacity


In 2009, the Department of Health began licensing ambulatory surgical facilities (ASFs)

ASF

Medical facility whose primary purpose is to provide outpatient surgical services.

Surgical specialties include

- orthopedics
- plastic surgery
- endoscopy
- eye surgery

DOH administers two similar programs for ambulatory surgery

State (DOH) licensing & Federal (CMS) certification programs

Program Funding	Separate	State: Facilities pay fee to DOH. Federal: Federal grant to DOH.
Health and safety standards	Similar	State: Established by DOH. Federal: Established by CMS.
Survey process	Similar	Same survey components DOH inspectors have same qualifications.

DOH survey frequency goal not based on link between frequency and patient safety

DOH's goal is to survey as often as allowed by law.

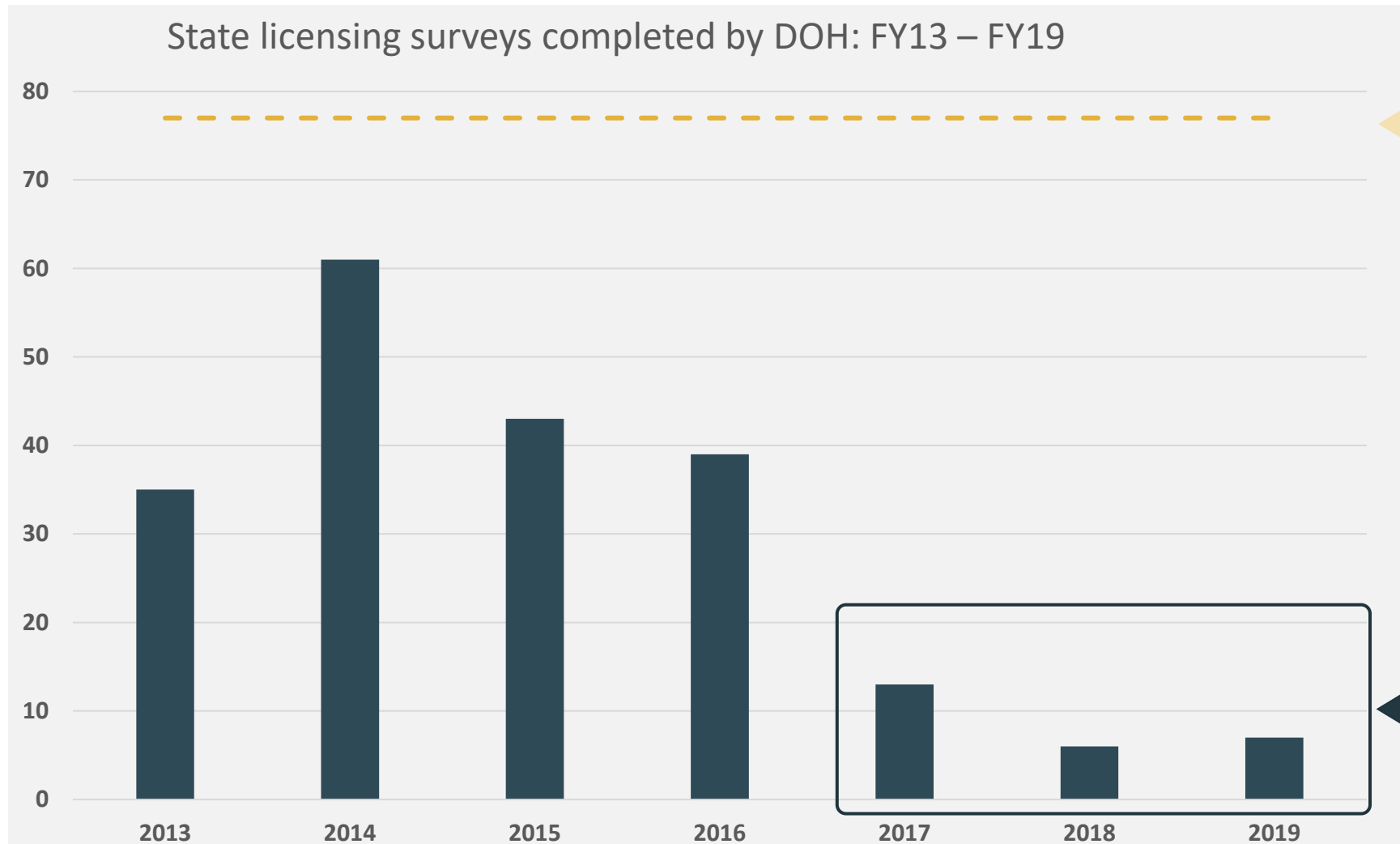
DOH has not demonstrated the goal is optimal for protecting patient safety.

Statute permits DOH to survey an ASF *no more than*:

- Once every 18 months if the ASF is state licensed only.
- Once every 36 months if it is also federally certified or accredited.

186 ASFs =
77 surveys
per year

DOH has not met its state licensing survey goal



State survey frequency target: 77 surveys / year

71% of facilities are > 1 year overdue for a survey

FY17-19 state survey average: 9 surveys / year

Legislative Auditor Recommendation #1

DOH should:

- Identify how the frequency of licensing surveys is related to risks to patient safety.
- Determine a survey frequency goal based on those risks.


DOH Partially
Concurs

DOH increased licensing fees and inspection staff to perform more state licensing surveys

In 2019 DOH increased ASF licensing fees by 170% to 263%.

Assumption: 2.1 inspector FTE could perform **75-80 surveys/year**.

Review of FY13-19 data: 2.1 inspector FTE could perform **~50 surveys/year**.

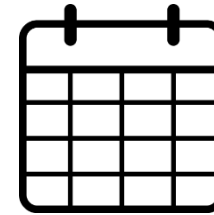
DOH has hired 3 FTE  → DOH could meet its survey goal with these inspectors

The additional staff costs mean **estimated program costs exceed projected license fee revenue**.

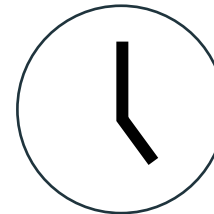
DOH risks:

- **Not complying with the statutory requirement to set fees at a level that covers program costs.**
- **Violating its policy to maintain a reserve fund balance.**

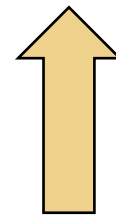
DOH program options:



Survey frequency goal



Length of surveys



License fees
(prohibited until July 2021)

Legislative Auditor Recommendation #2

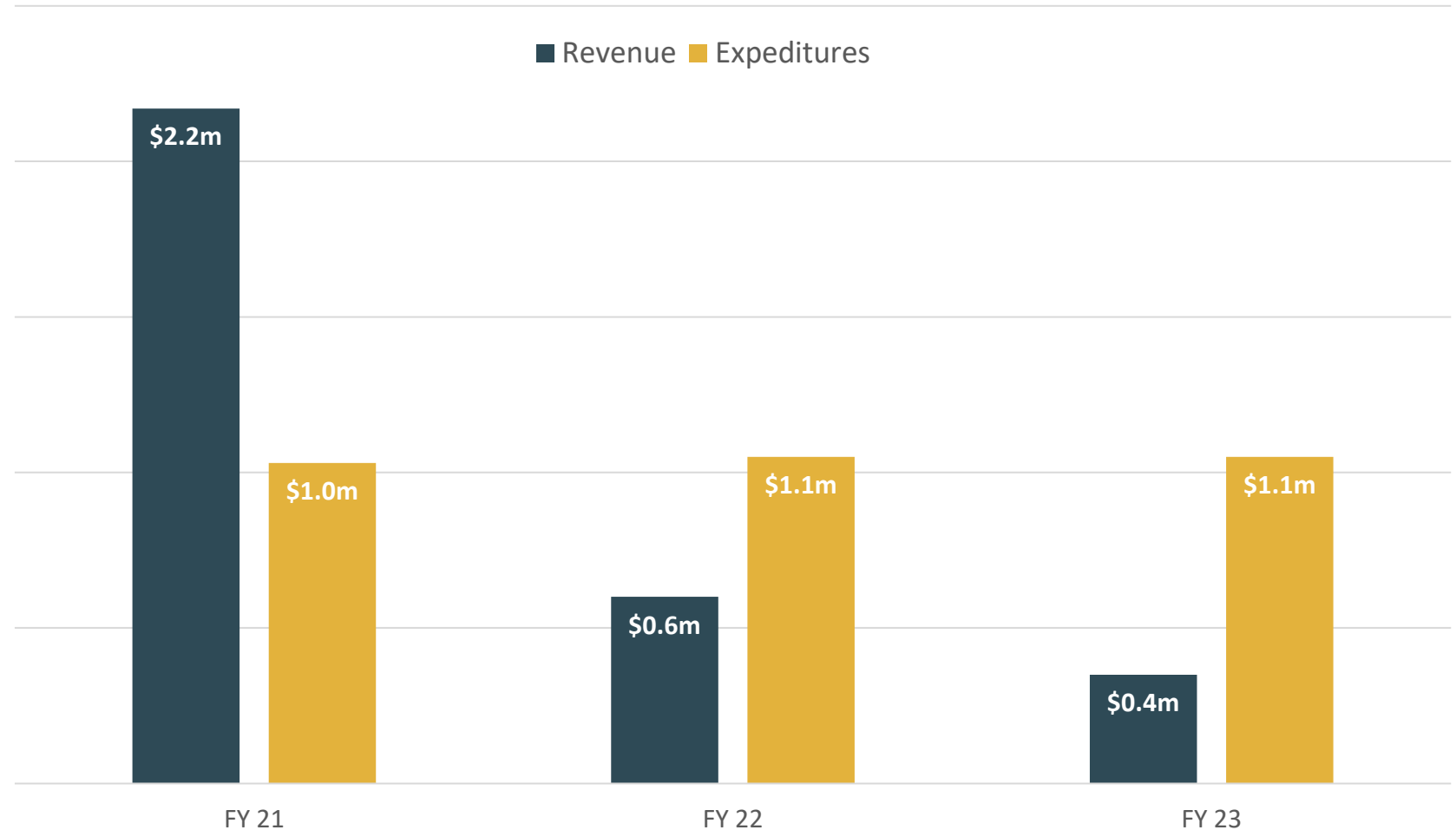
DOH should follow its cost recovery policy and best practices by maintaining its reserve fund balance.

DOH Concurrs

Collecting fees annually may help stabilize revenue

ASF fees paid on 3-year cycle:

- Bulk of revenue paid in one year.
- Complicates calculating reserve fund balance.
- Three years to fully realize fee changes.

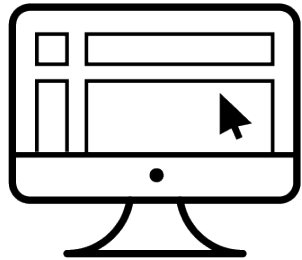


Legislative Auditor Recommendation #3

The Legislature should amend statute to permit DOH to collect ASF license fees annually.

DOH Concur

Improving data quality could help DOH prioritize ASFs most overdue for state licensing surveys



Review of licensing and regulatory system data identified missing and inaccurate survey records.

DOH relies on these records to prioritize facility surveys.

Legislative Auditor Recommendation #4

DOH should improve the procedures and data systems it uses to collect state licensing and survey data.

DOH
Concurs

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