

Regulation of Ambulatory Surgical Facilities

2020 JLARC STUDY

In 2019, the Legislature directed JLARC to review the Department of Health's (DOH) oversight of ambulatory surgical facilities (ASFs), which provide outpatient surgery such as endoscopy, plastic surgery, and others.

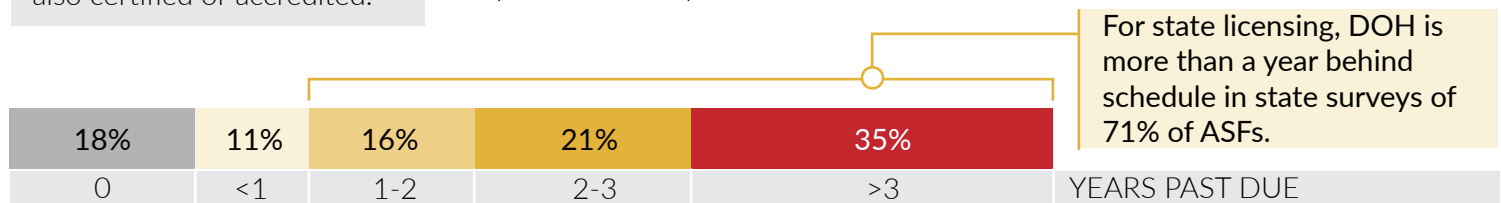
DOH has not met its goal for how frequently it performs state licensing surveys of Ambulatory Surgical Facilities (ASF)

STATE LICENSING SURVEY FREQUENCY GOAL:

Every 18 months if ASFs are state-licensed only.

Every 36 months if ASFs are also certified or accredited.

- DOH surveys (inspects) facilities to determine if they meet federal and state regulations.
- Although DOH is meeting the federal priorities for federal certification surveys, it has not met its own goals for the state licensing program.
- The data quality of DOH's state survey records may impede DOH's ability to prioritize survey efforts.



It is unclear how not meeting the survey goal affects patient safety

DOH has latitude in setting its survey frequency goal. Its current goal is the shortest interval allowed by law.

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

DOH's own experience with surveying facilities more than once is limited to 20 of 186 state-licensed ASFs.

For these 20 facilities, the interval between DOH's licensing surveys averaged 4.7 years and ranged from less than 2 years to 7 years.

DOH should determine a survey frequency goal based on patient safety risks and ensure license fees are aligned with that goal

To increase surveying capacity, DOH increased fees by up to 263% in 2019 and plans to increase inspection staff above the level assumed when setting these fees. As a result, state survey program costs are expected to exceed license fee revenue.

Unless DOH reduces survey frequency, shortens the length of its surveys, or increases license fees, **it risks a revenue shortfall and a negative reserve fund balance.** Annual collection of license fees could help DOH manage its fund balance by providing more cash flow consistency.

LEGISLATIVE AUDITOR'S RECOMMENDATION

1. DOH should identify how the frequency of licensing surveys is related to risks to patient safety and determine a survey frequency goal based on those risks.
2. DOH should follow its cost recovery policy and best practices by maintaining its reserve fund balance.
3. DOH should improve the procedures and data systems it uses to collect state licensing and survey data.
4. The Legislature should amend statute to permit DOH to collect ASF license fees annually.

The complete report is on the JLARC web site: www.leg.wa.gov/jlarc

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