



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

September 14, 2018

CERTIFIED MAIL # 7014 2120 0002 7590 6815

Geoffrey Schackmann
Healthy Living at Home—Vancouver, LLC
1220 Main Street, Suite 400
Vancouver, WA 98660

RE: CN 18-09

Dear Mr. Schackmann:

We have completed review of the Certificate of Need application submitted by Healthy Living at Home—Vancouver, LLC proposing to establish a Medicare and Medicaid certified home health agency in Clark County. Enclosed is a written evaluation of the application.

For the reasons stated in the enclosed decision, the application is consistent with the applicable criteria of the Certificate of Need Program, provided Healthy Living at Home—Vancouver, LLC agrees to the following in its entirety.

Project Description:

This Certificate of Need approves Healthy Living at Home—Vancouver, LLC to establish a Medicare and Medicaid certified home health agency in Vancouver to serve the residents of Clark County. Healthy Living at Home—Vancouver, LLC will provide in-home skilled nursing, medical social work, dietician and home health aide services. Physical therapy, occupational therapy and speech therapy will be contracted.

Conditions:

1. Approval of the project description as stated above. Healthy Living at Home—Vancouver, LLC 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. Prior to providing services, Healthy Living at Home—Vancouver, LLC will provide copies of the listed adopted policies below for the department's review and approval.

- Admission Policy

- Admission Criteria and Process Policy No. 2-005.
- Start of Care/Admission Packet Nondiscrimination and Accessibility.
- Charity Care Policy No. 4- 027.

Copies of the policies listed above that have been adopted by Healthy Living at Home—Vancouver, LLC must be consistent with the draft policies provided in the application.

3. Healthy Living at Home—Vancouver, LLC will provide charity care in compliance with its charity care policies provided in the application.
4. Healthy Living at Home—Vancouver, LLC will maintain Medicare and Medicaid certification regardless of ownership.
5. Prior to providing services, Healthy Living at Home—Vancouver, LLC will provide copies of the fiscal intermediary forms for the department's review and approval. The fiscal intermediary forms must be consistent with the forms Healthy Living at Home—Vancouver, LLC provided to the fiscal intermediary.

Approved Costs:

The approved capital expenditure associated with this project is \$95,000

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 entirety, your application will be approved and a Certificate of Need sent to you.

If you reject any of the above provision, your application will be denied. The department will send you a letter denying your application and provide you information regarding your appeal rights. Your written response should be sent to the Certificate of Need Program, at one of the following addresses.


Mailing Address:
Department of Health
Certificate of Need Program
Mail Stop 47852
Olympia, WA 98504-7852

Physical Address:
Department of Health
Certificate of Need Program
111 Israel Road SE
Tumwater, WA 98501

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

Sincerely,



Nancy Tyson, Executive Director
Health Facilities and Certificate of Need
Community Health Systems

Enclosure

EVALUATION DATED SEPTEMBER 14, 2018, FOR THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY HEALTHY LIVING AT HOME—VANCOUVER, LLC PROPOSING TO ESTABLISH A MEDICARE AND MEDICAID CERTIFIED HOME HEALTH AGENCY TO SERVE CLARK COUNTY.

APPLICANT DESCRIPTION

HLH OpCo and VistaRiver Healthcare Solutions are the owners of HoldCo—Vancouver and these two entities are owner of Healthy Living at Home—Vancouver, LLC. Healthy Living at Home—Vancouver is proposing to establish a Medicare/Medicaid home health agency in Clark County. [Source: Application page 5] VistaRiver Holdings is headquartered in Portland, Oregon and is a private equity company and it specializes in developing and operating startup businesses. [Source: <http://www.vistariver.com>]

HLH OpCo owns 70 % of Healthy Living at Home, LLC and VistaRiver Healthcare Solutions owns 30%. HLH OpCo and VistaRiver Healthcare Solutions are joint owners of Healthy Living at Home a provider of home health services in Arizona, California, Nevada, Oregon and Utah. [Source: Application page 5 and Appendix A] Healthy Living at Home—Vancouver, LLC does not currently own any healthcare facility or provide healthcare services in Washington.

PROJECT DESCRIPTION

Healthy Living at Home—Vancouver, LLC proposes to establish a Medicare and Medicaid certified home health agency to serve the residents of Clark County. The agency would be located at the 1220 Main Street, Suite 400 Vancouver [98660]. Services to be provided by Healthy Living at Home—Vancouver, LLC will include in-home skilled nursing, medical social work, dietician and home health aide services. Physical therapy, occupational therapy and speech therapy will be contracted. [Source: Application page 7]

Healthy Living at Home—Vancouver, LLC expects to begin providing Medicare and Medicaid home health services to Clark County residents in November 2018. [Source: January 22, 2018 screening responses page 6]

The estimated capital expenditure for the project is \$95,000. Of that amount \$27,166 or 28.60% is for the project working capital and startup expenses and remaining \$67,834 or 71.40% is for furniture and office equipment. [Source: March 29, 2018 screening responses page 32]

Within its application Healthy Living initially identified the sum \$91,643 as its estimated capital expenditure. However, the second supplemental information provided by the applicant identified the sum of \$95,000 as the new capital expenditure. This increase in capital expenditure is \$3,357 or 3.66%. The applicant did not explain why the initial capital expenditure increased. The department notes that the increase capital expenditure is less than 12% or \$50,000 therefore, the \$3,357 increase in capital expenditure is acceptable.

For the reader's ease, the department will refer to the applicant Healthy Living at Home—Vancouver, LLC in this evaluation as “Healthy Living” and the applicant two joint owners HLH OpCo and VistaRiver Healthcare Solutions as “The joint owners”

APPLICABILITY OF CERTIFICATE OF NEED LAW

This application is subject to review as the construction, development, or other establishment of new health care facility under Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code 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. It states:

“Criteria contained in this section and in WAC 246-310-210, 246-310-220, 246-310-230, and 246-310-240 shall be used by the department in making the required determinations.

- (a) In the use of criteria for making the required determinations the department shall consider:*
 - (i) The consistency of the proposed project with service or facility standards contained in this chapter;*
 - (ii) In the event the standards contained in this chapter do not address in sufficient detail for a required determination the services or facilities for health services proposed, the department may consider standards not in conflict with those standards in accordance with subsection (2)(b) of this section; and*
 - (iii) The relationship of the proposed project to the long-range plan (if any) of the person proposing the project”*

In the event that WAC 246-310 does not contain service or facility standards in sufficient detail to make the required determinations, WAC 246-310-200(2)(b) identifies the types of standards the department may consider in making its required determinations. Specifically WAC 246-310-200(2)(b) states:

- (b) “The department may consider any of the following in its use of criteria for making the required determinations:*
 - (i) Nationally recognized standards from professional organizations;*
 - (ii) Standards developed by professional organizations in Washington State;*
 - (iii) Federal Medicare and Medicaid certification requirements;*
 - (iv) State licensing requirements;*
 - (v) Applicable standards developed by other individuals, groups, or organizations with recognized expertise related to a proposed undertaking; and*

(vi) *The written findings and recommendations of individuals, groups, or organizations with recognized experience related to a proposed undertaking, with whom the department consults during the review of an application.*”

To obtain Certificate of Need approval, the applicant must demonstrate compliance with the criteria found in WAC 246-310-210 (need) including applicable portions of the 1987 State Health Plan; 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment).

TYPE OF REVIEW

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

APPLICATION CHRONOLOGY

Action	Date
Letter of Intent Submitted	September 5, 2017
Application Submitted	November 13, 2017
Department’s pre-review activities <ul style="list-style-type: none"> • DOH 1st Screening Letter • Applicant’s Responses Received • DOH 2nd Screening Letter • Applicant’s Responses Received 	December 6, 2017 January 22, 2018 February 12, 2018 March 29, 2018
Beginning of Review	April 9, 2018
Public Hearing Conducted	N/A
Public Comments accepted through end of public comment	May 14, 2018
Rebuttal Comments Due	May 30, 2018
Department’s Anticipated Decision Date	July 16, 2018
Department’s Actual Decision Date	September 14, 2018

AFFECTED PERSONS

Washington Administrative Code 246-310-010(2) defines “affected person” as:

“...an “interested person” who:

- (a) *Is located or resides in the applicant's health service area;*
- (b) *Testified at a public hearing or submitted written evidence; and*
- (c) *Requested in writing to be informed of the department's decision.*”

As noted above, WAC 246-310-010(2) requires an affected person to first meet the definition of an ‘interested person.’ WAC 246-310-010(34) defines “interested person” as:

- (a) *The applicant;*

- (b) Health care facilities and health maintenance organizations providing services similar to the services under review and located in the health service area;*
- (c) Third-party payers reimbursing health care facilities in the health service area;*
- (d) Any agency establishing rates for health care facilities and health maintenance organizations in the health service area where the proposed project is to be located;*
- (e) Health care facilities and health maintenance organizations which, in the twelve months prior to receipt of the application, have submitted a letter of intent to provide similar services in the same planning area;*
- (f) Any person residing within the geographic area to be served by the applicant; and*
- (g) Any person regularly using health care facilities within the geographic area to be served by the applicant.*

For this project, no person or entities sought or received affected person status.

SOURCE INFORMATION REVIEWED

- Healthy Living at Home—Vancouver, LLC Certificate of Need application submitted November 13, 2017
- Healthy Living at Home—Vancouver, LLC’s screening responses received January 22, 2018 and March 29, 2018
- Clark County providers survey responses and public comments received by Certificate of Need Program Office
- Healthy Living at Home—Vancouver, LLC’s rebuttal comments received May 24, 2018
- Compliance history for credentialed or licensed staff from the Medical Quality Assurance Commission and Nursing Quality Assurance Commission
- DOH Provider Credential Search website: <http://www.doh.wa.gov/pcs>
- Year 2016 OFM population estimates, medium series
- Department of Health internal database – Integrated Licensing & Regulatory Systems (ILRS)
- Healthy Living at Home website: <http://healthylivingservices.org>
- VistaRiver website: <http://www.vistariver.com/professional-about-us>
- PSA Healthcare website: <http://www.psahealthcare.com/our-story/>
- Washington Secretary of State website: <http://www.sos.wa.gov/corps/>
- Home Health Compare: <https://www.medicare.gov/homehealthcompare/search.html>

CONCLUSIONS

For the reasons stated in this evaluation, the application submitted by Healthy Living at Home—Vancouver, LLC proposing to establish a Medicare and Medicaid certified home health agency in Vancouver to serve the residents of Clark County is consistent with applicable criteria of the Certificate of Need Program, provided Healthy Living at Home—Vancouver, LLC agrees to the following in its entirety.

Project Description:

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Approved Costs:

The approved capital expenditure associated with this project is \$95,000

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that Healthy Living at Home—Vancouver, LLC project **met** 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.* WAC 246-310 does not contain specific WAC 246-310-210(1) need criteria as identified in WAC 246-310-200(2)(a)(i). To assist with the determination of numeric need for home health agencies, the department uses the numeric methodology contained in the 1987 Washington State Health Plan (SHP).

Home Health Numeric Methodology-1987 SHP

The SHP methodology is a five-step process that projects the number of home health visits in a planning area. The method uses the following elements:

- Projected population of the planning area, broken down by age groups [0-64; 65-79; & 80+];
- Estimated home health use rates per age group; and
- The number of visits per age group.

The total projected number of visits is then divided by 10,000, which is considered the ‘target minimum operating volume’ for a home health agency. The resulting number represents the maximum projected number of agencies needed in a planning area. The SHP states fractions are rounded down to the nearest whole number. [Source: SHP, Page B-35]

The fifth and final step in the numeric methodology is to subtract the existing number of home health agencies in a planning area from the projected number of agencies needed. This results in the net number of agencies needed for the planning area.

Healthy Living

“Assumptions, use rate, market share, growth forecast and intensity of services: Health Living at home – Portland historical data and trends are the source for Healthy Living at Home – Vancouver data.

Assumptions for the Utilization Forecast were built using a conservative approach to the market. Healthy Living at Home –Vancouver, LLC has evaluated potential market share using the 1987 State Health Plan Methodology to the projected population in 2019, which it used to build its assumptions. The Company further derived the intensity of service, use rate, market share and approach by comparing demand and supply in Clark County and Portland, Oregon (Multnomah County. The assumptions factor in a slow response to referrals by some County providers)”. [Source: Application page 14]

1. The proposed geographic service area is all of Clark County, Washington.
2. Appendix E identifies the Medically Underserve Area in Clark County.
3. A. Healthy Living at Home – Vancouver will be applying the 1987 Washington State Need Methodology, used by Washington’s Department of Health Certificate of Need program, to determine the unmet Home Health needs for Clark County and project the number of Home Health Agencies.

The 1987 Washington State Health Plan (SHP), Appendix F, articulates the numeric need methodology is multiple step process that projects the number of home health visits in a planning area. The method uses the following criteria:

- Projected population of the planning area, broken down by age groups [0-64; 65-79; & 80+]
- Estimated home health user rates per age group; and
- The number of visits per age group

The total projected number of visits is then divided by 10,000, which is considered the ‘target minimum operating volume’ for a home health agency. The resulting number represents the maximum projected number of agencies needed in planning area. The SHP states fractions are round down to the nearest whole number. [Source: SHP page B- 35] The last step in the number methodology is to subtract the existing number of home health agencies in a planning area from the projected number of agencies needed. This results in the net number of agencies needed for the planning area”. [Source: Application page 9]

“County: Clark								
Year: 2020								
<i>Age Cohort</i>	*	<i>County Population</i>	*	<i>SHP Formula</i>	*	<i>Number of Visits</i>	=	<i>Projected Number of Visits</i>
0-64		401,851		0.0005		10		20,093
65-79		59,766		0.044		14		36,816
85+		16,627		0.183		21		62,514
		Total 477,884				Total		119,422
								<i>Number of Expected Visits per Agency</i>
								10,000
								Projected Number of Agencies Needed
								11.94
								Current M/M Licensed Agencies*
								6.00
								Net Agency Need
								5.94
								Net Agency Need Rounding Down
								5
<i>Home Health agencies as of May 31, 2017</i>								
<i>Source: OFM 2012 County Age and Sex projections, five-year intervals and age groups</i>								

“As shown on Table 1, applying the 1987 State Health Plan Methodology to the projected population in 2020 shows that there is a projected need for 11.94 home health agencies. As of May 31, 2017, there were nine home health agencies that service the residents of Clark County, of which six are Medicare and Medicaid certified. The result is a net need for an additional 5.94 home health agencies to service the unmet 59,400 visits for the residents of Clark County”. [Source: January 22, 2018 screening response page 11]

“3. B. The health care system has become increasingly reliant on the use of in-home services to cost-effectively support post-acute patients after hospitalization. Patients need time to recover from surgeries or physical traumas; however, in-patient post acute care settings may not have the capacity to provide that necessary care, leaving the patient to recover at home. When a patient is discharged too soon and lacks adequate care at home, there is a higher likelihood of readmission to a hospital. The New England Journal of Medicine notes, “Patients are typically discharged to a post-acute care facility...with little coordination of follow-up, reappearing on the acute care provider’s radar screen only if they return to the hospital in an ambulance”¹.” [Source: Application page 11]

“Healthy Living at Home – Vancouver will serve patients who have a range of injuries, disease, and conditions. Most of the patients will be over the age of 65, who have recently been discharged from an acute facility setting or skilled nursing facilities to their home.

Additionally, Healthy Living at Home –Vancouver expects to see patients who would benefit from specialized programs that focus on behavioral health to address psychiatric patient population”. [Source: Application page 12]

“An updated utilization forecast to reflect three full calendar years of operation and a partial year as appropriate.

(Reproduced Table)

<i>HLHV Discipline Utilization Forecast</i>	<i>2018*</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
<i>Skilled Nursing</i>	<i>137</i>	<i>1857</i>	<i>3733</i>	<i>6024</i>
<i>Physical Therapy</i>	<i>155</i>	<i>2101</i>	<i>4223</i>	<i>6814</i>
<i>Occupational Therapy</i>	<i>47</i>	<i>639</i>	<i>1285</i>	<i>2074</i>
<i>Speech Therapy</i>	<i>9</i>	<i>122</i>	<i>245</i>	<i>395</i>
<i>Medical Social Work</i>	<i>7</i>	<i>91</i>	<i>184</i>	<i>296</i>
<i>Home Health Aide</i>	<i>20</i>	<i>268</i>	<i>539</i>	<i>869</i>
<i>Total Visits by Discipline</i>	<i>375</i>	<i>5,079</i>	<i>10,208</i>	<i>16,472”</i>

[Source: March 29, 2018, screening response, page 8]

¹ Mechanic, Robert. “Post-Acute Care—The next Frontier For Controlling Medicare Spending” February 20, 2017. Source: <http://www.nejm.org/doi/full/10.1056/NEJMp1315607#=#=article>

Public Comments

None

Rebuttal Comments

None

Department’s Numeric Methodology and Evaluation

On November 16, 2017 the department mailed utilization surveys to the in-home health agencies located in Clark County or known to provide home health services to the residents of Clark County². In response to the survey, the department received responses from two Medicare certified home health agencies³ and three licensed only agencies⁴.

Based on the department’s internal licensing database⁵ and historical records 11 agencies are licensed to provide home health services in Clark County. Table 1 shows a listing of the 11 agencies. Highlighted in bold text are the Medicare and Medicaid certified home health agencies either located in Clark County or adjacent areas who have CN approval to provide services to the residents of Clark County.

**Table 1
Licensed Agencies Providing Home Health Services in Clark County**

Agency Name	Location City	Location County
Community Home Health and Hospice	Longview	Cowlitz
Divine Home Health Care Inc.	Battle Ground	Clark
PeaceHealth Hospice and PeaceHealth Homecare	Vancouver	Clark
Kindred at Home	Vancouver	Clark
Kaiser Permanente Continuing Care Services	Portland	Multnomah
Northwest Healthcare	Vancouver	Clark
PSA Healthcare-Pediatric Only	Vancouver	Clark
Providence Home Health	Portland	Multnomah
Touchmark Home Health	Vancouver	Clark
Vancouver Home Health Agency, LLC	Vancouver	Clark
Vancouver Comfort Keepers	Vancouver	Clark

As shown in Table 1 above, the department identified 11 agencies that could provide services to the residents of Clark County. PSA Healthcare specializes in providing in-home care to pediatrics only. Healthy Living proposes to provide home health services to adults only therefore, the department will not include PSA Healthcare in its count of agencies for Clark County.

² The department sent a utilization survey to 24 providers located in Clark County or known to provide in-home health services to the residents of Clark County. The department notes that it inadvertently included all licensed in-home providers which included hospice, hospice care centers, and home care agencies along with the home health agencies. Only surveys from licensed home health agencies will be used in this analysis.

³ The department received responses from Community Home Health & Hospice and Touchmark Home Health.

⁴ Divine Home Health Care [HIS.FS.60803573]; Vancouver Home Health Care Agency, LLC [IHS.FS.60660459]; Northwest Healthcare, Inc. [IHS.FS.60762534].

⁵ Integrated Licensing and Regulatory System (ILRS).

The department compared the listing of the home health agencies that Healthy Living identified that can provide home health in Clark County to the department's list. Between the department's list and the applicant's list, there is a match for seven home health agencies. The department identified three agencies (Divine Home Health Care, Inc., Northwest Healthcare, and Vancouver Home Health Agency, LLC.) that were not identified by the applicant. This is not unexpected because licensed-only agencies are not subject to CN review and can be established relatively quickly.

Based on the information in Table 1 above, the department will count 10 agencies in its methodology for Clark County. Healthy Living expects to begin providing Medicare and Medicaid home health services to Clark County residents in November 2018. Based on this timeline year 2019 is the proposed home health agency year one (full year) and year 2021 is the third year of operation. Table 2 below contains a summary of the factors used in the department's home health numeric need methodology for Clark County.

**Table 2
Department's Numeric Need Methodology Assumptions and Data**

Assumption	Data Used
Planning Area	Clark County
Population Estimates and Forecasts	Age Group: 0 – 85+ OFM Population Data released year 2012, medium series: Base Year 2018 – 465,611 Projected Year 2021 – 483,932
Utilization by Age Cohort	Age 0-64 = 0.005 Age 65 – 79 = 0.044 Age 80+ = 0.183
Number of Visits by Age Cohort	Age 0-64 = 10 visits Age 65 – 79 = 14 visits Age 80+ = 21 visits
Existing Number of Providers	10 providers

A summary of the department's numeric need methodology is presented below in Table 3. The methodology and supporting data is provided in Appendix A attached to this evaluation.

**Table 3
Clark County Home Health Need Projection**

	2018	2019	2020	2021
Total Number of Patient Visits	112,328	115,873	119,422	124,615
Divided by 10,000	11.23	11.59	11.94	12.46
Rounded Down	11	11	11	12
Existing Number of Agencies	10	10	10	10
Net Need	1	1	1	2

Based solely on the numeric need methodology above, need for an additional home health agency in Clark County is demonstrated.

WAC 246-310-210

In addition to the numeric need, the department must determine whether other services and facilities of the type proposed are not or will not be sufficiently available and accessible to meet that need.

Healthy Living

“As existing services are available and accessible, however, the growing population of Clark County demonstrates a need for more providers offering in-home care. Based on 1987 State Health Plan Methodology, there is a projected need for 11.59 home health agencies. There are currently eight home health agencies that service the residents of Clark. The result is a net need for an additional 2.59 home health agencies to serve the residents of Clark County.

Healthy Living at Home—Vancouver, LLC will serve individuals with a wide variety of healthcare needs, many of whom have few other resources of support for skilled routine medical or personal care. As a home-health care agency, the Company will work with all racial and ethnic minorities, women, and people with disabilities. In certain markets, Healthy Living developed preferred provider relationship with managed care payors.

Healthy Living has existing contracts locally and regionally with managed care payors, and can provide a listing at the appropriate time, demonstrating how we continue to support patients with poor coverage or no coverage under their existing plans.

Healthy Living at Home—Vancouver, LLC will provide skilled home health care for all residents of Clark County, including those residing in areas without access to health professions’ schools, multidisciplinary clinics, and specialty centers to serve as health service provider. By offering home health care, the Company will travel to and provide care to services to patients in their residential home throughout Clark County”. [Source: Application page 15]

Public Comment

The department received comments from existing healthcare facilities located in Clark County. A summary of the comments are restated below.

Camas Care Center

“We are facing the following challenges, in referrals to home health in Clark County:

- *Timeliness and availability varies from week to week depending on hospital and SNF discharges. The goal is to have the patient seen within 48 hours, upon returning home, however, it can be up to five days depending on availability. We always call around to*

obtain the earliest date possible, occasionally, all agencies are closed to referrals and we have to call on a daily basis to check availability.

- *The only home health agency that provides any type of behavioral care is Home Care SW, so it would be great to get another home health agency that provides behavioral care.*
- *If there was another home health agency in the area, it would certainly help with our referral management to ensure our patients are being seen in the appropriate time frame, to prevent returns to the hospital.*
- *Camas Care Center is currently providing approximately 20 discharges per month that requires home health services”. [Source: Letter of support received April 6, 2018]*

Prestige Assisted Living

“We are facing the following challenges, in referrals to home health in Clark County:

- *Timeliness and availability varies, but it can be up to a week get services for my residents. The other issue is related insurance, I have many Medicaid residents, and, the Home Health Agencies are reluctant to take Medicaid.*
- *It would be great if all Home Health Agencies would follow up with community to ensure coordination of care is being met, typically Kindred at Home is the best at this.*
- *Because of the agencies often being a week out, it would help us tremendously in Clark County to have one more Home Health Agency to serve our residents in a more efficient timeframe.*
- *My community is probably referring 5-10 residents to home health each month.*
- *In closing, please accept my comments of support for Healthy Living at Home—Vancouver, LLCs approval in pursuit of receiving their Certificate of Need”. [Source: Letter of support received April 6, 2018]*

The department also received comments include with the providers surveys from the home health providers in Clark County who chose to complete a provider survey. The comments are restated below.

Community Home Health & Hospice

“CHHH opposes the home health CON application for applicant Healthy Living at Home. Access issues are problematic statewide, not because of lack of home health agencies, but because of a lack of skilled clinicians, particularly Therapist and Certified Nursing Assistants. The addition of a home health agency in our geography will do nothing to improve the availability of skilled number of staff. In fact, another agency will only serve to spread a limited

number of staff to more agencies, increase competition for scarce staff, increase wages and subsequent costs for care". [Source: Survey response received December 13, 2017]

Rebuttal Comments

In response to the public comments submitted to the department, Healthy Living submitted rebuttal comments. The rebuttal comments are restated below.

Community Home Health & Hospice

"Community expresses a general concern that new providers will be harmful to its business and that there is a shortage of qualified clinicians. While not offering any data supporting its claim, Community's survey response shows that it has over one third of the entire Clark County market. With that large of a market share, Community's problems with staffing are likely not ones that the Certificate of Need program can solve by denying new entrants". [Source: May 25, 2018 rebuttal comments, page 2]

Department Evaluation

According to the letters submitted by some providers in the planning area in support of Healthy Living's project, those providers stated they are having difficulty in obtaining timely home health admissions. The reasons cited by the providers include agency delays of up to five days in seeing patients after the patients have returned home, reluctance to accept Medicaid patients, and at times all existing agencies being closed to referrals. While Community Home Health & Hospice opposed the addition of another home health agency, Community Home Health & Hospice did not deny that there might be access issues in Clark County. It stated *"Access issues are problematic statewide, not because of lack of home health agencies, but because of a lack of skilled clinicians, particularly Therapist and Certified Nursing Assistants."* The department will address the availability of staffing under WAC 246-310-230 (Structure and Process of Care).

In two letters of support the providers stated that they were having difficulty in referring to existing home health providers. To assess this issue, the department took a multiple step process. First, the department looked to the definition home health services contained in the home health methodology within the SHP re-stated below.

"Home health services means the provision of nursing services along with at least one other therapeutic service or with a supervised home health aide service to ill or disabled persons in their residences on a part-time or intermittent basis, as approved by a physician" [source: 1987 SHP, pg. B-34]

The department also reviewed the definition of a home health agency found in the licensing statute re-stated below.

(7) "Home health agency" means a person administering or providing two or more home health services directly or through a contract arrangement to individuals in places of

temporary or permanent residence. A person administering or providing nursing services only may elect to be designated a home health agency for purposes of licensure. [RCW 70.127.010(7)]

Using this information and these definitions, the department completed an analysis to determine which of the agencies listed in Table 1 met these definitions and were considered available to all residents of Clark County. The department considered licensing information, historical files, home health survey results, and publicly available information from an agency website as parts of the information used. The department analysis is summarized in Table 4 below.

**Table 4
Department Analysis of Existing Home Health Agencies in Clark County**

Agency Name	Services and Limitations	Medicare/Medicaid Certified	Available to all residents	Source
Community Home Health and Hospice	CN Approved, Skilled Nursing, Occupational Therapy, I.V. Services, Speech Therapy, Medical Social Services, Physical Therapy, Home Health Aide	Yes	Yes	CN historical records
Divine Home Health Care Inc.	Skilled Nursing, Home Health Aide, I.V. Services, Personal Care, Homemaker/Chore, Respiratory Therapy, Transportation	No	No. State licensed only	ILRS, survey response
Kaiser Permanente Continuing Care Services	CN Approved, Skilled Nursing, Physical Therapy, Medical Social Services, Bereavement Counseling, Speech Therapy, Home Health Aide, I.V. Services	Yes	Limited to HMO members	ILRS & agency website
Kindred at Home	CN Approved, Skilled Nursing, Medical Social Services, Occupational Therapy, Physical Therapy, Home Health Aide, Speech Therapy	Yes	Yes	CN historical records
Northwest Healthcare	Skilled nursing, nutritional counseling, personal care, homemaker/chore, transportation, home health aide, medical	No	No. Home Care and state licensed only	ILRS, survey response, & agency website

Agency Name	Services and Limitations	Medicare/Medicaid Certified	Available to all residents	Source
	social services, and respite care.			
PeaceHealth Hospice and PeaceHealth Homecare	CN Approved, Skilled Nursing, Home Health Aide, I.V. Services, Personal Care, Homemaker/Chore, Respiratory Therapy, Transportation	Yes	Yes	CN historical records
Providence Home Health	CN Approved, Physical Therapy, I.V. Services, Skilled Nursing, Home Health Aide, Speech Therapy, Occupational Therapy	Yes	Yes	ILRS
Touchmark Home Health	CN Approved, Home Health Aide, Occupational Therapy, Medical Social Services, Skilled Nursing, Speech Therapy, Physical Therapy	Medicare Only	No. Not available to Medicaid	ILRS & agency website
Vancouver Comfort Keepers	Skilled Nursing, Home Health Aide, Personal Care, Homemaker/Chore, Respite Care, Transportation	No	No. Home Care and state licensed only	ILRS, survey response, & agency website
Vancouver Home Health Agency, LLC	Skilled Nursing, Home Health Aide, Speech Therapy, Respiratory Therapy, Medical Social Services, Occupational Therapy, Nutritional Counseling, Bereavement Counseling, Physical Therapy, Personal Care, Respite Care, Homemaker/Chore	No	No. State licensed only	ILRS, survey response, & agency website

Based on the analysis of the information contained in table 4, the department determines that only four of the ten agencies serving Clark County are available to all residents.

The department also compared the number of home health visits reported by the two Medicare certified agencies responding to the department's survey, the 2019 projected number of home

health visits, and Healthily Living’s projected 2019 visits.^{6 7} As shown in the table below, if you assume the home health agencies listed in the table maintain the number of visits they reported, there is an additional 79,570 visits remaining to be provided.

	# of Visits
Department projected number of visits in 2019	115,873
Community Home Health & Hospice	23,942
Touchmark Home Health	7,282
Healthy Living 2019 projected visits	5,079
Home Health Visits Remaining	79,570

The department notes that of the six Medicare certified agencies serving Clark County only two responded to the department’s survey. When the department does not receive a response to its survey or comments from existing agencies on an application, the department assumes those agencies have determined there will not be an impact on their agency if the applicant’s project is approved. This is supported by the information shown in the table above.

Based on the information evaluated, the department concludes **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 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. It is also well recognized that women live longer than men and therefore more likely to be on Medicare longer.

⁶ Touchmark Home Health was one of two Medicare certified home health agencies to respond to the department’s survey. However, Touchmark does not serve Medicaid patients. Additionally, it has a 25 mile travel radius and therefore not available to all residents of the Clark County planning area.

⁷ Vancouver Home Health Care Agency, LLC reported it had one a visit in 2016. However, they also stated that the agency did not began providing home health services in Clark County until October 2017. According to the department’s licensing system (ILRS) Vancouver Home Health Care Agency’s first license was issued February 2017. Therefore, the department did not include its reported visit.

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 under insured. With the passage of the Affordable Care Act in 2010, the amount of charity care decreased over time. However, with recent federal legislative changes affecting the ACA, it is uncertain whether this trend will continue.

Health Living

“Please see Appendix G for the Admissions policy.

Please see Appendix H for the Charity Care policy.

Please see Appendix I for the Patient Referral Policy”. [Source: Application page 15]

“Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, or place of national origin”. [Application, Appendix G]

“Patients without third-party payer coverage and who are unable to pay for medically necessary care will be accepted for charity care admission, per established criteria. Healthy Living at Home—Vancouver, LLC, will establish objective criteria and financial screening procedures for determining eligibility for charity care. The Company will consistently apply charity care policy”. [Application, Appendix H]

“Referrals to other disciplines within the organization will be processed as any other referral”. [Application, Appendix I]

Healthy Living shows its payor mix by percentage of patients by and payor source percentages. [Source: January 22, 2018, page 46; and March 29, 2018 screening response, page 10]

Table 5
Healthily Living Payer Mix and payor (Reproduced)

<i>Payer</i>	<i>% Patient</i>	<i>% Payors</i>
<i>Medicare</i>	<i>49%</i>	<i>51%</i>
<i>Medicaid</i>	<i>9%</i>	<i>9%</i>
<i>Commercial</i>	<i>7%</i>	<i>7%</i>
<i>HMO</i>	<i>30%</i>	<i>30%</i>
<i>Other L &I</i>	<i>1%</i>	<i>1%</i>
<i>Self Pay</i>	<i>2%</i>	<i>2%</i>
<i>Charity Care</i>	<i>2%</i>	<i>0%</i>
<i>Total</i>	<i>100%</i>	<i>100%</i>

Public Comments

None

Rebuttal

None

Department Evaluation

HLH OpCo and VistaRiver Healthcare Solutions are joint owners of Healthy Living at Home a provider of home health services in Arizona, California, Nevada, and Oregon. [Source: Application page 5 and Appendix A] Healthy Living at Home—Vancouver, LLC does not currently own any healthcare facility or provide healthcare services in Washington. However, the Admission Policy provided by the applicant describes the types of patients that will be admitted for treatment. In addition to admission policy, the applicant also provided its Admission Criteria and Process Policy No. 2-005. The document described the admission criteria and process that Healthily Living will use to establish standards and process by which a patient may be evaluated and accepted for admission. [Source: Application page 70-77]

The Admission Policy in parts states: *“Patients will be accepted to care without discrimination on the basis of race, color, religion, age gender, sexual orientation, disability (mental or physical, communicable disease, or place of national origin. Patients will be accepted for care based on the adequacy and suitability of organization personnel, resources to provide required services, and the reasonable expectation that the patient’s medical, nursing, rehabilitative, and social needs can be adequately met in the patient’s place of residence.”* [Source Application Appendix G, page 71]

The Admission Criteria and Process Policy No. 2-005 in parts states: *“The patient must be under the care of a physician. The patient’s physician (or other authorize licensed independent practitioner) must order and the provision of any service. A skilled services must be ordered.... Healthy Living at Home—Vancouver, LLC will accept any patient who is appropriate for home health, regardless of payment source. The effectiveness and safety of care treatment is not dependent on the patient’s ability to pay”.* [Source Application Appendix G, page 71-77]

Furthermore, supplemental information provided by the applicant referenced a policy known as Start of Care/ Admission Packet Nondiscrimination and Accessibility Requirement Policy. The department believes that this document is among other document the applicant provides to patients upon admission to the agency. This document or policy was not provided by the applicant. [Source: January 22, 2018 supplemental information page 30-35]

In addition to the statements above, as part of its supplemental information; Healthy Living referenced a policy known as Start of Care/ Admission Packet Nondiscrimination and Accessibility Requirement Policy, but it did not provide a copy of this policy. The department believes that this document is among other document the applicant provides to patients upon admission to the agency. The applicant states that the Start of Care/ Admission Packet Nondiscrimination and accessibility requirement policy has the following statements:

“Healthy Living at Home—Vancouver, LLC complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. Healthy Living at Home—Vancouver, LLC does not exclude people or treat them differently because of race, color, national origin, age, disability, or sex.

- *Provides free aids and services to people with disabilities to communicate effectively with us, such as:*
- *Qualified sign language interpreters*
- *Written information in other formats (large prints, audio, accessible electronic formats, other formats)*
- *Provide free language services to people whose primary language is not English, such as:*
- *Qualified interpreters*
- *Information written in other languages*

If you need these services, please contact Jeff Baumgarner, Civil Rights Coordinator”. [Source: January 22, 2018 Supplemental information page 37]

Given that Healthy Living does not currently own nor operate a healthcare facility in Washington, the department considers the Admission Policy, Admission Criteria and Process Policy No. 2-005 and the Start of Care/Admission Packet Nondiscrimination and Accessibility to be draft documents. Therefore, if this project is approvable, the department will attach conditions that prior to providing services at the home health agency, Healthy Living must provide copies of the adopted policies listed below for the department review and approval.

- Admission Policy
- Admission Criteria and Process Policy No. 2-005.
- Start of Care/Admission Packet Nondiscrimination and Accessibility.

A review of the pro forma financial document provided by the applicant shows it expects revenues from Medicare and Medicaid and commercial insurance. The pro forma profit and loss statement provided by Healthy Living include a charity care 'line item' as a deduction of revenue. Healthy Living also provided a copy of its Charity Care Policy No. 4- 027 that will be used at the Clark County home health agency.

The Charity Care Policy No. 4- 027 provides the circumstances under which a patient may qualify for charity care and it outlines the process a patient can use to obtain charity care. The policy also includes the same non-discrimination language that is included in the Start of Care Nondiscrimination and Accessibility Requirements Policy referenced above. Healthy Living does not currently own nor operate a healthcare facility in Washington, therefore; the department considers the Charity Care Policy No. 4- 027 provided by the applicant as a draft document. If this project is approvable, the department will attach a condition requiring that prior to providing services at the home health agency, Healthy Living must provide a copy of the adopted Charity Care Policy No. 4- 027 for the department review and approval.

Based on the information provided in the application and the applicant agreement to the conditions, the department concludes Healthy Living **meets this sub-criterion.**

(3) The applicant has substantiated any of the following 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 no residing in the health service areas in which the entities are located or in adjacent health service areas.

Department Evaluation

This criterion is not applicable to this application.

(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.*

Department Evaluation

This criterion is not applicable to this application.

(c) *The special needs and circumstances of osteopathic hospitals and non-allopathic services.*

Department Evaluation

This criterion is not applicable to this application.

(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.*

Department Evaluation

This criterion is not applicable to this application.

(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.*

Department Evaluation

This criterion is not applicable to this application.

(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

This criterion is not applicable to this application.

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

Based on the source information reviewed and applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes that Healthy Living at Home—Vancouver, LLC has met the 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 directs 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.

Healthy Living

"Assumption, use rate, market share, growth forecast and intensity of services: Healthy Living at Home—Portland historical data and trends are the source for the Healthy Living at home—Vancouver data.

Assumptions for the Utilization Forecast were built using a conservative approach to the market. Healthy Living at Home—Vancouver, LLC has evaluated potential market share using the 1987 State Health Plan Methodology to the projected population in 2019, which it used to build its assumptions. The Company further derived the intensity of service, use rate, market share and approach by comparing demand and supply in Clark County and Portland, Oregon (Multnomah County. The assumptions factor in a slow response to referrals by some Clark County providers".) [Source: Application page 14]

Within the application Health Living provided the assumptions used to project its utilization for all years of operations below is a summary of assumptions.

Reproduced Table

“Utilization forecasts by discipline serving Clark County 2018 to 2021				
Healthily Living				
Visits	2018 (April – December)	2019	2020	2021
Patients	45	609	1,224	1,975
Visits by discipline				
Skilled Nursing	137	1,857	3,733	6,024
Physical Therapy	155	2,101	4,223	6,814
Occupational Therapy	47	639	1,285	2,074
Speech Therapy	9	122	245	395
Medical Social Worker	7	91	184	296
Home Health Aide	20	268	539	869
Total Visits	375	5,079	10,208	16,472”

Restated below are the assumptions used by Health Living to project its revenue, expenses, and net income for the proposed home health agency for years 2018 through 2021. [Source: January 22, 2018 screening response page 73]

HLHV assumes the followings:

- 16.68 visits per episode source: HLH Portland data
- 15 new start of care / admissions on average pt. admission per month for year 1.
- 20 new start of care / admissions on average pt. admission per month for year 2.
- 25 new start of care / admissions on average pt. admission per month for year 3. [Source: January 22, 2018 screening response page 73]

Visits

- Medicare patients visits per year: 184 in year 2018, 2,489 in year 2019; 5,002 in year 2020; and 8,071 in year 2021
- HMO patients visits per year: 113 in year 2018, 1,524 in year 2019; 3,062 in year 2020; and 4,941 in year 2021
- Private pay patient’s visits: 8 in year 2018, 102 in year 2; 204 in year 2020 and 329 in year 2021.
- Charity care patients visits: 8 in year 2018, 12 in year 2; 204 in year 2020 and 329 in year 2021
- Medicaid patients visits: 30 in year 2018, 406 in year 2; 817 in year 2020 and 1,318 in year 2021
- Commercial Insurance patients visits: 26 in year 2018, 356 in year 2; 715 in year 2020 and 1,153 in year 2021
- Other Govt L&I patients visits: 8 in year 2018, 102 in year 2; 204 in year 2020 and 329 in year 2021 [Source: March 29, 2018 screening response CD Media]

Revenue per Visit

- Medicare cost per patient visit is \$187
- HMO cost per patient visit is \$117
- Private pay cost per patient visit is \$250
- Charity care cost per patient visit is \$0
- Medicaid cost per patient visit is \$117
- Commercial Insurance cost per patient visit is \$117
- Other Govt L&I cost per patient visit is \$117 [Source: March 29, 2018 screening response CD Media]

In addition to the assumptions restated above, Healthy Living also provided its expected payor mix for the proposed home health agency. The payor mix is reproduced below.

Healthily Living Payer Mix and payor (Reproduced)

<i>Payer</i>	<i>% Patient</i>	<i>% Payor Source</i>
<i>Medicare</i>	49%	51%
<i>Medicaid</i>	9%	9%
<i>Commercial</i>	7%	7%
<i>HMO</i>	30%	30%
<i>Other L & I</i>	1%	1%
<i>Self Pay</i>	2%	2%
<i>Charity Care</i>	2%	0%
<i>Total</i>	100%	100%

[Source: January 22, 2018, page 46; and March 29, 2018 screening response, page 10]

Based on the assumptions restated above, Healthy Living projected its revenue, expenses, and net income for the proposed home health agency for years 2018 through 2021 shown in Table 7. [Source: March 29, 2018 screening response page 10 and CD Media]

**Table 7
Healthy Living projected Revenue for Years 2018 through 2021**

	Partial Yr. 2018	Full Yr. 1 2019	Full Yr. 2 2020	Full Yr. 3 2021
Net Revenue	\$25,441	\$339,598	\$643,498	\$970,003
Total Expenses	\$46,518	\$291,434	\$443,338	\$562,073
Profit Before Interest & Tax	(\$21,077)	\$48,164	\$200,160	\$407,930
Taxes Incurred	\$0.00	\$0.00	\$42,034	\$85,665
Net Profit/(Loss)	(\$21,077)	\$48,164	\$158,126	\$322,265

Healthy Living also provided a projected balance sheets for the proposed home health agency. Table 8 below is a summary of the projected balance sheet. [Source: Application page 98 and March 29, 2018 screening response and CD Media]

**Table 8A
Health Full Year 2018**

Current Assets		Liabilities	
Total Current Assets	\$52,223	Total Liabilities	\$44,107
Accumulated Depreciation	\$655	Long Term Liabilities	-
Total Fixed Assets	\$9,173	Total Capital	\$17,289
Total Assets	\$61,396	Total Liabilities and Equity	\$61,396

Table 8B shows year 2020, the proposed home health agency third full year of operation.

**Table 8B
Healthy Living Full Year 2020**

Assets		Liabilities	
Total Current Assets	\$636,035	Total Liabilities	\$207,903
Accumulated Depreciation	-	Long Term Liabilities	-
Total Fixed Asset	\$7,862	Total Capital	\$435,994
Total Assets	\$643,897	Total Liabilities and Equity	\$643,897

Public Comment

None

Rebuttal

None

Department Evaluation

To evaluate this sub-criterion, the department reviews the assumptions provided by Healthy Living for its projected revenue and expense (income) statements, and projected balance sheets. The assumptions are the foundation for the two projected statements.

The income statement is a financial statement that reports a company's financial performance over a specific period—either historical or projected. Projected financial performance is assessed by giving a summary of how the business expects its revenues to cover its expenses for both operating and non-operating activities. It also projects the net profit or loss incurred over a specific accounting period.

The purpose of the balance sheet is to review the financial status of the home health agency at a specific point in time. The balance sheet shows what the home health owns (assets) and how much it owes (liabilities), as well as the amount invested in the business (equity). This information is more valuable when the balance sheets for several consecutive periods are grouped together, so that trends in the different line items can be viewed.

For this application, the department reviewed the assumptions used by Healthy Living to determine the projected number of patients and visits by discipline. Healthy Living stated the types of patients it will serve in Clark County will be consistent with the experience in other markets with similar demographic profile. The applicant operates a home health agency in Portland, Oregon Multnomah County which is across from Clark County. A review of Healthy Living projected patient visits shows that it assumed it will provide about 16.68 visits per patient. The number of visits projected is consistent with the applicant Portland, Oregon home health visits. Furthermore, the department review of home health projected visits in previous application to proposing to establish home health agencies in King and Pierce counties shows that the visits projected by Healthy Living are similar. The department concludes the applicant assumptions and projected patient visits are reasonable.

Based on its assumption and projected patient's visits Healthy Living provided its projected revenue and expense (income) statement. Healthy Living expect that its operations would be profitable by year one, though the third full year of operation. Healthy Living is leasing an existing business center office space located at 1220 Main Street, Suite 400, Vancouver [98660]. The downtown Vancouver Main Place business center office space is located in a multi-story building. Healthy Living is leasing office space on the four floor of the building. Healthy Living provided a signed lease agreement for the business office space it intends to use for the home health agency. The signed agreement is between Regus Management Group, LLC ("Provider") and Healthy Living at Home—Vancouver, LLC ("Client").

Healthy Living also provided an executed medical consultant agreement with Dr. Kirsten Marie Winn Carr, MD. The medical consultant agreement identifies the roles and responsibilities for each party. The consultant agreement identified the costs associated with the medical consultant position and the cost was substantiated in the revenue and expense statement. The agreement is effective for one year from the date of signature, with automatic renewals.

Based on the information above and provided the applicant agrees to the conditions, the department concludes 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.

Healthy Living

“Please see Appendix C for an outline of proposed capital expenditure and expenses. There is no equipment planned to be replaced.” [Source: Application Page 7]

“Healthy Living at Home—Vancouver, LLC calculates the estimated capital expenditures based on experience from starting other home health care agencies. The Company also takes into consideration research from existing Clark County care providers and referral sources from in-person interviews”. [Source: Application Page 16]

Reproduced below is the supplemental information provided by Healthy Living related to its capital expenditure.

Sources & Uses (Reproduced)

<i>Sources of Funds</i>	
<i>Owner Investment.</i>	<i>\$95,000</i>
<i>Total Sources</i>	<i>\$95,000</i>
<i>Uses of Funds</i>	
<i>Start-up Expenses</i>	
<i>CON Application Fee</i>	<i>\$24,666</i>
<i>Startup Phase Operation Exp.</i>	<i>\$2,500</i>
<i>Total Start-up Expenses</i>	<i>\$27,166</i>
<i>Start-up Assets</i>	
<i>Working Capital</i>	<i>\$58,006</i>
<i>Furniture</i>	<i>\$6,500</i>
<i>Computers</i>	<i>\$2,000</i>
<i>Printers</i>	<i>\$500</i>
<i>Telephone</i>	<i>\$828</i>
<i>Total Start-up Assets</i>	<i>\$67,834</i>
<i>Total Uses</i>	<i>\$95,000</i>

“Healthy Living at Home—Vancouver, LLC calculates the estimated capital expenditures based on experience from starting other home health care agencies”. [Source: Application Page 16]

The capital expenditure associated with this project is \$95,000. The capital expenditure costs are for startup expenses and office furniture equipment. There are no construction costs required for this project. [Source: March 29, 2018 screening response page 10]

Public Comment

None

Rebuttal

None

Department Evaluation

Within the application, Healthy Living stated the capital costs associated with this project are limited to startup cost and office furniture equipment. When the cost of this project is compared to similar home health applications in the past, the department concludes the cost is reasonable. The majority of Healthy Living's source of revenue is Medicare. A review of the projected payer mix projected by Healthy Living shows it is consistent with other home health projects payer mix reviewed by the department. **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.

Healthy Living

"Healthy Living at Home – Vancouver, LLC will use reserve three months of working capital to cover operational expenses after becoming Medicare/Medicaid certified". [Source: Application page 18]

"The cost associated with starting up the Healthy Living at Home – Vancouver, LLC are paid for through direct owner investment. Alternative funding includes long-term debt, to be repaid over 7 years at 7% interest. Funding is available for this project, and HLH will provide documentation" [Source: Application page 19]

"Please see Appendix K; The Financial Letter of Commitment is attached as well". [Source: January 22, 2018 screening response page 44]

Public Comments

None

Rebuttal

None

Department Evaluation

The applicant provided a letter from its chief financial officer confirming its commitment to finance the project (including startup costs) using its reserves. The applicant also provided a letter from Bank of America Merrill Lynch documenting that the applicant has the cash to cover the cost of this project. The department concludes the source of financing is appropriate. Based on the source information reviewed the department concludes **this sub-criterion is met.**

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

Based on the source information reviewed and the applicant’s agreement to the conditions identified in the “Conclusion” section of this evaluation, the department concludes that Healthy Living at Home—Vancouver, LLC has met the structure and process (quality) of care criteria in WAC 246-310-230.

- (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 FTEs that should be employed for projects of this type or size. Therefore, the department uses its experience and expertise to determine whether the planning would allow for the required coverage.

Healthy Living

Healthy Living provided tables showing the projected number of FTEs (full time equivalents) for the proposed home health agency. The tables are reproduced below.

“ADMINISTRATIVE /OFFICE PERSONNEL (Reproduced)

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
<i>Administrative Staff Count</i>			
<i>Administrator</i>	<i>0.0</i>	<i>0.0</i>	<i>0.7</i>
<i>Director of Patient Care Svcs</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>
<i>Assistant Director of Clinical Svcs</i>	<i>0.0</i>	<i>0.0</i>	<i>0.8</i>
<i>Business Office Manager</i>	<i>0.0</i>	<i>0.3</i>	<i>1.0</i>
<i>Clinical Supervisor</i>	<i>0.0</i>	<i>0.9</i>	<i>2.4</i>
<i>Intake/Scheduling</i>	<i>1.0</i>	<i>1.1</i>	<i>2.4</i>
<i>Administrative Asst/Reception</i>	<i>0.8</i>	<i>1.0</i>	<i>1.0</i>
<i>Non-Clinical Case Manager</i>	<i>0.3</i>	<i>1.3</i>	<i>2.0</i>
<i>Area Director</i>	<i>1.3</i>	<i>2.3</i>	<i>3.7</i>
<i>Total Administrative Staff</i>	<i>4.5</i>	<i>8.0</i>	<i>15.0”</i>

“FIELD STAFF PERSONNEL

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
<i>Field Staff Count</i>			
<i>Registered Nurse-FTE</i>	<i>1.3</i>	<i>2.1</i>	<i>3.8</i>
<i>Licensed Practical Nurse -FTE</i>	<i>0.3</i>	<i>1.8</i>	<i>2.0</i>
<i>Physical Therapists-FTE</i>	<i>0.8</i>	<i>1.4</i>	<i>3.3</i>
<i>Physical Therapist Assistant-FTE</i>	<i>0.0</i>	<i>0.8</i>	<i>1.0</i>
<i>Occupational Therapist-FTE</i>	<i>0.0</i>	<i>0.9</i>	<i>2.4</i>
<i>Speech Language Pathologist</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>

	Year 1	Year 2	Year 3
<i>Medical Social Worker</i>	0.0	0.0	0.7
<i>Home Health Aide</i>	0.3	1.4	2.8
<i>Registered Dietician</i>	0.0	0.0	0.0
<i>Total Field Staff</i>	2.8	8.5	16.0

[Source: Screening Responses Page 25]

The following table shows ratios of payroll to revenue

TOTAL PERSONNEL BREAKDOWN

	Year 1	Year 2	Year 3
<i>Total Personnel</i>	7.3	16.5	31.0
<i>Total Payroll</i>	\$515,382	\$1,156,994	\$2,356,218
<i>Payroll/Revenue</i>	79.93%	67.56%	69.74%

This staff to visit ratio is in alignment with other national or state standard of care and exiting providers for similar services in the proposed services area”. [Source: Application Page 26]

Related to this sub-criterion Healthy Living provided the projected breakdown of its staff to patient visit ratio restated below. [Source: January 22, 2018 screening response page 74]

Healthy Living Visits by Discipline Mix (Reproduced)

<i>“SN</i>	<i>37%</i>	<i>6.1</i>
<i>PT</i>	<i>41%</i>	<i>6.9</i>
<i>OT</i>	<i>13%</i>	<i>2.1</i>
<i>SLP</i>	<i>2%</i>	<i>0.4</i>
<i>MSW</i>	<i>2%</i>	<i>0.3</i>
<i>HHA</i>	<i>5%</i>	<i>0.88</i>
	<i>100%</i>	<i>16.68”</i>

[Source: January 22, 2018 screening response page 74]

Public Comments

The department received public that were included were part of the providers survey is conducted for Clark County home health providers. The comments are restated below.

Community Home Health & Hospice

“CHHH opposes the home health CON application for applicant Healthy Living at Home. Access issues are problematic statewide, not because of lack of home health agencies, but because of a lack of skilled clinicians, particularly Therapist and Certified Nursing Assistants. The addition of a home health agency in our geography will do nothing to improve the availability of skilled number of staff. In fact, another agency will only serve to spread a limited number of staff to more agencies, increase competition for scarce staff, increase wages and subsequent costs for care”. [Source: Community Home Health & Hospice-Survey response received December 13, 2017]

Rebuttal Comments.

Heathy Living submitted the following rebuttal comments.

“Community expresses a general concern that new providers will be harmful to its business and that there is a shortage of qualified clinicians. While not offering any data supporting its claim, Community's survey response shows that it has over one third of the entire Clark County market. With that large of a market share, Community's problems with staffing are likely not ones that the Certificate of Need program can solve by denying new entrants”. [Source: May 25, 2018 rebuttal comments, page 2]

“Healthy Living at Home - Vancouver, LLCs strategy to address the staffing challenges, as identified by the public, will be to hire the dually licensed (Oregon and Washington State) staff from the Healthy Living at Home - Portland agency as soon as the CoN license is approved. Additionally, Healthy Living has a dedicated full-time recruitment team, who has and is, continuing to find qualified clinical staff interested in joining our Vancouver location. They can source staff both in the Portland metro area as well as the Southern Washington area satisfying our growth projections outlined in application CN #18-09.

Healthy Living at Home has a successful track record of hiring clinicians. Currently Healthy Living at Home has Home Health operations in the following states: Oregon, California, Arizona, Nevada and Utah (<http://healthylivingnet.com/hlhnetworklocations/>)” [Source: May 25, 2018 rebuttal comments, pages 2 and 3]

Department Evaluation

Healthy Living identified that it will have 7.3 FTEs in year 1 of the proposed home health agency. This number increases to 31.0 FTEs by the end of year three. As shown in the administrative/office personnel and the field staff personnel tables, most of the projected FTEs are clinical supervisor, nurses, and home health aides which are positions responsible for direct patient care. Healthy Living identified a projected skilled nurse staff to patient ratio of 6.1 and physical therapy staff to patient's visit of 6.9. These projected skilled nurse per patient visit ratio and physical therapy per patient visit ratios, are consistent with past home health projects data reviewed by the department. Since Healthy Living owns or operates home health agencies in Arizona, California, Nevada, Oregon, and Utah it's reasonable to expect the applicant to be aware of what is needed to establish a successful home health agency in Washington.

Community Home Health & Hospice opposed the project because of its impact on itself and other home health agencies to hire or retain limited skilled staff. Community stated that *“...access issues are problematic statewide, not because of lack of home health agencies, but because of a lack of skilled clinicians, particularly therapist and certified nursing assistant...”* Community didn't provide any other information related to this issue. According to the

Department of Health's website there are six approved nursing assistant training program within Clark County alone. Access to these training programs should assist with increasing the number of certified nursing assistants. Healthy Living has stated it plans to hire a dual licensed staff from its Portland home health agency to support the proposed Vancouver Washington home health agency in its first year of operation. Therefore the impact on the other Clark County home health providers should be lessened. Healthy Living also stated it has a dedicated fulltime recruitment team tasked with recruiting staff for the proposed home health agency. Given the staff recruitment strategies that Healthy Living plans to use to hire staff, the department is satisfied that a sufficient supply of qualified staff are available or can be recruited.

Healthy Living provided a medical consultant agreement between itself and Dr. Kristine Marie Carr, MD. The medical consultant agreement identifies the roles and responsibilities for the applicant and medical consultant. The agreement is effective for one year beginning from the date of signature and it has automatic renewals. All of the costs associated with the medical consultant services were substantiated in the pro forma revenue and expense statement.

Based on the above information, 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.

Healthy Living

"Ancillary and support service include community-based services, such as medical supplies, transportation, wheelchair vendors, and pharmaceuticals and related supplies. These include:

South Washington Vendors

*Evergreen Prosthetic & Orthotics, LLC Lincare
Mill Plain Medical and Pharmacy
Northwest Health & Safety Inc.
Norco.*

East Portland Vendor: all

*In One Mobility, Inc. Norco
Medical
Brace Yourself
Shamrock Medical*

Byram Healthcare—Choice Medical Supplies
Keen Medical
Evergreen Prosthetic & Orthotics, LLC
McCann's Pharmacy
Providence Home Service Hospital Store

Wheelchair Vendors all
In one Mobility, Inc.
Wheelchair Works
Sizewise rentals
Wheelchair of Kansas” [Source: Application, page 28]

Public Comment

None

Rebuttal

None

Department Evaluation

Healthy Living identified a listing of vendors it intends to use or has been using at its Portland Oregon agency. Included in this listing are vendors from the Southwest Washington area. Because Healthy Living owns and operates a home health agency less than 15 miles away in Portland, Oregon, it already has established relationships with needed ancillary and support services. Therefore it is reasonable to conclude the proposed agency in Vancouver will have all the ancillary and support resources it will need in Clark County. Based on the information reviewed, the department concludes Health Living **meets this sub-criterion.**

- (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 and Medicaid certified. 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.

Healthy Living

“Healthy Living at Home—Vancouver’s principles do not have any prior criminal convictions, nor have any license to operate a health care facility, practice a health profession, or provide services in the Medicare or Medicaid program been revoked. The applicant and principles hold no licenses or credentials in Washington”. [Source: Application, page 29]

“Healthy Living at Home – Vancouver will assess customer satisfaction through in-house and third-party surveys. Healthy Living at Home – Vancouver initiates a “welcome” call to its

patients, and then follows up with, 30-, 60-, and 90-day wellness checkups with questions to ensure satisfaction. The results of this survey will be acted upon as necessary. The external/third party survey is conducted by DHS Research, who captures patient survey information and reports it back to Medicare. This is processed and aggregated and informs CMS Home Health Compare, which is the database of providers and their scores. In order to continue to retain customers, the Company will implement quality improvements when necessary". [Source: Application, page 27]

"It is the plan to operate HLH in a manner that is compliant with joint commission accreditation which demonstrates compliance with Medicare guidelines as well as with the JCA standards". [Source: Application, page 31]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As previously stated HLH OpCo and VistaRiver Healthcare Solutions, the joint owners of Healthy Living owns or operates Healthy Living at Home an out of state entity that provides home health services in Arizona, California, Nevada, Oregon and Utah. As part of its review, the department must conclude that the proposed services will be provided in a manner that ensure safe and adequate care to the public.⁸ To accomplish this task, the department reviewed information from the Center for Medicare & Medicaid Services Home Health Compare (CMS) website for its star rating. CMS Home Health Compare uses a star rating between 1 and 5 to show how a home health agency compares to other home health agencies on measurements of their performance. The star ratings are based on 9 measures of quality that give a general overview of performance. The quality of patient care star rating summarizes 8 of the 23 quality measures reported on Home Health Compare. It provides a single indicator of an agency's performance compared to other agencies.

- A 4 or 5 star rating means that the agency performed better than other agencies on the 8 measured care practices and outcomes.
- A 1 or 2 star rating means that the agency's average performance on the 8 measured care practices and outcomes was below the averages of other agencies.
- Across the country, most agencies fall in the middle with 3 or 3½ stars. [Source: <https://www.medicare.gov/homehealthcompare>]

Table 9 shows the home health agencies owned, managed or operated by Healthy Living at Home, LLC joint owners HLH OpCo and VistaRiver Healthcare Solutions. [Source: May 14, 2018, CMS Compare Data]

⁸ WAC 246-310-230(5)

Table 9
Medicare and Medicaid Quality of Patient Care Star Rating
For HLH OpCo and VistaRiver Healthcare Solution Facilities

Facility Name	City/ State	Quality of patient care star rating
Healthy Living at Home –East Bay, LLC	Concord, CA	3
Healthy Living at Home –Fresno, LLC	Fresno, CA	3
Healthy Living at Home –East Bay, LLC	Modesto, CA	* ⁹
Healthy Living at Home –Modesto, LLC	Monterey, CA	3.5
Healthy Living at Home –San Jose, LLC	San Jose, CA	3.5
Healthy Living at Home –El Centro, LLC	El Centro, CA	4
Healthy Living at Home –Imperial, LLC	Imperial, CA	3
Healthy Living at Home –Palm Desert, LLC	Palm Desert, CA	3.5
Healthy Living at Home –San Diego, LLC	San Diego, CA	3
Healthy Living at Home –Newark, LLC	Newark, CA	4.5
Healthy Living at Home –Redding, LLC	Redding, CA	2.5
Healthy Living at Home –Sacramento, LLC	Sacramento, CA	3.5
Healthy Living at Home –San Francisco, LLC	San Bruno, CA	3.5
Healthy Living at Home –Las Vegas, LLC	Henderson, NV	3
Healthy Living at Home –Arizona, LLC	Scottsdale, AZ	3.5
Healthy Living at Home –Medford, LLC	Medford, CA	3
Healthy Living at Home –Portland, LLC	Portland, OR	2.5

As shown in the table above, with the exception of two agencies, the facilities owned or operated by the applicant parent entities, received star ratings of 3 or above. These ratings are comparable to other home health agencies within their locale.

Healthy Living identified Dr. Kirsten Marie Winn Carr, MD as the proposed medical director for the home health agency. A review of Dr. Kirsten Marie Winn Carr, MD compliance history with the Department of Health's Medical Quality Assurance Commission did not revealed any recorded sanctions. [Source: Compliance history provided by Medical Quality Assurance Commission]

Based on the above information the department concludes there is reasonable assurance Healthy Living would operate in compliance with state and federal licensing and certification requirements. **This sub criterion is met.**

⁹ No survey results are available for this period

- (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 direct 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.

Healthy Living

"Healthy Living at Home—Vancouver has the ability to promote continuity in the provision of health care to the defined population and avoid unwarranted fragmentation of services.

There are no formal cooperation planning agreements, all labor is employed directly; all services provided to the patients via HLH are provided inhouse". [Source: Application page 31]

Public Comments

Camas Care Center

"If there was another home health agency in the area, it would certainly help with our referral management to ensure our patients are being seen in the appropriate time frame, to prevent returns to the hospital." [Source: Camas Care Center-support letter dated March 26, 2018]

"Timeliness and availability varies from week to week depending on hospital and SNF discharges. The goal is to have the patient seen within 48 hours, upon returning home, however, it can be up to five days depending on availability. We always call around to obtain the earliest date possible, occasionally, all agencies are closed to referrals and we have to call on a daily basis to check availability." [Source: Camas Care Center-support letter dated March 26, 2018]

"...Timeliness and availability varies, but, it can be up to a week to get services for my residents. The other issue is related insurance, I have many Medicaid residents, and, the Home Health Agencies are reluctant to take Medicaid.

It would also be great if all Home Health Agencies would follow up with my community to ensure coordination of care is being met, typically Kindred at Home is the best at this." [Source: Prestige Assisted Living At Hazel Dell-support letter dated March 26, 2018]

Rebuttal Comments

None

Department Evaluation

As shown by the letters of support, the dominate theme emphasizes their inability to find a provider that can timely admit patients for home health care services in Clark County. This negatively impacts the continuity of care for Clark County residents. Based on the projected need for home health agencies and the difficulty area providers have expressed in finding timely admission for home health services, the department concludes adding another home health agency to the planning will promote continuity in the provision of health care and not result in an unwarranted fragmentation of services. Based on the information reviewed, the department concludes **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

This sub-criterion is evaluated in sub-section (3) above, **is met**

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

Based on the source information reviewed and the applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes that Healthy Living at Home—Vancouver, LLC has met the cost containment 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.

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria contained throughout WAC 246-310 related to the specific project type. The adopted superiority criteria are objective measures used to compare competing projects and make the determination between two or more approvable projects which is the best

alternative. If WAC 246-310 does not contain any service or facility type superiority criteria as directed by WAC 246-310-200(2) (a)(i), then the department would look to WAC 246-310-240(2)(a)(ii) and (b) for criteria to make the assessment of the competing proposals. If there are no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b), then using its experience and expertise, the department would assess the competing projects and determine which project should be approved.

Department Evaluation

Step One:

The department concluded that Healthy Living at Home—Vancouver, LLC met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves to step two.

Step Two:

Healthy Living

“HLHV has explored the alternatives to establishing a new Home Health Agency to serve Clark County and they include

- a) Purchasing an existing agency and*
- b) not pursuing establishing a Medicare/ Medicaid licensed Home Health agency.*

Our criteria for evaluating the alternatives will be the need from the community and availability. The first alternative, purchasing an existing agency, is not feasible as there are no current agencies for sale. HLHV has reached out directly and indirectly to gauge the interest and availability of agencies for sale with the result being that none were interested in selling at the time. This alternative does not address need as the purchase of an existing agency would not specifically address the clear need for additional licensed agencies as per the need methodology.

The second alternative is not pursuing the project; establishing a Medicare / Medicaid licensed home health agency in Clark County. This alternative does not address the need for additional licensed agencies. Additionally, this alternative would not do anything to assist with improving the quality of care or access to more home health services”. [Source: January 22, 2018 screening response page 71]

Public Comment

None

Rebuttal

None

Department Evaluation

The department concluded in the need section of this evaluation that Clark County can accommodate at least another home health provider. Healthy Living provided documentation

to demonstrate the proposed project is a superior alternative. As a result, the applicant rejection of postponing action and purchasing an existing Clark County agency option is appropriate. The department did not identify any alternative that was a superior alternative in terms of cost, efficiency, or effectiveness that is available or practicable.

Since there are no construction costs to establish the home health agency, services can be provided with very little financial impact to the applicant or the community.

Taking into account the public comments related to need for additional Medicare and Medicaid home health services in Clark County, the department agree that Healthy Living's project is the best available alternative. Therefore, the department move to step three.

Step Three:

Department Evaluation

This step is applicable only when there are two or more approvable projects. Healthy Living application is the only application under review to establish a Medicare and Medicaid certified home health agency in Clark County. Therefore, this step does not apply.

Based on the information stated above, **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;*

Healthy Living

As stated in the project description portion of this evaluation, this project does not involve construction. This sub-criterion is not applicable to this application.

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

Healthy Living

As stated in the project description portion of this evaluation, this project does not involve construction. This sub-criterion is not applicable to this application.

(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.*

Healthy Living

Healthy Living provided the following statements related to this sub criterion.

“Healthy Living at Home –Vancouver intends to deploy its funding to maximize growth and profitability”. [Source: Application page 21]

In addition the letter of financial commitment by the applicant chief financial officer stated:

“HoldCo- Vancouver, LLC 100% owner of Healthy Living at home—Vancouver, LLC and current operator of more than 20 home health and hospice agencies in 5 states, has and will commit the necessary working capital to finance the startup of Healthy Living at Home—Vancouver, LLC”. [Source: January 22, 2018 screening response page 44 Appendix K]

Public Comment

None

Rebuttal

None

Department Evaluation

The statements above by Healthy Living are reasonable and the department agree with its rationale for applying to add another Medicare and Medicaid certified home health agency in Clark County. If this application is approved, it has the potential to improve delivery of home health services to Clark County residents. **This sub-criterion is met.**

APPENDIX A



Appendix A State Health Plan Home Health Methodology-Clark County

CN APP NO:18-09.

Population by age group by year							
	2016	2017	2018	2019	2020	2021	2022
Total County Population	453,338	459,474	465,611	471,747	477,884	483,932	489,980
Population 0-64	389,473	392,568	395,662	398,757	401,851	404,783	407,715
Population 65-79							
65-69	22,844	23,508	24,172	24,835	25,499	25,958	26,418
70-74	16,154	17,322	18,489	19,657	20,824	21,448	22,072
75-79	10,481	11,221	11,962	12,702	13,443	14,507	15,570
Total Population 65-79	49,479	52,051	54,623	57,194	59,766	61,913	64,060
Population 80 +							
80-84	6,754	7,083	7,413	7,742	8,073	8,699	9,325
85+	7,632	7,772	7,913	8,054	8,194	8,537	8,880
Total Population 80+	14,386	14,855	15,326	15,796	16,267	17,236	18,205
Pop. Calc. test back	453,338	459,474	465,611	471,747	477,884	483,932	489,980



Appendix A State Health Plan Home Health Methodology-Clark County

Step 1-Population by Age Cohort		2016	2017	2018	2019	2020	2021	2022
0-64		389,473	392,568	395,662	398,757	401,851	404,783	407,715
65-79		49,479	52,051	54,623	57,194	59,766	61,913	64,060
80+		14,386	14,855	15,326	15,796	16,267	17,236	18,205
Step 2-Projected Home Health Patients by Age Cohort								
0-64 X 0.005		1,947.37	1,962.84	1,978.31	1,993.79	2,009.26	2,023.92	2,038.58
65-79 X 0.044		2,177.08	2,290.24	2,403.41	2,516.54	2,629.70	2,724.17	2,818.64
80+ X 0.183		2,632.64	2,718.47	2,804.66	2,890.67	2,976.86	3,154.19	3,331.52
Step 3-Projected Home Health visits by age cohort								
0-64		1,947.37	1,962.84	1,978.31	1,993.79	2,009.26	2,023.92	2,038.58
Multiplier		10	10	10	10	10	10	10
Subtotal 0-64		19,473.65	19,628.40	19,783.10	19,937.85	20,092.55	20,239.15	20,385.75
65-79								
		2,177.08	2,290.24	2,403.41	2,516.54	2,629.70	2,724.17	2,818.64
Multiplier		14	14	14	14	14	14	14
Subtotal 65-79		30,479.06	32,063.42	33,647.77	35,231.50	36,815.86	38,138.41	39,460.96
80+								
		2,632.64	2,718.47	2,804.66	2,890.67	2,976.86	3,154.19	3,331.52
Multiplier		21	21	21	21	21	21	21
Subtotal 80+		55,285.40	57,087.77	58,897.82	60,704.03	62,514.08	66,237.95	69,961.82
Total Projected Home Health Visits		105,238.11	108,779.58	112,328.69	115,873.38	119,422.49	124,615.51	129,808.53
Step 4-Gross Need (Step 3 Total Visits /10,000)		10.52	10.88	11.23	11.59	11.94	12.46	12.98
Step 5- No. of Home Health Agencies		10	10	10	10	10	10	10
Step 6 Net Need (Per Method, Fractions are rounded down)		0	0	1	1	1	2	2

A negative number means there is a surplus