



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

November 4, 2021

Craig Marks, CEO
Prosser Memorial Health
e-mail: cmarks@pphdwa.org

Jody Carona, Consultant
Health Facilities Planning and Development
e-mail: healthfac@healthfacilitiesplanning.com

RE: Certificate of Need Application #21-69 Prosser Memorial Health

Dear Mr. Marks and Ms. Carona:

We have completed review of the Certificate of Need application submitted by Benton County Hospital District #1. The application proposes to replace Prosser Memorial Health to a new site in Prosser, within Benton County. Enclosed is a written evaluation of the application.

For the reasons stated in this evaluation, the application submitted by Benton County Hospital District #1 proposing to relocate Prosser Memorial Health in its entirety to a new site is consistent with applicable review criteria of the Certificate of Need Program, provided the applicant agrees to the following in its entirety.

Intent to Issue a Certificate of Need

Because of the size of the construction project, the Department of Health may not issue a Certificate of Need until it receives a copy of the approved Conditional Use Permit. [WAC 246-03-030(4).] Once Benton County Hospital District #1 provides the Certificate of Need Program with a copy of a determination of non-significance or final environmental impact statement pertaining to the site for the hospital, a Certificate of Need will be issued for the project with the following conditions.

Project Description:

This certificate approves the relocation of Prosser Memorial Health to a new site in Benton County. The address of the new site has not yet been assigned. Three separate parcel numbers are identified in the application and have been relied upon for this review. The parcel numbers are identified on the Benton County Assessor website and listed below:

135942000010000

135942000011000

135942000012000

Benton County Hospital District #1 states that the following factors will remain with the relocation:

- 25 beds (no change in the licensed bed capacity);
- Prosser Memorial Health will continue to operate at a Critical Access Hospital;
- Prosser Memorial Health will operate with the same Medicare and Medicaid provider numbers;
- No addition of tertiary or other Certificate of Need reviewable services;
- No change in the planning area; and
- The existing hospital will close as an acute care hospital once the replacement hospital opens.

Conditions:

1. Approval of the project description as stated above. Benton County Hospital District #1 further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Prosser Memorial Health will provide charity care in compliance with its charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. Prosser Memorial Health will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the Central Region. Currently, this amount is 1.30% gross revenue and 3.79% of adjusted revenue. Prosser Memorial Health will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires these records to be available upon request.
3. Prosser Memorial Health has completed its requirement by submitting its updated charity care policy to Department of Health for review and posting to the Department of Health website. Prosser Memorial Health will notify the Certificate of Need Program when the January 13, 2021, Charity Care Policy is approved by DOH's Hospital Financial/Charity Care Program.
4. Benton County Hospital District #1 will finance this project as described in the application.

Approved Costs:

The approved capital expenditure associated with the relocation of Prosser Memorial Health is \$64,707,545, which includes costs for land purchase, construction and fixed equipment, moveable equipment, associated fees, and taxes.

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.

Craig Marks, Prosser Memorial Health
Jody Carona, Health Facilities Planning and Development
Certificate of Need Application #21-69
November 4, 2021
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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 this e-mail address:
fslcon@doh.wa.gov.

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

Sincerely,



Eric Hernandez, Program Manager
Certificate of Need
Office of Community Health Systems

Enclosure

EVALUATION DATED NOVEMBER 4, 2021, FOR THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY BENTON COUNTY HOSPITAL DISTRICT #1 PROPOSING TO RELOCATE PROSSER MEMORIAL HEALTH TO A NEW SITE IN PROSSER WITHIN BENTON COUNTY

APPLICANT DESCRIPTION

Benton County Hospital District #1 (hospital district) is a public hospital district based in Prosser, within Benton County, Washington.¹ The hospital district operates six healthcare clinics and the acute care hospital known as Prosser Memorial Health also located in Benton County.² [source: Application, pdf 5, Prosser Memorial Health website, and Washington State Department of Revenue website]

The hospital district is managed by the seven elected board of commissioners identified below.

Stephen Kenny, PhD	Glenn Bestebreur	Keith Sattler	
Susan Reams	Sharon Dietrich, MD	Brandon Bowden	Neilan McPartland

[source: Prosser Memorial Health website]

PROJECT DESCRIPTION

This project focuses on Prosser Memorial Health (PMH) a 25-beds acute care hospital located at 723 Memorial Avenue, in Prosser [99350]. The hospital holds an active Washington State hospital license³ and a Critical Access Hospital (CAH) designation from Centers for Medicare and Medicaid Services (CMS).⁴ The Department of Health’s Trauma Service office has designated Prosser Memorial Health as a level IV adult trauma facility.⁵

PMH provides a variety of healthcare services to the residents of Benton County and surrounding communities. Table 1 below shows the 25 licensed acute care beds broken down by service. [source: DOH hospital licensing files, year 2020]

**Department’s Table 1
Prosser Memorial Health
Current Configuration of Licensed Acute Care Beds**

Services Provided	Total Beds
General Medical Surgical	25 ⁶
Total	25

¹ Unified Business Identifier (UBI) #035-000-951.

² Healthcare clinics include: Benton City Clinic, Prosser Clinic, Prosser Memorial Health Grandview Clinic, Prosser Specialty Clinic, Prosser Specialty Clinic-ENT & Allergy, and Prosser Women’s Health Clinic.

³ Washington State hospital license #FSL.HAC.00000046.

⁴ Critical Access Hospitals (CAHs) are designated by CMS. The purpose of the program is to ensure people enrolled in Medicare have access to healthcare services, particularly hospital care, in rural areas. CAHs are small hospitals with 25 or fewer beds in rural areas and are often the central hub of health services in their communities, providing primary care, long-term care, physical and occupational therapy, cardiac rehabilitation, and other services in addition to emergency and acute care. Hospital staff provide these services either directly or in partnership with other community providers. [source: DOH Rural Health website]

⁵ The Washington State Department of Health has authority to designate trauma services. The department designates five levels of acute care trauma services, three levels of pediatric acute care trauma services and three levels of trauma rehabilitation services. A level I designation serves patients with highest acuity and a level V designation serves patients with lower acuity.

⁶ Washington Administrative Code 246-310-010(57) defines swing beds as: “up to the first five hospital beds designated by an eligible rural hospital which are available to provide either acute care or nursing home services.” The hospital district received prior approval to establish 10 swing beds at the Prosser Memorial Health, as a result, within the 25 acute care beds are 10 swing beds.

The hospital district submitted this application proposing to relocate PMH in its entirety, along with a medical office building, to a new site in Prosser, within Benton County. The hospital district provided the following description and rationale for the project. [source: Application, pdf 9]

“PMH is a 25-bed CAH located in Prosser, Benton County. This application simply proposes the replacement of the current hospital, many portions of which have reached the end of their useful lives; and despite maintenance and investment by the District are no longer sufficient in terms of space, workflows, or efficiencies. The current layout also makes the provision of patient centered care challenging.

The original hospital building, a 19-bed hospital, was constructed in 1945. In response to community growth in 1952, a new wing was added, and another expansion occurred in the mid 1990s. Today, the original hospital is more than 75 years old. Master Planning and a facility/campus analysis conducted over the past several years demonstrated that the current campus does not include enough land (or have sufficient adjacent property that can be acquired) to undertake renovation and expansion necessary to assure the Hospital can continue to meet the needs of our growing and aging community.

After reviewing the findings from the various architectural and engineering studies undertaken, the publicly elected Board of Commissioners concluded that the Hospital should be replaced at another location in Prosser. While the replacement hospital will not increase in number of beds, it will provide much needed expansion space for existing essential services such as the emergency department, surgical services, intensive care, and imaging. And, most importantly, it will add private patient rooms which patients strongly prefer, but under the current pandemic have been proven to be the best means of assuring a safe patient environment.

The District has purchased undeveloped land (33.06 acres), approximately three miles away from the existing hospital for a replacement facility; the material elements of which include:

- *25 beds (no change in the licensed bed capacity);*
- *PMH will operate with the same Medicare and Medicaid provider numbers;*
- *No addition of any tertiary or other CN reviewable services;*
- *No change in the planning area; and*
- *The existing hospital will close once the replacement hospital opens.”*

The new site for the hospital will be on the following three contiguous parcels of land:

- #135942000010000
- #135942000011000
- #135942000012000

As of the writing of this evaluation, an address has not been assigned to the parcels. [source: Application, pdf 7]

The estimated capital expenditure for the replacement hospital is \$64,707,545. Associated with PMH’s larger long-term plan, but not reviewable by CN and thus excluded from the estimated capital expenditure is the cost for a medical office building estimated at \$13,692,455. Only the costs for relocation of the hospital are subject to this review. The \$64,707,545 includes purchase of the land, construction and fixed equipment, moveable equipment, and other project costs. [source: Application, pdf 20]

If this project is approved, the district expects construction of the new hospital to begin in January 2022 and the hospital will be operational at the new site in January 2024. Under this timeline, year 2024 would be the first full calendar year of operation and 2026 would be full calendar year three. [source: Application, pdf 11]

The hospital district acknowledged that it is in the process of completing a State Environmental Policy Act (SEPA) determination for the site before construction can commence. [source: Application, pdf 12] Washington Administrative Code (WAC) 246-03-030(4) states, in part, that Certificate of Need applications are subject to SEPA requirements whenever the applicant proposes to construct a new hospital or to construct major additions

to the existing service capacity of such an institution. The rule further states that the Department of Health shall not issue a Certificate of Need approving hospital construction until the applicant provides a determination of non-significance or a final environmental impact statement (EIS), and until seven days after the issuance by the lead agency of any final EIS.

Nothing in WAC 246-03-030 precludes the Certificate of Need Program from making a commitment to issue approval to an applicant, then issuing the Certificate of Need after receipt of an appropriate environmental impact statement or determination of non-significance. Given that the new hospital would be more than 12,000 square feet, if this project is approved, the department would issue an ‘Intent to Issue a Certificate of Need’ for the project. Once hospital district provides the Certificate of Need Program with a copy of a determination of non-significance or final environmental impact statement pertaining to the site for the hospital, the department will issue a Certificate of Need.

APPLICABILITY OF CERTIFICATE OF NEED LAW

This project is subject to review as the construction, development, or other establishment of a new healthcare 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

WAC 246-310-200(1)(a)-(d) identifies the four determinations that the department must make for each application. WAC 246-310-200(2) provides additional direction in how the department is to make its determinations. To obtain Certificate of Need approval, an applicant must demonstrate compliance with the applicable criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment).

Specific to this project, numeric need for the acute care beds at PMH is deemed met because the hospital has been operational at its current site for many years and the relocation does not include any increase in acute care beds.

TYPE OF REVIEW

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

APPLICATION CHRONOLOGY

Action	Prosser Memorial Health
Letter of Intent Submitted	January 29, 2021
Application Submitted	May 27, 2021
Department’s pre-review activities <ul style="list-style-type: none"> • DOH 1st Screening Letter • Applicant's Responses Received 	June 15, 2021 July 23, 2021
Beginning of Review	July 30, 2021
End of Public Comment <ul style="list-style-type: none"> • No public hearing conducted and public comments accepted through end of public comment 	September 3, 2021
Rebuttal Comments Due ⁷	September 20, 2021
Department's Anticipated Decision Date	November 4, 2021
Department's Actual Decision Date	November 4, 2021

⁷ During this review, the department received seven letters of support and no letters of opposition. Since all public comments were in support of this project; no rebuttal comments were submitted by the applicant.

AFFECTED PERSONS

“Affected persons” are defined under WAC 246-310-010(2). In order to qualify as an affected person, someone must first qualify as an “interested person,” defined under WAC 246-310-010(34).

During the review of this project, one entity sought affected person status.

Kadlec Regional Medical Center – is a 337-bed acute care hospital located at 888 Swift Boulevard in the city of Richland, also within Benton County. [source: DOH internal database] The hospital provides a variety of health care services to residents of the county and surrounding communities. On February 12, 2021, Kadlec Regional Medical Center submitted its request for affected person status. The hospital qualifies for an interested person, however, given that Kadlec Regional Medical Center did not provide public comments, it does not qualify for affected person for this project.

SOURCE INFORMATION REVIEWED

- Benton County Hospital District #1 Certificate of Need application received May 27, 2021
- Benton County Hospital District #1 screening responses received July 23, 2021
- Public comments received by the end of public comment on September 3, 2021
- Prosser Memorial Health DOH financial review dated October 21, 2021, using data obtained from the Hospital/Finance and Charity Care Program
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Compliance history for facilities owned and operated by Benton County Hospital District #1 obtained from the Washington State Department of Health – Office of Health Systems Oversight
- DOH Provider Credential Search website: <https://www.doh.wa.gov/pcs>
- Prosser Memorial Health website at <https://www.prosserhealth.org>
- Washington State Department of Revenue website at <https://www.securedor.wa.gov>
- Piper Sandler & Co. website at <https://www.pipersandler.com>
- CMS QCOR Compliance website: https://qcor.cms.gov/index_new.jsp

CONCLUSION

For the reasons stated in this evaluation, the application submitted by Benton County Hospital District #1 proposing to relocate Prosser Memorial Health in its entirety to a new site is consistent with applicable review criteria of the Certificate of Need Program, provided the applicant agrees to the following in its entirety.

Intent to Issue a Certificate of Need

Because of the size of the construction project, the Department of Health may not issue a Certificate of Need until it receives a copy of the approved Conditional Use Permit. [WAC 246-03-030(4).] Once Benton County Hospital District #1 provides the Certificate of Need Program with a copy of a determination of non-significance or final environmental impact statement pertaining to the site for the hospital, a Certificate of Need will be issued for the project with the following conditions.

Project Description:

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- 25 beds (no change in the licensed bed capacity);
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- Prosser Memorial Health will operate with the same Medicare and Medicaid provider numbers;
- No addition of tertiary or other Certificate of Need reviewable services;
- No change in the planning area; and
- The existing hospital will close as an acute care hospital once the replacement hospital opens.

Conditions:

1. Approval of the project description as stated above. Benton County Hospital District #1 further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Prosser Memorial Health will provide charity care in compliance with its charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. Prosser Memorial Health will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the Central Region. Currently, this amount is 1.30% gross revenue and 3.79% of adjusted revenue. Prosser Memorial Health will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires these records to be available upon request.
3. Prosser Memorial Health has completed its requirement by submitting its updated charity care policy to Department of Health for review and posting to the Department of Health website. Prosser Memorial Health will notify the Certificate of Need Program when the January 13, 2021, Charity Care Policy is approved by DOH’s Hospital Financial/Charity Care Program.
4. Benton County Hospital District #1 will finance this project as described in the application.

Approved Costs:

The approved capital expenditure associated with the relocation of Prosser Memorial Health is \$64,707,545, which includes costs for land purchase, construction and fixed equipment, moveable equipment, associated fees, and taxes.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210) Need

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Benton County Hospital District #1 application meets the applicable need criteria in WAC 246-310-210.

(1) The population served or to be served has need for the project and other services and facilities of the type proposed are not or will not be sufficiently available or accessible to meet that need.

As stated above in the Evaluation Criteria section, numeric need is deemed met for this project because the hospital has been operational at its current site for many years and is not requesting any additional services or beds with this project. The availability and accessibility review under this criterion will focus on the services proposed to be provided by the hospital at the new site.

Prosser Memorial Health

In response to this sub-criterion, the applicant provided information that focused on the following topics: the physical building, public/patient/material flow, patient care and delivery of services, and benefits associated with the relocation. Information provided by the applicant is below. [source: Application, pdfs 15-17]

“PMH’s service area (which includes the communities from which 85% of its patients reside), in addition to the district boundaries, also includes Grandview, Sunnyside and Mabton in Yakima County. These communities are younger, highly Hispanic, and less affluent than either the District or the remainder of

Benton County. Without the ability to provide an adequate facility to meet the needs of these residents, access to care could be impacted if residents are forced to travel farther for needed care. For those with lower incomes, if options become too limited, they may choose to forego care altogether.

PMH is proposing to replace the entire hospital at a new site due to the age and deficiencies of the current building and due to the landlocked nature of the existing campus. The proposed replacement hospital will be located only three miles from the existing site; all hospital programs and services will be relocated, and the existing hospital building will close. No services will be reduced or eliminated as a result of the replacement.

As noted in the responses to the previous questions, PMH currently provides services to a diverse and lower income population. Building a replacement hospital will not change the population to be served. And, in fact, will provide a significantly improved patient experience for all.

Limitations of the existing site include.

- This site is bound by streets on two sides, and a steep hill and residences on the other two sides; so, there is no real opportunity to expand the existing facility.*
- Due to the number of additions over the past 70+ years, there are numerous egress issues for the building that create undesirable problems with patient flow issues resulting in inefficiencies for both patients and staff.*
- The building contains semi-private patient rooms, with insufficient space for conversion to private patient rooms without decreasing bed capacity. Decreased bed capacity will not meet PMH's current or future needs for bed capacity. Private patient rooms are required by current code and demanded by patients and payors alike.*
- Numerous Hospital departments lack the square footage and sufficient space for staff and storage. There is also a lack of conference and meeting spaces throughout the Hospital, and it is sometimes impossible, or it is a very high cost to upgrade the current building to replace equipment or provide new technologies. For example, there is insufficient space to add MRI services inside the Hospital.*
- The surgery department is undersized, and patient and material flow can be compromised. The square footage of the ORs and the department limits the type and volumes of surgical procedures that can be performed.*
- The dietary department has inadequate preparation and cooking space and lack of storage for it to provide a menu based food service that is demanded by patients. The dining area also lacks sufficient space for afterhours amenities (vending, coffee, natural light, easy access, etc.).*
- The current configuration is inefficient and expensive to operate. For example: all the existing systems are outdated and are not energy efficient. Lack of private rooms means that capacity can be limited when rooms must be shared. The existing operating rooms are not sufficiently sized for today's services; this limits the surgical services that can be offered.*
- There are numerous code deficiencies that cannot be remedied without adversely impacting the operations and function of the Hospital. For example: many parts of the existing hospital are not ADA compliant, hallways are used for storage (which is a code violation), and there is inadequate parking for a facility of its size.*
- All major mechanical, electrical, and plumbing infrastructure, i.e., air handling units, boilers, chillers, etc. have exceeded their useful life (most of this equipment is more than 28 years old).*
- The hospital lacks an adequate loading dock and there is limited storage space for materials management.*

The benefit is a new, state-of-the-art hospital building available to serve the communities for decades to come. It will include adequately sized spaces, private rooms, meeting, and conference facilities and will accommodate new technology and equipment. It will assure that Western Benton County and adjacent communities that prefer to use PMH enjoy easy access to a safe, quality environment.

Rather than build shelled space, the replacement hospital site has space for future expansion as need and demand warrants.”

Public Comments

Of the seven letters of support, two were submitted that focus on this sub-criterion. Excerpts from these letters of support are below.

Combined Letter from Timothy Straub, MD and Tamera Schille, MD

“Together we, Dr. Tamera Schille and Dr. Timothy Straub, are submitting this letter to demonstrate our strongest support for Prosser Memorial Health’s (PMH) certificate of need application for its replacement facility. We have lived in this community for decades, and our service to PMH as a provider and hospital commissioner demonstrates our belief that this project will be of significant benefit to our community. The new hospital will provide enhanced local access to an array of services, improve patient and provider experiences, and ensure high quality outcomes.

As a provider at the Yakima Valley Farmworkers Clinic (YVFWC), I, Dr. Schille, can attest to the importance of PMH to our patients and the community. YVFWC is strongly committed to providing compassionate care for the whole family at any age and any income level, with a specific and strong passion for the underserved. YVFWC provides services in over 40 clinics across Washington and Oregon and knows the importance of having a strong, local network of care within each community. PMH is a trusted YVFWC partner for its diverse patients residing in Western Benton County. YVFWC patients often face challenges with transportation and other barriers to accessing care that make local access to services imperative. The PMH project will ensure that they can provide a full array of high-quality services locally and will reduce barriers to care.

As a former member of PMH’s Board of Commissioners, I, Dr. Staub can attest to the strong commitment the Board has to continually assessing community needs and developing strategies and solutions to meet those needs. As a commissioner, I worked to ensure that our current physical plant was as up to date with the latest state-of-the-art equipment, but we realized that the time for a new facility was quickly approaching. This project will address the growing medical needs within our community.

The Department can have great confidence in the fact that the Board, the providers, and staff of PMH have fully vetted the plan for this replacement facility in partnership with the community. This replacement facility has been proposed and designed specifically to meet the unique needs of the community it will serve.

We both encourage you to move quickly to approve this important project in our community.”

Combined Letter from Washington State Senator Maureen Walsh and Washington State Representative Bill Jenkin both representing the 16th Legislative District

“We would like to add our full support of the Prosser Memorial Health’s application to the U.S. Dept of Agriculture for funding for their new hospital facility.

The current hospital facility is over 70 years old and has been outgrown by the size and needs of the community it serves, so the need for a new hospital is very clear. It brings new patient services and specialties that would have previously required their residents to travel. Having this in one location increases privacy and the quality of patient care.

As a hospital in a rural area, the service area of Prosser Memorial Health is quite large and with this new facility comes the opportunity to add treatment services such as Urology, Oncology, and full-service surgical services on the hospital campus. Currently, many of these treatments are unavailable locally and would

require travel of 40 miles or more. This new hospital would alleviate the need for Prosser residents and other local community members to travel for their healthcare needs.

The hospital will be constructed in an area the City of Prosser is planning to further develop, and we believe it will bring additional economic development to the area as well.

Prosser Memorial Health has always been a steadfast partner to the City of Prosser and the outlying areas. This new facility is simply one more way to anticipate the needs of their growing community.

Again, we want to express our full support for this project and acknowledge the tremendous benefit it will have on the citizens of Prosser and the surrounding areas. We are hopeful you will look favorably at their application and thank you for your thoughtful consideration.”

Department Evaluation

Prosser Memorial Health has been operating in Prosser for many years and, as a critical access hospital, provides acute care services, including emergency services, to the residents of Prosser and surrounding communities within Benton County. As a critical access hospital, Prosser Memorial Health operates 25 acute care beds, including 10 swing beds. Swing beds are beds that can be used either acute or post-acute care. They are often used as equivalents to skilled nursing facility care and give flexibility to the facility to meet the unpredictable demands of care in rural areas. Further, as previously stated, the hospital holds a level IV adult trauma designation from the Department of Health’s Trauma Service office. Information provided in the application demonstrates that Prosser Memorial Health is an important part of the healthcare infrastructure of Benton County.

Public comments in support of this project expressed the desire for the hospital’s continued operation and the necessity for the hospital to continue operations within the existing healthcare infrastructure. There were no comments submitted in opposition to this project.

Based on the information provided in the application, including public comments in support of this project, the department concludes that the hospital district provided sufficient documentation to demonstrate continued operations of Prosser Memorial Health in Prosser. **This sub-criterion is met.**

- (2) *All residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.*

To evaluate this sub-criterion, the department evaluates an applicant’s admission policies, willingness to serve Medicare and Medicaid patients, and willingness to serve patients that cannot afford to pay for services.

The admission policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility and assurances regarding access to treatment. The admission policy must also include language to ensure all residents of the planning area would have access to the proposed services. This is accomplished by providing an admission policy that states patients would be admitted without regard to race, ethnicity, national origin, age, sex, pre-existing condition, physical, or mental status.

Medicare certification is a measure of an applicant’s willingness to serve the elderly. With limited exceptions, Medicare is coverage for individuals age 65 and over. Medicaid certification is a measure of an applicant’s willingness to serve low income persons and may include individuals with disabilities.

Charity care shows a willingness of a provider to provide services to individuals who do not have private insurance, do not qualify for Medicare, do not qualify for Medicaid, or are underinsured.

Prosser Memorial Health

While the hospital will relocate to a new site, all current policies will remain in effect. The following policies were provided in the application and stated to be currently in use at Prosser Memorial Health. [source: Application, Exhibit 5, July 23, 2021, screening response, pdf 6]

- Hospital Admission Policy – effective date May 2021
- Outpatient Orders: Privileged and Non-Privileged Providers – effective date August 2019
- Swing Bed Admission Criteria – effective November 2010
- Charity Care/Financial Assistance Policy – effective January 2021
- Patient Rights and Responsibilities – effective September 2017
- Non-Discrimination Policy – effective February 2018
- End of Life Policy – effective August 2017
- Reproductive Health Care – effective December 2018

During the screening of this project, the department compared the policies listed above with those on the Department of Health website for Prosser Memorial Health.⁸ The results of the comparison showed that Charity Care policy on the website is dated September 2017 and the policy provided in this application is effective January 2021. In its screening response, the hospital district clarified that “[s]imultaneous with the filing of the application, PMH forwarded to the appropriate office of the Department of Health several updated policies for review and posting. PMH has not received any communication from DOH requesting changes or expressing any concerns about the new policies.” [source: July 23, 2021, screening response, pdf 6]

Prosser Memorial Health is currently Medicare and Medicaid certified and the hospital district provided the current source of revenues by payer and stated that the projected increase in patient days could change the payer mix slightly. The table below shows the current and projected payer mix. [source: Application, pdf 22]

**Department’s Table 2
Prosser Memorial Health Current and Projected Payer Mix**

Revenue Source	Current Percentage		Proposed Percentage	
	By Revenue	By Patient	By Revenue	By Patient
Medicare	31.1%	24.1%	30.1%	24.1%
Medicaid	32.2%	32.9%	32.4%	32.9%
Commercial & Other	33.3%	36.1%	34.1%	36.1%
Self-Pay	3.4%	6.9%	3.4%	6.9%
Total	100.0%	100.0%	100.0%	100.0%

In addition to the policies and payer mix information above, the hospital district provided the following information related to access to healthcare services provided by Prosser Memorial Health. [source: Application, pdf15]

“Admission to PMH is based on clinical need. Services are made available to all persons regardless of race, color, national origin, creed, religion, age, disability, sex (birth or reassignment), sexual orientation, or gender identity consistent with the requirements defined by the US Department of Health and Human Services Office for the Civil Rights and the Washington State Department of Social and Health Services. A copy of PMH’s admissions and non-discrimination policies are included as Exhibit 5. As noted in response to the previous question, PMH already serves a diverse community; more than half of the population of the District is Hispanic, higher than Benton County (38%). The surrounding communities of Grandview/Mabton and Sunnyside have higher percentages of people below poverty than either the District or the County. And, have

⁸ <https://www.doh.wa.gov/DataandStatisticalReports/HealthcareinWashington/HospitalandPatientData/HospitalPolicies>

a higher percentage of the population that are either at or below poverty or ALICE (Asset Limited, Income Constrained, Employed). PMH remains committed to serving all populations.

For hospital charity care reporting purposes, the Department of Health (Department) divides Washington State into five regions. PMH is located in the Central Washington region. According to 2017-2019 charity care data produced by the Department (the latest data available), the three-year charity care average for the Central Washington region, was 1.31% of total revenue and 3.78% of adjusted revenue. During this same timeframe, PMH provided charity care accounting for 1.46% of total revenue and 4.12% of adjusted revenue, above the Central Washington regional average.”

There were no public comments or rebuttal comments provided under this sub-criterion.

Department Evaluation

Prosser Memorial Health has been providing healthcare services to the residents of Benton County and surrounding areas since it became operational in 1945. While the hospital has been upgraded and expanded, it remains at the same site since its inception in 1945. This project proposes a relocation of the hospital and all services, associated policies currently in use, and all designations obtained by Prosser Memorial Health will remain in effect.

The Admission Policy provided in the application is used to admit all patient and outlines rights and responsibilities for both Prosser Memorial Health and the patient. This policy includes the following non-discrimination language:

“No patient will be denied admission or care based on race, color, national origin, creed, religion, age, disability, sex (birth or re-assignment), sexual orientation, or gender identity. Every patient seeking care will be treated with dignity and respect, and afforded all other patient rights detailed by the Washington State Department of Health (WADOH) and the Centers for Medicare and Medicaid Services (CMS).”

The Non-Discrimination policy ensures patients will be treated or admitted to the hospital without regard to *“race, color, national origin, creed, religion, age, disability, sex (birth or re-assignment), sexual orientation, or gender identity consistent with requirements defined by the US Department of Health and Human Services Office for the Civil Rights and the Washington State Department of Social and Health Services. These Civil Rights protections apply to patients, visitors, employees, providers, vendors, contract staff, and all others seeking care or providing services at all Prosser Memorial Health campus or events.”*

As a designated Critical Access Hospital, Prosser Memorial Health also operates with a Swing Bed Admission Criteria Policy used for the following purpose: *“To define parameters to place a person into a swing bed designation. Swing bed designation is used for short-term skilled nursing care or skilled rehabilitation services. The expected length of stay shall be less than 100 days. Swing bed designation shall not be used for non-skilled or custodial care services.”* This policy outlines the financial eligibility criteria for a patient to be admitted into the hospital’s swing bed program and provides the criteria used by the hospital to determine the eligibility for a patient’s admission.

Prosser Memorial Health currently provides services to both Medicare and Medicaid patients. The application does not propose to change that practice. The hospital’s current Medicare revenues are approximately 31.1% of total revenues; Medicaid revenues are currently 32.2%; commercial/HMO/self-pay, and other revenues are currently 36.7%. With the increase in patient days after relocation, the applicant expects Medicare and Medicaid revenues would be 30.1% and 32.4%, respectively. Commercial/HMO/self pay, and other revenues would slightly increase to 37.5%. Financial data provided in the application also shows both Medicare and Medicaid revenues.

The updated Charity Care/Financial Assistance Policy provided in the application has not yet been reviewed and approved by the Department of Health (DOH) Hospital Financial/Charity Care Program (HFCCP). The policy outlines the process one would use to obtain financial assistance or charity care. The policy provided in the application is effective January 13, 2021. The policy to be posted on the DOH website is written in both English and Spanish. The pro forma financial documents provided in the application include a charity care 'line item' as a deduction of revenue.

Based on the information above, the department notes that the applicant has completed its requirement by submitting the updated charity care policy to Department of Health. If this project is approved, the department would add a condition requiring the applicant to notify the Certificate of Need Program when the January 13, 2021, policy is approved by DOH’s Hospital Financial/Charity Care Program.

Charity Care Percentage Requirement

For charity care reporting purposes, Washington State is divided into five regions: King County, Puget Sound (less King County), Southwest, Central, and Eastern. Prosser Memorial Health is located in Prosser, within the Central Region. This review includes historical data for years 2017 – 2019 in the Central Region and at that time, there were 21 licensed hospitals operating within the region.⁹

Table 3 below compares the three-year (2017-2019) historical average of charity care provided by the hospitals operating in the Central Region that reported data and Prosser Memorial Health’s historical charity care percentages for the same years. The table also shows the projected percentage of charity care for Prosser Memorial Health. [source: Application, Exhibit 4 and Exhibit 6 and 2017 - 2019 charity care summaries]

**Department’s Table 3
Charity Care Percentage Comparisons**

	Percentage of Total Revenue	Percentage of Adjusted Revenue
Central Region Historical 3-Year Average	1.30%	3.79%
Prosser Memorial Health Historical 3-Year Average	1.48%	4.18%
Prosser Memorial Health Projected Average	1.40%	3.80%

As noted in Table 3 above, the three-year historical average shows Prosser Memorial Health has historically been providing charity care above the total and adjusted regional averages. For this project, the hospital district projects that Prosser Memorial Health may decrease its charity care dollars and percentages, but continue to provide charity care above the regional average for both total and adjusted revenues.

In past hospital CN reviews, the department has attached a charity care condition to the approvals, based, in part, on the fluctuation of charity care percentages. For this reason, if this project is approved, the department would attach the following charity care condition for Prosser Memorial Health.

Prosser Memorial Health will provide charity care in compliance with its charity care policies reviewed and approved by the Department of Health, or any subsequent policies reviewed and approved by the Department of Health. Prosser Memorial Health will use reasonable efforts to provide charity care in an amount comparable to or exceeding the average amount of charity care provided by hospitals in the Central Region. Currently, this amount is 1.30% gross revenue and 3.79% of adjusted revenue. Prosser Memorial Health will maintain records of charity care

⁹ As of the writing of this evaluation, one hospital—Astria Regional Medical Center located in Yakima County—closed in January 2020. The hospital is included in the data for year 2017. Three hospitals did not report data to the Department of Health for years 2018 and 2019 and are not included for those two years. The three hospitals are: Astria Regional Health (that closed in January 2020), Astria Sunnyside Hospital, and Astria Toppenish Hospital.

applications received and the dollar amount of charity care discounts granted. The department requires these records to be available upon request.

Based on the information provided in the application and with the hospital district's agreement to the two conditions referenced above, the department concludes **this sub-criterion is met.**

- (3) The applicant has substantiated any of the following special needs and circumstances the proposed project is to serve.
 - (a) The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their services or resources, or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas.
 - (b) The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.
 - (c) The special needs and circumstances of osteopathic hospitals and non-allopathic services.
- (4) The project will not have an adverse effect on health professional schools and training programs. The assessment of the conformance of a project with this criterion shall include consideration of:
 - (a) The effect of the means proposed for the delivery of health services on the clinical needs of health professional training programs in the area in which the services are to be provided.
 - (b) If proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools serving the area will have access to the services for training purposes.
- (5) The project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization or proposed health maintenance organization and the services proposed are not available from nonhealth maintenance organization providers or other health maintenance organizations in a reasonable and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.

Department Evaluation

These sub-criteria are not applicable to this application.

B. Financial Feasibility (WAC 246-310-220)

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Benton County Hospital District #1 application meets the applicable financial feasibility criteria in WAC 246-310-220.

- (1) The immediate and long-range capital and operating costs of the project can be met.

WAC 246-310 does not contain specific WAC 246-310-220(1) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that direct what the operating revenues and expenses should be for a project of this type and size. Therefore, using its experience and expertise the department evaluates if the applicant's pro forma income statements reasonably project the proposed project is meeting its immediate and long-range capital and operating costs by the end of the third complete year of operation.

Prosser Memorial Health

The hospital district provided the following assumptions used to project patient days, hospital utilization, and projected increases in patient volumes for Prosser Memorial Health. [source: Application, pdf 14]

“This project does not propose an expansion of an existing hospital. The replacement hospital is scheduled to open in 2024. As was discussed during the March 3, 2021 TA with Program staff, utilization estimates through 2026, the 3rd full year of the project were determined to be sufficient for this application. This information is provided in Table 5. Patient days are assumed to grow 1.5% per year due to population growth and aging.”

Prosser Memorial Health operates on a January 1 to December 31 fiscal year. [source: July 23, 2021, screening response, pdf 18] For this project, the hospital district provided utilization showing historical years 2017 – 2020, current year 2021, and projection years 2022 through 2026. Once relocated the first full year of operation at the new site is year 2024 and year three is 2026. Based on the assumptions above, the hospital’s utilization projections are shown in Table 4 below beginning in historical year 2019 through projection year 2026. [source: Application, pdf 12]

**Department’s Table 4
Prosser Memorial Health
Historical and Projected Utilization for Years 2019 through 2026**

	2019	2020	2021	2022	2023	2024	2025	2026
Licensed/Available Beds	25	25	25	25	25	25	25	25
Acute Discharges	1,001	1,020	997	1,012	1,028	1,043	1,059	1,075
Swing Discharges	132	106	137	139	141	144	146	148
Total Discharges	1,133	1,126	1,134	1,151	1,169	1,187	1,205	1,223
Acute Patient Days	2,348	2,402	2,349	2,384	2,420	2,456	2,493	2,116
Swing Patient Days	2,004	2,004	1,963	1,993	2,023	2,054	2,085	2,531
Total Patient Days	4,352	4,406	4,312	4,377	4,443	4,510	4,578	4,647
Average Occupancy	47.7%	48.3%	47.3%	48.0%	48.7%	49.4%	50.2%	50.9%

The assumptions used to project revenue, expenses, and net income for Prosser Memorial Health for years 2021 through 2026 are below. [source: Application, Exhibit 6]

Revenue Assumptions

- Patient days, with the project are detailed in Table 5 for the replacement hospital and drive assumptions of staffing and expenses. the without hospital financials assume no additional growth past 2023 as the hospital will likely be ‘at capacity.’
- Gross patient revenue was calculated using the same rates and utilization of services as in the baseline period of 2019 as it was expected to be more typical for a non-COVID year. Due to volume increases, there is a small change in payer mix during the project. The expected payer mix by year is as follows:

	2021	2022	2023	2024	2025	2026
Medicare	31.1%	30.7%	30.5%	30.3%	30.2%	30.1%
Medicaid	32.2%	32.3%	32.4%	32.4%	32.4%	32.4%
Commercial	33.3%	33.6%	33.7%	33.9%	34.0%	34.1%
Self Pay	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- Charity Care is assumed to be 1.2% of gross patient services revenue in 2021. In an effort to be conservative, however, the combination of charity care and bad debt was assumed to be 4.0% for the years 2022-2026. Charity care was assumed to increase to 1.4% (held to the 2021 proportion). Bad Debt is 2.3% of gross patient revenues in 2021 and increase to 2.6% in 2022-2026.

- *Please note that some of the expenses associated with the recruitment plans for new providers in 2023, are expected to increase expenses in 2023 and 2024. These additional expenses impact the deductions from revenue in these two years.*
- *Other Operating Revenue is held constant throughout the pro forma period.*
- *Tax revenue is assumed to be \$862,000 per year, same as 2021.*

Other Non-Operating Revenue Assumptions

- *No increase in property taxes are projected.*
- *Investment income is calculated at 1.5%.*

Expense Assumptions

- *Salary expense corresponds to the FTEs needed to provide the service. FTEs increase in accordance with the increase in patient days. This level of productivity is based upon assumed productivity in 2021. Increases in staffing for the hospital are proportionate to the increase in patient days. Other increases in staffing are for the clinics and are based on the planned recruitment of new providers. Laundry staff are expected to decrease as this service will be contracted beginning in 2022.*
- *Employee benefits are kept at the same percentage of Salary as 2021 or 22.5% throughout the projection period.*
- *Professional fees include physicians, therapists, etc. and are assumed to be the same both with and without the project because the increases are based on planned recruitment of new providers that will occur with or without the project.*
- *Supplies were assumed to increase proportionate to the increase in patient days.*
- *Purchased Services – other: includes but is not limited to: software licenses and fees and advertising.*
- *Rentals and Leases: while there are no changes in the assumed leases with and without the project, there are some accounting changes that impact how leases are recorded on the income statement and balance sheet. As a result of these accounting changes, it appears that PMH's lease expense has decreased.*
- *Insurance: this expense was not assumed to change with the project.*
- *License and Taxes: these expenses were not assumed to change with the project.*
- *Other direct expenses include, but is not limited to: dues/fees, travel/education, employee recruiting, freight/handling, and bank fees and it was assumed to decrease slightly with elimination of the ambulance service.*

Based on the assumptions above, the hospital district provided the following statements:

- *Historical and projected Revenue and Expense Statement and Balance Sheet for hospital operations, including outpatient clinics, with this relocation project; and*
- *Historical and projected Revenue and Expense Statement and Balance Sheet for hospital operations, including outpatient clinics, without this relocation project.*

While both sets of statements are reviewed for this project, only the statements that include this relocation project are summarized below.

If this project is approved, full year one at the new site is 2024 and year three is 2026. The statements provided by the district show years 2017 through year 2026. Table 5 on the following page shows historical years 2019 and 2020, current year 2021, and projection years 2022 through 2026. [source: Application, Exhibit 6]

Department's Table 5
Prosser Memorial Health and Clinics
Revenue and Expense Statements for Years 2019 through 2026

	Historical CY 2019	Historical CY 2020	Current CY 2021	Projection CY 2022
Net Revenue	\$62,193,583	\$65,942,666	\$79,090,000	\$73,206,000
Minus Total Expenses	\$58,938,343	\$62,921,631	\$68,849,000	\$70,078,000
Net Profit / (Loss)	\$3,255,240	\$3,021,035	\$10,241,000	\$3,128,000

	Projection CY 2023	Projection CY 2024	Projection CY 2025	Projection CY 2026
Net Revenue	\$75,465,000	\$81,144,000	\$83,302,000	\$86,810,000
Minus Total Expenses	\$72,924,000	\$80,759,000	\$81,570,000	\$81,528,000
Net Profit / (Loss)	\$2,541,000	\$385,000	\$1,732,000	\$5,282,000

Net revenue includes both inpatient and outpatient revenue, non-operating revenue, minus any deductions for contractual allowances, bad debt, and charity care. Total expenses include all expenses specific to the hospital and its clinics, such as staffing, supplies, and any purchased services.

In response to screening questions regarding the variation in non-operating revenue net of expense over the projection period, the applicant provided the following clarification. [source: July 23, 2021, screening response, pdf 8]

“There are several non-operating expenses and non-operating revenue changes from 2021-2025:

- a. Investment Income is expected to rise as investment returns on treasury grade securities is expected to rise (beginning no later than 2022) back to pre-pandemic levels.*
- b. Interest Expense rises dramatically from 2020 thru 2025 due to the construction of the new hospital utilizing construction loans and then permanent financing instruments.*
- c. HHS funds related to the CARES Act Provider Relief Fund in 2020-2021 for COVID-related lost revenue and expenses assistance is \$3,738,633 in 2020 and \$500,000 in 2021.*
- d. State and other grants for COVID-related expenses were \$464,119 in 2020.*
- e. Debt issuance costs of the loans used for interim financing of the hospital construction along with the final costs of the loans issued by USDA and other entities as needed. These costs may be broker fees, legal fees, origination, or other debt-issuance fees.*
- f. The Small Business Administration (SBA) is expected to grant 100% forgiveness for the Paycheck Protection Program (PPP) assistance of \$6,350,000 that the District received for not reducing its staffing in 2020 during the height of the COVID-19 pandemic, especially in April and May of 2020 when its revenues dropped 48% and 40% from budget, respectively. The District was able to avoid any layoffs or staffing disruptions due to the receipt of these funds from HHS but was unable to recognize the funds as income in 2020 due to the SBA's inability to complete its audits in 2020 and issue a forgiveness letter. The District is still awaiting final confirmation of this forgiveness although the SBA has received all the requested documentation. U.S. Bank, which issued the funds on the behalf of the SBA has approved the forgiveness and the District's audit firm (DZA) also believes the District will receive 100% forgiveness.”*

The district also provided historical and projected balance sheets for Prosser Memorial Health, with clinic operations. Table 6 on the following page shows historical years 2019 and 2020, current year 2021, and projection years 2022 through 2026. [source: Application, Exhibit 6]

**Department's Table 6
Prosser Memorial Health and Clinics
Balance Sheet for Years 2019 through 2026**

ASSETS	Historical CY 2019	Historical CY 2020	Current CY 2021	Projection CY 2022
Current Assets	\$13,758,656	\$21,525,585	\$17,071,000	\$17,189,000
Property and Equipment	\$18,314,760	\$18,758,895	\$22,226,000	\$55,029,000
Other Assets	\$15,958,374	\$19,445,445	\$20,382,000	\$16,132,000
Total Assets	\$48,031,790	\$59,729,925	\$59,679,000	\$88,350,000

LIABILITIES	Historical CY 2019	Historical CY 2020	Current CY 2021	Projection CY 2022
Current Liabilities	\$6,425,737	\$9,089,953	\$5,925,000	\$7,142,000
Long-Term Debt	\$11,152,228	\$17,495,312	\$10,373,000	\$34,698,000
Deferred Credit	\$330,200	\$0	\$0	\$0
Equity	\$30,123,625	\$33,144,660	\$43,381,000	\$46,510,000
Total Liabilities, Long-Term Debt, and Equity	\$48,031,790	\$59,729,925	\$59,679,000	\$88,350,000

ASSETS	Projection CY 2023	Projection CY 2024	Projection CY 2025	Projection CY 2026
Current Assets	\$17,932,000	\$18,974,000	\$19,231,000	\$19,968,000
Property and Equipment	\$92,875,000	\$85,622,000	\$79,970,000	\$73,241,000
Other Assets	\$19,124,000	\$21,158,000	\$25,164,000	\$33,200,000
Total Assets	\$129,931,000	\$125,754,000	\$124,365,000	\$126,409,000

LIABILITIES	Projection CY 2023	Projection CY 2024	Projection CY 2025	Projection CY 2026
Current Liabilities	\$8,826,000	\$8,462,000	\$8,599,000	\$8,564,000
Long-Term Debt	\$72,055,000	\$67,856,000	\$64,608,000	\$61,405,000
Deferred Credit	\$0	\$0	\$0	\$0
Equity	\$49,050,000	\$49,436,000	\$51,158,000	\$56,440,000
Total Liabilities, Long-Term Debt, and Equity	\$129,931,000	\$125,754,000	\$124,365,000	\$126,409,000

There were no public comments or rebuttal comments provided under this sub-criterion.

Department Evaluation

To evaluate this sub-criterion, the department first reviewed the assumptions used by the applicant to determine the projected number of patient days, hospital utilization, and projected increases in patient volumes for Prosser Memorial Health. Given that the hospital has been in operation for many years, the hospital district relied upon historical volumes, market shares, and current utilization. Using actual experience is a reliable assumption, and the department concludes the assumptions used are reasonable.

For its projected revenue and expenses, the hospital district also based its projections on Prosser Memorial Health's actual experience. Since the hospital will continue to be operational during the construction of the new hospital, the applicant provided historical years 2017 through 2020 and current year 2021. Projection years include 2022 through 2026 for the Revenue and Expense Statement and Balance Sheet. The projected

revenue and expense statement for Prosser Memorial Health shows revenues covering expenses beginning in year 2022 through 2026, which is the third full year of operation at the new site.

To assist in the evaluation of this sub-criterion, the Department of Health’s Hospital/Finance and Charity Care Program (HFCCP) reviewed the pro forma financial statements submitted by the hospital district for Prosser Memorial Health. To determine whether the hospital would meet its immediate and long range capital costs, HFCCP reviewed Balance Sheets for historical year 2020 and projection year 2026 for Prosser Memorial Health. Historical year 2020 is summarized in Table 7 below. [source: October 21, 2021, HFCCP analysis, pdf 2]

**Department’s Table 7
Prosser Memorial Health Balance Sheet for Historical Year 2020**

Assets		Liabilities	
Current Assets	\$36,262,886	Current Liabilities	\$5,944,711
Board Designated Assets	\$3,894,469	Other Liabilities	\$3,166,415
Property/Plant/Equipment	\$18,758,414	Long Term Debt	\$17,495,312
Other Assets	\$268,653	Equity	\$32,577,984
Total Assets	\$59,184,422	Total Liabilities and Equity	\$59,184,422

Projection year 2026 is summarized in Table 8 below. [source: October 21, 2021, HFCCP analysis, pdf 2]

**Department’s Table 8
Prosser Memorial Health Balance Sheet for Projection Year 2026**

Assets		Liabilities	
Current Assets	\$19,968,000	Current Liabilities	\$8,564,000
Board Designated Assets	\$31,693,000	Other Liabilities	\$ -----
Property/Plant/Equipment	\$73,241,000	Long Term Debt	\$61,405,000
Other Assets	\$1,507,000	Equity	\$56,440,000
Total Assets	\$126,409,000	Total Liabilities and Equity	\$126,409,000

HFCCP also provided a review of the project’s costs compared to the hospital’s various assets. That review is summarized in the table shown below. [source: October 21, 2021, HFCCP analysis, p2]

Prosser Memorial Health Replacement Hospital Project	
Capital Expenditure	\$64,707,545
Percentage of Total Assets	109.332%
Percentage of Board Designated Assets	1,661.524%
Percentage of Equity	198.624%

After reviewing both the balance sheets and the comparison table above, staff from HFCCP provided the following analysis. [source: October 21, 2021, HFCCP analysis, pdfs 2-3]

“Prosser will increase its total assets by over 100% after this project is completed. This is a substantial increase in assets. Review also shows that this project will greatly impact reserves, total liability and equity of Prosser.

Review of Prosser’s application is unusual for several reasons: first, it is the only replacement facility of its size reviewed in many years¹⁰; second, the other similar-sized replacement facilities reviewed were hospitals that

¹⁰ Samaritan Healthcare, a larger 50-bed replacement hospital, was reviewed in 2020.

leased the new facilities back from other entities¹¹, therefore the hospitals did not show the entire impact of financing the construction of the new hospital on their books in the way that Prosser will; and third, it is only the second new or replacement hospital reviewed in many years that was not part of or subsidized by a larger system. Prosser, or rather its parent, Benton County Hospital District #1, cannot rely on the borrowing capacity of a large healthcare system. Prosser must incur debt on its own behalf, guaranteed only by its own operations and the willingness of its taxpayers to approve bond measures.

Just as the department sometimes concludes it is appropriate in the case of new hospitals to look farther in the future than the customary three years for need projections, it is occasionally appropriate to examine a project's financial feasibility over a longer time frame. This appears to be one such situation.

Prosser is proposing to build a replacement facility that is the same size as the existing hospital. As a result, the applicant is not projecting large increases in patient days¹², nor is it proposing other changes to its services that might be expected to significantly increase revenues. Prosser has constructed its financial projections using conservative estimates and including known future cost increases, as well as decreases in areas where the new facility is projected to lower expenses.”

For hospital projects, HFCCP provides a financial ratio analysis that assesses the financial position of an applicant, both historically and prospectively. The financial ratios typically analyzed are 1) long-term debt to equity; 2) current assets to current liabilities; 3) assets financed by liabilities; 4) total operating expense to total operating revenue; and 5) debt service coverage. Historical and projected balance sheet data is used in the analysis.

For this project, Prosser Memorial Health's historical year 2020 balance sheet and the hospital's projected balance sheet for years 2022 through 2026 were used to review applicable ratios and pro forma financial information.¹³ Tables 9 below summarize the review.

**Department's Tables 9
Current and Projected Debt Ratios Prosser Memorial Health-Current Site**

Category	Trend*	State 2020	Actual 2020	Projected Year 2022	Projected Year 2023
Long Term Debt to Equity	B	0.575	0.537	1.391	1.469
Current Assets/Current Liabilities	A	2.792	6.200	2.407	2.032
Assets Funded by Liabilities	B	0.424	0.396	0.813	0.622
Operating Expense/Operating Revenue	B	0.973	0.962	0.964	0.977
Debt Service Coverage	A	6.123	3.914	2.602	2.088

Projected Debt Ratios Prosser Memorial Health-Proposed Site

Category	Trend*	State 2020	Full Year 1 2024	Full Year 2 2025	Full Year 3 2026
Long Term Debt to Equity	B	0.575	1.373	1.263	1.088
Current Assets/Current Liabilities	A	2.792	2.242	2.236	2.332
Assets Funded by Liabilities	B	0.424	0.607	0.589	0.554
Operating Expense/Operating Revenue	B	0.973	0.998	0.985	0.945
Debt Service Coverage	A	6.123	2.177	2.405	3.350

¹¹ Coulee Medical Center, 2009, and Snoqualmie Valley Hospital, 2012 and 2013.

¹² Moderate growth in patient days is projected in all projection years.

¹³ Current year 2021 was not used in this section of the review.

Definitions:	Formula
Long Term Debt to Equity	Long Term Debt/Equity
Current Assets/Current Liabilities	Current Assets/Current Liabilities
Assets Funded by Liabilities	Current Liabilities + Long term Debt/Assets
Operating Expense/Operating Revenue	Operating expenses / operating revenue
Debt Service Coverage	Net Profit+Depr and Interest Exp/Current Mat. LTD and Interest Exp

* A is better if above the ratio; and B is better if below the ratio.

After reviewing the financial ratios above, staff from HFCCP provided the following statements. [source: October 21, 2021, HFCCP analysis, pdf 4]

“Most the ratios for Prosser are currently within appropriate range of the state 2020 figures.

The new hospital is better than break-even each year during construction and throughout the projection period. Usually the ratios for a brand new hospital are fair at best because of the large amount of debt. Most of Prosser’s ratios are outside the preferred range from project completion through the third year of operation, with the exception of operating expense to operating revenue, however, all show steady improvement toward the statewide averages. Current assets to current liabilities and operating expense to operating revenue are very close to the statewide average in most years of the project. While the debt-related ratios may appear to hinder Prosser’s future ability to borrow additional funds, its projected cash position should remain sufficient to more than cover the hospital’s costs.

Review of the financing and ratios show the immediate and long-range capital and operating costs of the project can be met. This criterion is satisfied.”

In the ‘need’ section of this evaluation, the department concluded that Prosser Memorial Health is an integral part of the existing healthcare system for Prosser communities and neighboring areas within Benton County. The assumptions used as a basis for the financial projections are considered reasonable and reliable. The HFCCP financial analysis provides a thoughtful and candid review of the financial outlook for the hospital. Once the replacement project is complete and after operating at the new site for a few years, the hospital’s financial health improves.

Based on the information provided in the application, the department concludes that Benton County Hospital District #1 provided sufficient documentation to demonstrate that the immediate and long-range operating costs of the project can be met. **This sub-criterion is met.**

(2) *The costs of the project, including any construction costs, will probably not result in an unreasonable impact on the costs and charges for health services.*

WAC 246-310 does not contain specific WAC 246-310-220(2) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what an unreasonable impact on costs and charges would be for a project of this type and size. Therefore, using its experience and expertise the department compared the proposed project’s costs with those previously considered by the department.

Prosser Memorial Health

To demonstrate compliance with this sub-criterion, the district provided the following information. [source: Application, pdf 21]

“As was discussed in earlier sections of this application, this project is being driven by a need to replace an aging and out of date hospital with a replacement hospital consistent with today’s requirements for quality patient care in a growing community. That said, PMH recognizes that as a critical access hospital (CAH) costs will likely increase as CAHs receive cost based reimbursement. However, the designation itself, CAH, means that PMH is recognized as a provider of essential services and access to healthcare is increased for

residents of its rural service area. In addition, PMH has assumed that some operating costs will decrease. For example, utility costs per patient day are expected to decrease by 11% by 2024 (the first year of operation of the new hospital). Maintenance costs have also expected to decrease PMH has selected finishes that are easier to clean and maintain.”

There were no public comments or rebuttal comments provided under this sub-criterion.

Department Evaluation

To assist in this evaluation, HFCCP also reviewed the projects costs under this sub-criterion and provided the following conclusions. [source: October 21, 2021, HFCCP analysis, pdf 5]

“Prosser Memorial Health’s rates are similar to the Washington statewide averages. Review of the data shows no unreasonable impact on the hospital or the community. The project costs to the patient and community are similar to current providers. This criterion is satisfied.”

Based on the information provided in the application and the HFCCP review above, the department concludes that **this sub-criterion is met.**

(3) The project can be appropriately financed.

WAC 246-310 does not contain specific source of financing criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs how a project of this type and size should be financed. Therefore, using its experience and expertise the department compared the proposed project’s source of financing to those previously considered by the department.

Prosser Memorial Health

The district proposes to relocate both the critical access hospital and a medical office building (MOB). The total costs for relocation of both is approximately \$78,400,000, with \$64,707,545 for the hospital and \$13,692,455 for the MOB. While the table below shows a breakdown of all costs, this review focuses on the hospital only. [source: Application, pdf 20]

**Department’s Table 10
Breakdown of Estimated Capital Expenditure**

Item	Hospital	MOB	Total Costs
Land Purchase	\$1,362,647	\$361,853	\$1,724,500
Utilities to Lot Line	\$66,079	\$17,758	\$83,837
Building Construction (+ fixed Equip)	\$41,264,302	\$9,126,796	\$50,391,098
Fixed Equipment (not in above)	\$856,135	\$230,078	\$1,086,213
Moveable Equipment	\$8,272,337	\$492,960	\$8,765,297
Architect/Engineering Fees	\$3,434,536	\$923,000	\$4,357,536
Consulting Fees	\$1,456,875	\$391,522	\$1,848,397
Site Preparation	\$43,364	\$11,654	\$55,018
Supervision and Inspection of Site	\$235,406	\$63,264	\$298,670
Cost for Securing Financing	\$2,890,953	\$776,918	\$3,667,871
Sales Tax	\$3,904,155	\$1,049,207	\$4,953,362
Other Project Costs*	\$920,756	\$247,445	\$1,168,201
Total Capital Expenditure	\$64,707,545	\$13,692,455	\$78,400,000

* Other project costs include moving costs, signage, permits and plans, art, final cleaning, and public notices.

The hospital district also provided a non-binding contractor’s estimate for the construction costs identified above. [source: Application, Exhibit 9]

The applicant provided the following clarification regarding start-up costs. [source: Application, pdf 21]
“Opening the new hospital is largely limited to moving some existing equipment (including staff offices and supplies), orienting staff, and relocating existing patients. It also includes an education campaign to inform the community of the new location, opening dates, etc. The physical moving costs were included in the capital expenditure breakout provided in response to Question 6. They are included in line item “moving costs.” All other start-up type costs are included in the pro forma budget within the affected line items, including staffing, marketing, supplies and purchased services (for training/orientation to new facility and for moving any equipment).”

Table 8 in the application identified the following funding sources for the replacement of Prosser Memorial Health and the medical office building (MOB). [source: Application, pdf 23]

Applicant’s Table

Table 8

Sources of Financing for Replacement Hospital

Source	Hospital	MOB	Amount
District Purchase of Land (paid with cash in 2017 District Equity Contribution)	\$1,403,097	\$296,903	\$1,700,000
District Equity Contribution	\$9,904,216	\$2,095,784	\$12,000,000
Capital Campaign, State & Local Grants	\$1,650,703	\$349,297	\$2,000,000
District Prepays (paid through 12/31/2021)	\$1,072,957	\$227,043	\$1,300,000
USDA Rural Development Direct Loan	\$37,140,810	\$7,859,190	\$45,000,000
Revenue Bonds	\$4,952,108	\$1,047,000	\$6,000,000
Other Financing (Capital Municipal Lease Financing for Equipment)	\$3,218,870	\$681,130	\$3,900,000
USDA Direct Loan with LTGO Pledge	\$5,364,784	\$1,135,216	\$6,500,000
Total	\$64,707,545	\$13,692,455	\$78,400,000

Source: Applicant

The hospital district confirmed that the land for the new hospital was purchased by the hospital district in 2017 using cash reserves and clarified the funding source identified as ‘USDA Rural Development’ in table above. [source: July 23, 2021, screening responses, pdf 2 and pdf 5]

“Our current application with USDA Rural Development outlines the four funding sources noted above including the issuance of debt, Direct Loans provided by USDA, a loan secured by a revenue fund pledge and a second secured by a LTGO pledge.

PMH’s USDA application is currently being reviewed by the USDA’s Washington State and national offices. Attachment 2 includes the USDA’s Rural Development Notice of Loan Application Review Action indicating the Prosser Public Hospital District’s pre-application has been approved. It states that the District is eligible for funding from USDA and requests the District to file a formal application with USDA.

Attachment 3 is a letter from Piper Sandler & Co., the District’s underwriter confirming the proposed interest rates (all fixed), the proposed terms for each debt instrument and the proposed amount of each debt instrument.

Note: The District expects to issue revenue bonds and use municipal lease financing for equipment.”

As referenced by the applicant above, Attachment 2 included with the July 23, 2021, screening responses is a copy of the United States Department of Agriculture (USDA) ‘*Notice of Loan Application Review Action*’ dated February 5, 2019. The document confirms the hospital district’s application for Federal assistance is “*eligible for funding by the agency and can compete with similar applications from other grantees.*” The document further advises that the hospital district file a formal application for Federal assistance. [source: July 23, 2021, screening response, Attachment 2]

Attachment 3 referenced above is a letter from Piper Sandler & Co.¹⁴ confirming the company’s intent to underwrite for the interim construction financing. The letter is dated July 7, 2021, and signed by Keith Kleven, Managing Director at Piper Sandler & Co. [source: July 23, 2021, screening response, Attachment 3]

In screening responses, the applicant provided further clarification about:

- funding sources and funding letters of commitment provided in the application; and
- any contingency plans for funding the project if the capital campaign, state, and local grants do not raise sufficient funds for the project.

The applicant’s information for each topic is below. [source: July 23, 2021, screening response, pdf 2-5]

Funding Sources and Funding Letters of Commitment Provided in the Application

“There were two funding letters included in Exhibit 12 of the application. The first, from PMH’s CFO, confirmed that the Hospital’s contribution will be \$15,000,000, excluding the Foundation’s contribution. The letter further noted that of the \$15,000,000, the District had already acquired land (\$1.7 million) and as of 12/31/20 had expended another \$708,430 in project related expenses. Based on those expenditures, PMH committed to providing another \$12,591,570.

The second letter was from PMH’s Municipal Advisor describing the funding for the rest of the transaction.

A revised Table 8 is included below, with additional descriptions regarding the District/Hospital’s amounts referenced in Exhibit 12.

Applicant’s Table
Revised Table 8
PMH Sources of Financing for Replacement Hospital

Source	Hospital	MOB	Amount	Referenced in Exhibit 12?
District Purchase of Land (cash reserves) paid in 2017 District Equity Contribution	\$1,403,097	\$296,903	\$1,700,000	Yes
District Equity Contribution	\$9,904,216	\$2,095,784	\$12,000,000	Yes
Capital Campaign, State & Local Grants	\$1,650,703	\$349,297	\$2,000,000	Yes
District Prepays (paid through 12/31/2021)	\$1,072,957	\$227,043	\$1,300,000	Yes, the amount \$708,430 was expended by 12/31/20, leaving another \$591,570 available.
PMH contribution, including Foundation				\$17,000,000

¹⁴ *Piper Sandler Companies is an American independent investment bank and financial services company, focused on mergers and acquisitions, financial restructuring, public offerings, public finance, institutional brokerage, investment management and securities research. Through its principal subsidiary, Piper Sandler & Co., the company targets corporations, institutional investors, and public entities.* [source: Piper Sandler website]

District Prepaids is the term for expenses already incurred in planning the project, such as the architectural and engineering fees related to the planning and design of the new facility, project management fees for the management of the project, legal fees associated with funding, contracts and licensing applications, other consultants such as environmental impact studies, traffic studies, equipment planning, geological studies, and other related fees.

The District has already incurred \$708,430 in related expenses as of 12/31/2020. An additional \$591,570 in related expenses between 1/1/2021 and 12/30/2021 have been estimated.

The District has already secured all District Equity contributions (\$15,000,000) through a Board Designated Reserve on our Balance Sheet. The District also has the funds available to cover any shortfall by the Foundation (\$2,000,000). The District Equity contributions of \$15,000,000 less the Land Purchase for \$1,700,000 and Prepaids. The District has \$29,234,739 in total Cash on Hand with \$27,061,381 available for use in non-restricted cash or investment accounts.

To date, the District has received a \$2,000,000 commitment by the Prosser Memorial Health Foundation. We have not budgeted for any capital campaign or grant funds beyond this.

The Foundation currently has committed over \$600,000. Importantly, it recently launched its official capital campaign with a target of at least \$2,000,000 to be secured by the end of 2026.”

The applicant provided the two tables below to summarize the principal and interest repayment terms. [source: July 23, 2021, screening response, Attachment 4]

*Applicant’s Tables
Summary of Debt Service*

Debt Amounts and Terms Provided by Client and Financing Consultant

Principal Payments

Group	Sum of USDA	Sum of USDA w/ LTGO Pledge	Sum of Revenue Bonds	Sum of Capital Notes
2022	-	-	71,320.40	-
2023	-	-	109,833.41	-
2024	858,929.02	124,067.52	114,226.75	340,198.98
2025	878,254.92	126,859.04	118,795.82	350,404.95
2026-2020	4,696,729.39	678,416.47	669,173.92	1,916,157.86
2031-2035	5,249,429.67	758,250.95	814,152.39	1,293,238.21
Thereafter	33,316,656.99	4,812,406.01	4,102,497.31	-
Grand Total	45,000,000.00	6,500,000.00	6,000,000.00	3,900,000.00

Interest Payments

Group	Sum of USDA	Sum of USDA w/ LTGO Pledge	Sum of Revenue Bonds	Sum of Capital Notes
2022	-	-	160,000.00	-
2023	-	-	237,147.18	-
2024	1,012,500.00	146,250.00	232,753.85	117,000.00
2025	993,174.10	143,458.48	228,184.78	106,794.03
2026-2020	4,660,415.70	673,171.16	1,065,729.05	369,837.01
2031-2035	4,107,715.42	593,336.67	920,750.58	78,358.71
Thereafter	9,726,210.45	1,404,897.06	1,564,852.40	-
Grand Total	20,500,015.67	2,961,113.37	4,409,417.84	671,989.76

The hospital district also provided its amortization schedules for the both the principal and interest payments shown above. The two schedules demonstrate that the hospital district's loan is for 37 years beginning in year 2022 and ending in December 2058. [source: July 23, 2021, screening response, Attachment 4]

Contingency Plans for Funding the Project

"The District has sufficient funds to cover any shortfall in Foundation contributions. The feasibility forecast shows the District's unrestricted cash to be \$20,808,000 or 109 days of cash as of the end of 2022. A day of cash for the District is currently about \$191,000. As such, even if the Foundation contributed no funds (of which it already has \$600,000) it would only reduce the District's Days of Cash on Hand from 109 to 99 days.

The Days of Cash on Hand metric for PMH is very strong, and easily surpasses normal funding liquidity requirements of at least 60 Days of Cash on Hand."

Public Comments

Two of the seven letters of support focus on the funding of this project. Excerpts from the letters are below.

Neal Ripplinger, Executive Director, Prosser Economic Development Association

"This letter is in support of Prosser Memorial Health for their USDA funding for the new hospital facility.

Our current hospital building is over 70 years old and undersized for the growing needs of our community. The new facility would solve many of these needs. It allows for increased patient services and specialties that would usually require travel to different locations. It increases privacy and the quality of the patients care and treatments.

As a hospital in a rural area, the service area of Prosser Memorial Health is quite large and with this new facility comes the opportunity to add treatment services such as Urology, Oncology, and full-service surgical services on the hospital campus. Many of these treatments would have been 40 minutes to an hour away, or more. This is a tremendous opportunity for our city and for our residents to not have to leave the community for their health care needs.

Prosser Economic Development Association believes strongly in Prosser Memorial Health and knows that this new facility will raise the bar for surrounding healthcare organizations as well. We also believe that with this new facility we will see additional benefit to Prosser in future economic growth.

Prosser Memorial Health has always been a wonderful partner in our city and community. This new facility is simply one more way they anticipate the needs we face and strive to meet and exceed them. We hope you will look at their application favorably. Thank you for your consideration."

Dan Newhouse, Representative, House Committee on Appropriations United States Congress

"I write to ask you to give full and fair consideration to Prosser Memorial Health's application for a loan under the USDA Rural Development loan program. The funding for new construction will support the organization's mission and growth as they continue their excellent service in the Prosser community.

For nearly 75 years, Prosser Memorial Health has served the Prosser and surrounding areas. This small-town hospital has continued expand their services to meet the needs of their community and, as a result, has continued to grow. Prior to the COVID-19 pandemic, Prosser Memorial grew at a rate of 10% each year since 2016. As a result, they have expanded service lines, purchased new equipment, and added clinics and providers to their team. However, this growth has only highlighted the limits and exacerbated the inadequacy of their current facilities to continue to serve their growing community.

Aging infrastructure, numerous code deficiencies, a lack of space for new equipment, and insufficient additional adjacent land to expand the Hospital for new and expanded services all make it clear that their current facility does not have the capacity to support the organization's mission and growth. Their proposed new facility will alleviate these issues and set them on a path for continued growth and service for the Prosser community.”

Department Evaluation

To assist in this evaluation, HFCCP also reviewed the capital costs under this sub-criterion and provided the following conclusions. [source: October 21, 2021, HFCCP analysis, pdfs 6-7]

“As noted earlier in this review, complete replacement of a hospital like Prosser is uncommon in recent years. Just as need is generally evaluated on a longer time frame than three years for establishment of new hospitals, it is appropriate for the financial feasibility of a project like a hospital replacement to be evaluated on a longer term than construction of smaller, less costly facilities such as surgery or dialysis centers. District hospitals like Prosser are also more limited in how they may finance construction than other non- and for-profit hospitals, particularly hospitals that are part of larger organizations with significant financial resources upon which to draw.

The applicant indicates it will finance this project with a new series of long-term general obligation bonds, USDA direct and USDA guaranteed loans, and lease financing for equipment. Piper Sandler & Co. will underwrite the construction financing and act as placement agent for the USDA loans.

The costs and interest rates of each finance method were included in Prosser’s projected financial statements. Prosser provided sufficient information about the loan rates and programs, including amortization schedules, for the program to conclude that there is a reasonable probability of securing financing as proposed. In addition, nearly \$3 million of the total expense is composed of land purchased in 2017 and other costs already paid by the district.

The financing method used is appropriate business practice. This criterion is satisfied.”

As noted above, the hospital district intends to fund this project with a variety of sources. If this project is approved, the department would attach a condition requiring the applicant to fund the project as described in the application.

Based on the information provided in the application, HFCCP review above, and the applicant’s agreement to the financing condition, the department concludes that **this sub-criterion is met.**

C. Structure and Process (Quality) of Care (WAC 246-310-230)

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Benton County Hospital District #1 application meets the applicable structure and process of care criteria in WAC 246-310-230 and associated standards.

(1) A sufficient supply of qualified staff for the project, including both health personnel and management personnel, are available or can be recruited.

WAC 246-310 does not contain specific WAC 246-310-230(1) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what specific staffing patterns or numbers of full-time equivalents (FTEs) that should be employed for projects of this type or size. Therefore, using its experience and expertise the department evaluates the applicant’s staffing proposal to determine the reasonableness of the availability of staff.

Prosser Memorial Health

The district proposes to relocate the hospital, in its entirety, to a new site in Benton County. Since the hospital is currently operating, all staff is expected to relocate with the hospital. The hospital would continue to be operational at its existing site while the new facility is under construction. If this project is approved, the district expects construction of the new hospital to begin in January 2022 and the hospital will be operational at the new site in January 2024. [source: Application, pdf 11]

In response to this sub-criterion, the district provided a staffing table for Prosser Memorial Health showing current year 2021 and projection years 2022 through 2026. Table 11 below is a recreation of the applicant’s staffing table provided in the application. [source: Application, Exhibit 6]

**Department’s Table 11
Prosser Memorial Health Current and Projected FTEs**

Type of FTE	Year 2021	Year 2022 Increase	Year 2023 Increase	Year 2024 Increase	Year 2025 Increase	Year 2026 Increase	Total
Acute	19.20	0.00	1.00	1.00	0.00	0.00	21.20
Operating Room	16.75	2.00	1.00	2.00	1.00	0.00	22.75
Labor & Delivery	14.94	1.00	0.00	1.00	0.00	0.00	16.94
Radiology	17.70	1.00	1.00	1.00	0.00	0.00	20.70
Laboratory	20.40	0.00	0.00	1.00	0.00	0.00	21.40
Respiratory Therapy	8.40	0.00	0.00	0.00	0.00	0.00	8.40
Outpatient Services	2.50	0.00	0.00	0.50	0.00	0.00	3.00
Clinics	86.75	10.51	6.88	10.54	4.73	0.00	119.41
Emergency	21.00	0.00	0.00	3.00	0.00	0.00	24.00
Ambulance	19.67	(19.67)	0.00	0.00	0.00	0.00	0.00
Employee Benefits	4.00	0.00	0.00	0.00	0.00	0.00	4.00
Admin/General	52.99	2.00	1.00	0.00	0.00	0.00	55.99
Maintenance	5.50	0.00	1.00	0.00	0.00	0.00	6.50
Laundry	2.80	(2.00)	0.00	0.00	0.00	0.00	0.80
Housekeeping	11.50	0.00	0.00	1.00	0.00	0.00	12.50
Dietary	10.60	1.00	0.00	0.00	0.00	0.00	11.60
Nurse Administration	8.20	0.00	0.00	0.00	0.00	0.00	8.20
Pharmacy	2.40	0.00	0.00	0.00	0.00	0.00	2.40
Medical Records	8.00	1.00	0.00	0.00	0.00	0.00	9.00
Social Service	3.00	1.00	0.00	1.00	0.00	0.00	5.00
Total	336.30	(2.16)	11.88	22.04	5.73	0.00	373.79

The applicant provided the following clarification about the table above. [source: Application, Exhibit 6 and July 23, 2021, screening response, p6]

“Salary expense corresponds to the FTEs needed to provide the service. FTEs increase in accordance with the increase in patient days. This level of productivity is based upon assumed productivity in 2021. Increases in staffing for the hospital are proportionate to the increase in patient days. Other increases in staffing are for the clinics and are based on the planned recruitment of new providers. Laundry staff are expected to decrease as this service will be contracted beginning in 2022.

As was discussed with the Program staff on June 17, 2021, the District is currently planning to cease operating its ambulance service and is in process of transitioning the service to a separate operating entity by the end of 2021. PMH understands that this response is a sufficient answer to this question.

There were no public comments or rebuttal comments provided under this sub-criterion.

Department Evaluation

This section of the evaluation focuses on the staffing of the proposed project. As stated in the project description section of this evaluation, Prosser Memorial Health is currently operational and the applicant proposes to relocate the facility in its entirety to a new site in Prosser. The hospital is a licensed critical access hospital with 25 acute care beds and provides a variety of health care services. The relocation of the hospital does not include a reduction or increase in services currently provided.

The FTE increases shown in the table above reflect projected FTE increases based on projected utilization of the hospital. The table shows a decrease in FTEs from year 2021 to 2022 because the hospital will contract for laundry and ambulance services. Beginning in year 2023, slight increases in FTEs are expected based on projected increases in utilization of the hospital. By the end of year 2026, a total of 37.49 staff is expected to be needed.

Information provided in the application demonstrates that Prosser Memorial Health is a well-established provider of healthcare services in Prosser and surrounding communities within Benton County. For the projected increase of 37.49 staff needed by the end of full year three (2026), the hospital district intends to use its recruitment and retention strategies that have been successfully used in the past.

Based on the information above, the department concludes **this sub-criterion is met.**

- (2) The proposed service(s) will have an appropriate relationship, including organizational relationship, to ancillary and support services, and ancillary and support services will be sufficient to support any health services included in the proposed project.

WAC 246-310 does not contain specific WAC 246-310-230(2) as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what relationships, ancillary and support services should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials contained in the application.

Prosser Memorial Health

In response to this sub-criterion, the applicant provided the following statements. [source: Application, pdfs 25-26]

“The existing ancillary and support services, and an indication as to whether they are provided in house or under agreement, are provided in Table 10. No ancillary or support agreements are expected to change as a result of this project.”

Applicant’s Table 10

**Table 10
Ancillary and Support Services**

Services Provided	Vendor
Linen service	TBD
Pathology	Insight
Janitorial services	In-House
Biomedical	In-House
Biomedical waste	Steris
PT (PRN)	Contracted
Dietary	In-House
Respiratory Therapy	In-House
Pharmacy	In-House
Imaging	In-House
Central Supply	In-House
Laboratory	In-House
Medical Records	In-House
Maintenance	In-House
Blood Products and Services	Red Cross
Interpretation Services	In-House
Dietician	Kadlec Medical Center

Source: Applicant

There were no public comments or rebuttal comments provided under this sub-criterion.

Department Evaluation

As previously stated, the relocation of the hospital to a new site in Benton County does not include reduction or increase in services currently provided. Information provided in the application demonstrates that Prosser Memorial Health is a well-established provider of healthcare services in Prosser and surrounding communities within Benton County. The application provided a listing of existing relationships that have been established by the hospital. The relocation of the hospital is not expected to change any of the existing relationships. Based on the information above, the department concludes **this sub-criterion is met.**

- (3) *There is reasonable assurance that the project will be in conformance with applicable state licensing requirements and, if the applicant is or plans to be certified under the Medicaid or Medicare program, with the applicable conditions of participation related to those programs.*

WAC 246-310 does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's history in meeting these standards at other facilities owned or operated by the applicant.

As part of this review, the department must also conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.¹⁵ To accomplish this task, the department reviews the quality of care compliance history for all Washington State and out-of-state healthcare facilities owned, operated, or managed by an applicant, its parent company, or its subsidiaries.

Prosser Memorial Health

In response to this sub-criterion, the applicant provided the following statements. [source: Application, pdf 28] *"No facility or practitioner associated with the application has any history with respect to the above."*

Public Comment

Of the seven letters of support, one focused on this sub-criterion and excerpts from the letter of support are below.

Susan Miklas, Prosser Memorial Hospital Laboratory Director and Infection Preventionist

"I have a number of roles at Prosser Memorial Hospital, including Infection Preventionist. In this role, I am responsible for surveillance and investigation of hospital-associated infections I also continually review procedures to help prevent transmission of infections and assess trends; identify problems and design and implement specific interventions and quality improvement programs.

While the hospital has performed admirably in infection control, the past 18 months have illuminated the daily challenges associated with providing quality and safe clinical inpatient and outpatient care in an outdated and undersized hospital. In some areas, the current number of air exchanges do not meet current standards. Also, the hospital does not have designated airborne isolation rooms and is currently using portable machines to create the negative airflow. Our facility does not have design features (such as touchless sensors) and other technologies that mitigate transmission of viruses and bacteria. Further, because the hospital is so very undersized for current volumes, we lack space for social distancing.

¹⁵ WAC 246-310-230(5).

The publicly elected Commissioners of Prosser Public Hospital District should be commended for their foresight and their planning that is resulting in a replacement hospital that will be designed to assure a safe patient care environment for decades to come. I urge your timely approval.”

Department Evaluation

As a part of this review, the department must conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.¹⁶ For hospital projects, the department reviews two different areas when evaluating this sub-criterion. One is a review of the Centers for Medicare and Medicaid Services (CMS) “Terminated Provider Counts Report” covering years 2018 through 2021.¹⁷ The department uses this report to identify any healthcare facilities owned or operated by the applicant that were involuntarily terminated from participation in Medicare reimbursement.

The department also reviews an applicant’s conformance with Medicare and Medicaid standards. The department uses the CMS ‘Survey Activity Report’ to identify facilities with a history of condition level findings. For CMS surveys, there are two levels of deficiencies: standard and condition.¹⁸

- **Standard Level**

A deficiency is at the Standard level when there is noncompliance with any single requirement (or several requirements) within a particular standard that is not of such character as to substantially limit a facility’s capacity to furnish adequate care, or which would not jeopardize or adversely affect the health or safety of patients if the deficient practice recurred.

- **Condition Level**

Deficiency at the Condition level may be due to noncompliance with requirements in a single standard that, collectively, represent a severe or critical health or safety breach, or it may be the result of noncompliance with several standards within the condition. Even a seemingly small breach in critical actions, or at critical times, can kill or severely injure a patient, and such breaches would represent a serious or severe health or safety threat.

Benton County Hospital District #1 operates one hospital, Prosser Memorial health located in Benton County, and six rural health clinics. The hospital district does not operate any out-of-state healthcare facilities. Below is a summary of the two areas reviewed.

Terminated Provider Counts Report

Focusing on years 2017 through 2021, neither Prosser Memorial Health nor any of the rural healthcare clinics were involuntarily terminated from participation in Medicare reimbursement.

Prosser Memorial Health

The hospital’s most recent survey occurred in June 2021. The CMS survey noted four deficiencies, and of those, one was cited as condition level. The condition level deficiency related to infection prevention and control that required one follow up visit in August 2021. The hospital was not surveyed for years 2018, 2019, or 2020. The hospital is currently operating in full compliance with state and federal requirements.

Prosser Memorial Health Benton City Clinic

The rural health clinic’s most recent survey occurred in January 2018. The CMS survey noted 12 deficiencies, and of those, one was cited as condition level. The condition level deficiency related to program evaluation that required one follow up visit in March 2018. The rural health clinic was not surveyed for years 2019,

¹⁶ WAC 246-310-230(5).

¹⁷ Reports are all current as of October 29, 2021.

¹⁸ Definitions of standard and condition level surveys: <https://www.compass-clinical.com/deciphering-tjc-condition-level-findings/>

2020, or 2021. The rural health clinic is currently operating in full compliance with state and federal requirements.

Prosser Memorial Health Grandview Clinic

This rural health clinic’s most recent survey occurred in December 2019. The CMS survey noted no deficiencies and no follow up visit required. The rural health clinic was not surveyed for years 2018, 2020, or 2021. The rural health clinic is currently operating in full compliance with state and federal requirements.

Of the six health clinics, only the two above were surveyed during years 2018 through 2021. As a result, recent survey data on the following four health clinics is not available: Prosser Clinic, Prosser Specialty Clinic, Prosser Specialty Clinic-ENT & Allergy, and Prosser Women’s Health Clinic.

The hospital district identified the following three key clinical staff for the hospital shown in the table below. [source: Application, p24]

**Department’s Table 12
Prosser Memorial Health Key Staff**

Name	Title
Brian G. Sollers, DO	Chief Medical Officer
Merry B. Fuller, BSN, MN, RN	Chief Nursing Officer and Chief Operating Officer
Jared T. Clifford, DPM	Chief of Staff

Using data from the Medical Quality Assurance Commission, the department confirmed that all three key staff hold an active state license and have no conditions or limits on their license with no enforcement actions.

For this sub-criterion, the department considered the total compliance history of Prosser Memorial Health and two of its rural health clinics. The department also considered the compliance history of the key staff of the hospital. Based on the information reviewed, the department concludes that Prosser Memorial Health is in compliance with applicable state and federal licensing and certification requirements. As a result, the department concludes there is reasonable assurance that the relocation of the hospital to a new site in Benton County would not have a negative effect on the hospital’s or health clinics’ compliance. **This sub-criterion is met.**

(4) The proposed project will promote continuity in the provision of health care, not result in an unwarranted fragmentation of services, and have an appropriate relationship to the service area's existing health care system.

WAC 246-310 does not contain specific WAC 246-310-230(4) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs how to measure unwarranted fragmentation of services or what types of relationships with a services area’s existing health care system should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials in the application.

Prosser Memorial Health

In response to this sub-criterion, the applicant provided the following statements. [source: Application, pdf 27-281]

“PMH works closely with most healthcare providers in Benton County as well as some in Franklin and Yakima Counties. These include but are not limited to:

- Kadlec Medical Center
- Trios Health
- Lourdes Medical Center
- Amber Hills
- Sun Terrace Prosser
- Kennewick and Richland assisted living facilities

- Yakima Valley Memorial Hospital
- Life Care Center of Kennewick
- Regency Canyon Lakes Rehabilitation and Nursing Center
- Life Care Center of Richland
- Richland Rehabilitation Center
- Prestige Care & Rehabilitation – Sunnyside
- Other Yakima County nursing homes, if needed
- Yakima Valley Farmworkers Clinics
- Tri-Cities Chaplaincy
- Heartlinks Hospice and Palliative Care
- Yakima HMA Home Health and Hospice
- Tri Cities Home Health
- Senior Life Resources Northwest
- Other specialty and primary care clinics

No existing working relationships are expected to change as a result of this project.

This project proposes a replacement hospital. It is not proposing any new CN reviewable services or beds. PMH does and will continue to work closely with other providers throughout the Benton/Franklin County planning area (as well as adjacent Yakima County) to ensure that timely and seamless patient transitions occur. No changes to these working relationships are proposed with the replacement hospital.

PMH has a long track record of working closely with EMS (having operated the local EMS service for many years), other existing hospitals, and other health care systems throughout the Benton/Franklin Counties as well as adjacent Yakima County. PMH collaborates with area nursing homes, assisted living, adult family homes, home health, and hospice agencies as well as outpatient providers. PMH works closely with all these different entities as well as payers to assure care coordination, smooth transitions of care, and reduced rehospitalization and ED visits.”

There were no public comments or rebuttal comments provided under this sub-criterion.

Department Evaluation

As previously stated, the relocation of the hospital does not include reduction or increase in services currently provided. Information provided in the application demonstrates that Prosser Memorial Health is a well-established provider of healthcare services in Prosser and surrounding communities within Benton County. The relocation of the hospital is not expected to result in unwarranted fragmentation of services.

This evaluation also considers the letters of support provided for this project under the previous review criteria. The letters stress the importance of the hospital remaining operational and the limitations of the current site.

For these reasons, the department concludes that approval of this project would not result in unwarranted fragmentation of services in the planning area. **This sub-criterion is met.**

- (5) *There is reasonable assurance that the services to be provided through the proposed project will be provided in a manner that ensures safe and adequate care to the public to be served and in accord with applicable federal and state laws, rules, and regulations.*

Department Evaluation for Prosser Memorial Health

This sub-criterion is addressed in sub-section (3) above and **is met.**

D. Cost Containment (WAC 246-310-240)

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Benton County Hospital District #1 application meets the applicable need criteria in WAC 246-310-240.

(1) *Superior alternatives, in terms of cost, efficiency, or effectiveness, are not available or practicable.*

To determine if a proposed project is the best alternative, in terms of cost, efficiency, or effectiveness, the department takes a multi-step approach. First the department determines if the application has met the other criteria of WAC 246-310-210 thru 230. If the project has failed to meet one or more of these criteria then the project cannot be considered to be the best alternative in terms of cost, efficiency, or effectiveness as a result the application would fail this sub-criterion.

If the project has met the applicable criteria in WAC 246-310-210 through 230 criteria, the department then assesses the other options considered by the applicant. If the department determines the proposed project is better or equal to other options considered by the applicant and the department has not identified any other better options, this criterion is determined to be met unless there are multiple applications.

Prosser Memorial Health

The hospital district provided the following statements under this sub-criterion. [source: Application, pdfs 29-30]

“PMH began exploring different options for bringing the hospital into the 21st century by first exploring a renovation/expansion (beginning in 2014/2015) and both a renovation and replacement hospital option in 2017. Three options were considered, and these options included: 1) replace the current hospital; 2) renovate and/or build addition at the existing hospital and 3) do nothing—or stay at the current site with no significant expansion.

Given the age and condition of the existing hospital, doing nothing would further exacerbate the challenges and limitations of the building. It would not improve patient care and would likely result in increasing patient dissatisfaction. Building an addition would provide for a wing of private patient rooms (14-15 were estimated to be able to be constructed) but would result in decreased parking and elimination of the less than adequate materials management dock area. This option would also not address all the aging building concerns and would be disruptive to patient care and would not provide any expansion opportunities for ancillary departments or meeting and conference room space for staff and the community. A new wing and reduced parking space were determined to be a short term ‘fix’ that was, frankly, inadequate, in many respects.

The selected option, to build a replacement hospital, was determined to be the solution needed to bring PMH’s options up to today’s standards (single patient rooms, expansion of facilities, etc.) and was also determined to be the least disruptive to patient care.”

The district also provided an analysis of alternatives it considered and any rationale for rejection of alternatives. The table below is a summary of the applicant’s information.[source: Application, pdf 30]

**Department's Table 13
Summary of Applicant's Advantages and Disadvantages Analysis**

Criteria Considered in Applicant's Analysis	Build A Replacement Hospital (the project)	Add an Addition & Renovate Existing Building	No Action
Patient Access to Healthcare Services	<i>Provides PMH patients with a state-of-the-art hospital that meets today's requirements for private room bed capacity. Allow PMH to grow services; thus, increasing access for our community.</i>	<i>Provides some improvement in access with 14-15 private rooms. But does not provide the same array of services/facility that are available with the replacement hospital. Nor does it address space limitations in existing ancillary and support departments. Access likely impacted during construction.</i>	<i>PMH would still have an older building in need of repairs. Patient access increasingly compromised</i>
Capital Costs	<i>Highest capital cost in 2021-2023 timeframe</i>	<i>Lower initial capital costs than replacement hospital but because this is viewed as short term fix, will have highest long-term costs. Option did not include bringing entire building up to code.</i>	<i>Not applicable</i>
Staffing Impact	<i>The replacement hospital and expected growth in demand will require incremental staffing. Because this is a replacement hospital, growth in staffing is minimal (assumed to be about 11%).</i>	<i>Does not address the inefficiencies in areas beyond the new private patient room wing.</i>	<i>Even without the project, new staff may be needed if census grows.</i>
Quality of Care	<i>Increase in private rooms supports best practice.</i>	<i>Increase in private rooms supports best practice. Does not address needs beyond inpatient wing.</i>	<i>Quality of care may be impacted with continuation of semi-private rooms and insufficiencies of existing building</i>
Cost or Operational Efficiency	<i>Cost per patient day will increase due to the higher capital costs. Operational efficiencies expected with reduced energy costs and decreased maintenance costs.</i>	<i>Cost per patient day likely to increase with higher capital costs. Limited opportunity to gain operating efficiencies. Increased cost for ongoing repair and maintenance of existing building.</i>	<i>No opportunity to improve operational efficiency; operational costs and/or inefficiencies likely to increase because of limitations of existing physical building.</i>
Legal	<i>Per the Program's DOR response of January 13, 2021 requires CN. This determination is inconsistent with past practice and is being challenged by PMH</i>	<i>None</i>	<i>Not applicable</i>

There were no public comments or rebuttal comments provided under this sub-criterion.

Department Evaluation

Based on the age and condition of the existing hospital, the department did not identify any alternatives that were superior in terms of cost, efficiency, or effectiveness that is available or practicable for this project. Considering the hospital's necessary role as a healthcare provider in Prosser and surrounding communities within Benton County, the department concludes that this project is reasonable and the best available option for the planning area and surrounding communities. **This sub-criterion is met.**

(2) In the case of a project involving construction:

(a) The costs, scope, and methods of construction and energy conservation are reasonable;

(b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.

Prosser Memorial Health

The applicant provided the following statements under this sub-criterion. [source: Application, pdf 31]

“Throughout the programming and design phases for the project, PMH’s new hospital team worked diligently to question and confirm the efficiency of all proposed program areas. Programs and plans for similar types of Critical Access facilities were used to design a facility that was sufficiently sized to meet the needs of the community for the foreseeable future. If future growth is required, the primary departments have been arranged in a manner that will promote exterior expansion(s), rather than including the construction of any additional area or shell spaces. The only exception to this is in the surgery department, where, given the sensitive location, one shelled operating room space has been provided.

As the project has moved into the later design and construction document phases, and in order to control construction costs, under the guidance of Washington State Statute RCW 39.10, the PMH team applied for and was granted the ability to utilize a GCCM method of project delivery. This delivery method allows for the addition of a construction manager to the team. From design development on, a local construction resource (Graham Construction) has been providing realtime cost and constructability input to ensure that the design and systems for the facility remain economical and within the boundaries provided by the potential USDA funding program. The team has developed both target systems and values to track construction costs so that there are no inconsistencies or escalations in the budget when final pricing is agreed to. The team is also utilizing the resource of an independent estimator to review and confirm pricing quantities and values.

Regarding energy conservation, the team is working under the most current state and federal requirements and has chosen to proceed with an ‘all electric’ facility in support of the State of Washington’s recent declaration that all new construction will be required to be ‘carbon neutral’ by 2030, or just six years after the proposed completion date. This decision also negates the need to extend a natural gas line to the site at an estimated cost of over \$350,000. All new systems will be high-efficiency, all lighting will be LED with control systems to minimize usage, and the team will have the input of a third party commissioning agent to provide peer review of the proposed mechanical, electric, and plumbing systems design.”

There were no public comments or rebuttal comments provided under this sub-criterion.

Department Evaluation

To assist in this evaluation, HFCCP also reviewed the capital costs under this sub-criterion and provided the following conclusions. [source: October 21, 2021, HFCCP analysis, pdf 6]

“The costs shown are within range of recent construction costs reviewed by this office. The most recent similar project reviewed, Prosser Memorial Health, had a per-unit cost approximately 16% higher than Prosser’s cost. Also, construction cost can vary quite a bit due to type of construction, quality of material, custom vs. standard design, building site and other factors. Prosser will design the facility to the latest energy and hospital standards. Staff is satisfied the applicant plans are appropriate.

Staff is satisfied that replacing the existing hospital in order to better serve the area, and at a cost lower than renovating the existing facility, should not have an unreasonable impact of the costs and charges to the public of providing services by other persons. This criterion is satisfied.”

As stated in this evaluation, documentation provided in the application, including public comments, demonstrates that the hospital is an integral part of the existing healthcare system for Prosser and surrounding areas. The HFCCP review also concludes that this project is not expected to have an unreasonable impact on the costs and charges to the public. For these reasons, the department concludes **this sub-criterion is met.**

- (3) *The project will involve appropriate improvements or innovations in the financing and delivery of health services which foster cost containment and which promote quality assurance and cost effectiveness.*

Prosser Memorial Health

The applicant provided the following statements under this sub-criterion. [source: Application, pdf 32]

“PMH expects that the replacement hospital will promote quality assurance by having an up to date facility capable of providing a level of care appropriate for a facility of its size in today’s health care environment. While a significant capital expenditure is needed to build the replacement hospital, over time, it is anticipated that the cost per patient day will decrease due to the efficiencies of the new building. PMH will not have to invest resources into repairing an aging facility that will not offer any improvements in operational costs. The replacement hospital is expected to increase patient satisfaction and quality of care while continuing to allow service area residents to receive care closer to home. Finally, the replacement hospital will provide PMH with the ability to expand the replacement hospital as needed in the future.”

Public Comments

Of the seven letters of support, two focused on this sub-criterion. Excerpts from the letters of support are below.

Merry Fuller, MSN, RN, Prosser Memorial Health Chief Nursing Officer and Chief Operating Officer

“I serve as both the Chief Nursing Officer and the Chief Operating Officer at Prosser Memorial Health (PMH). While PMH has served our growing community well over the past decades, I witness the daily challenges of working in an aging and undersized hospital: patients and staff share corridors with the public; certain departments are undersized; we lack the space for staff to coordinate during shift changes; many areas are required to limit families because of space; and inefficiencies in staffing result because of the physical layout.

Our proposed replacement hospital was designed not only to eliminate the current square footage deficits and the lack of privacy and inefficiencies we currently experience, but also to build in attributes that support quality and that support our caregivers, thereby also supporting the patient experience and outcomes. Research has documented the link between the physical environment of a hospital (e.g., single-bed or multiple-bed patient rooms) and patient (e.g., fewer adverse events and better health care quality) and caregiver outcomes (e.g., reduced stress and fatigue and increased effectiveness in delivering care).

The new design places emphasis on patient-centeredness, safety, infection control and overall efficiency. The replacement hospital is a win for the community. Please feel free to contact me with any questions.”

Brian Sollers, DO, Prosser Memorial Health Chief Medical Officer

“I am an obstetric provider in Prosser, Chief of Surgery and also serve as the Chief Medical Officer (CMO) for Prosser Memorial Health (PMH). I have been at PMH for more than 8 years and have had affiliations in the Tri-Cities where there were a number of hospital choices, and if one hospital was full or otherwise at capacity, patients could easily use another option. In contrast, here in the western end of Benton County, PMH serves as the health care hub for our growing, diverse community.

The current PMH hospital building is undersized for today's patient volumes, and because several portions are more than 40-50 years old, remodeling or expanding to accommodate new technologies is costly, disruptive and time-consuming. A number of the inpatient areas are small and crowded. Finding space to meet privately with patients and their families is a near impossibility. In addition, and after being in the Hospital almost daily over the past 18 months, I can attest to the challenges in providing the socially distanced space needed to keep both patients and staff safe.

The bottom line is that the hospital has reached the end of its useful life, and the Board of Commissioners and Leadership team has developed a plan for a replacement facility that has been vetted extensively by the medical staff and the community. I have personally sat on this planning committee since the start and I have a deep vetted interest in Prosser. I currently sit as the President of the Prosser Economic Development committee and know how important adequate and excellent health care is in need here in Prosser. The plan will assure that PMH can continue to meet the needs of the community for decades to come. I offer my full support for this project.

On behalf of my patients, I thank you for your attention to this important project.”

Department Evaluation

To assist in this evaluation, HFCCP also reviewed the capital costs under this sub-criterion and provided the following conclusions. [source: October 21, 2021, HFCCP analysis, pdf 7]

“Staff is satisfied that the financing methods proposed by Prosser are appropriate and the new building should better accommodate current healthcare delivery methods than the older facility.”

As stated in this evaluation, documentation provided in the application, including public comments, demonstrates that the hospital is an integral part of the existing healthcare system for Prosser and surrounding areas. Focusing on new construction and equipment, staff concludes that the new hospital would have the ability incorporate any technology and physical plant improvements for the new hospital. For these reasons, the department concludes **this sub-criterion is met.**