STATE OF WASHINGTON

DEPARTMENT OF HEALTH

Olympia, Washington 98504

October 27, 2021

Samuel Stern, Managing Member and Chief Executive Officer
Continuum Care of Pierce LLC
E-mail: sstern@affinityhealthmanagement.com

RE: Certificate of Need Application #21-46 – Department's Pierce County Evaluation

Dear Mr. Stern:

We have completed review of the Certificate of Need application submitted by Continuum Care of Pierce LLC proposing to provide Medicare and Medicaid-certified hospice services to the residents of Pierce County. Attached is a written evaluation of the application.

For the reasons stated in this evaluation, the department has concluded that the project is not consistent with the Certificate of Need review criterion identified below, and a Certificate of Need is denied.

Washington Administrative Code 246-310-240 Cost Containment

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

Appeal Option 1:
You or any person with standing may request a public hearing to reconsider this decision. The request must state the specific reasons for reconsideration in accordance with Washington Administrative Code 246-310-560. A reconsideration request must be received within 28 calendar days from the date of the decision at one of the following addresses:

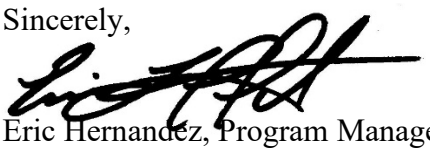
Mailing Address:	Physical Address
Department of Health	Department of Health
Certificate of Need Program	Certificate of Need Program
Mail Stop 47852	111 Israel Road SE
Olympia, WA 98504-7852	Tumwater, WA 98501

Appeal Option 2:
You or any person with standing may request an adjudicative proceeding to contest this decision within 28 calendar days from the date of this letter. The notice of appeal must be filed according to the provisions of Revised Code of Washington 34.05 and Washington Administrative Code 246-310-610. A request for an adjudicative proceeding must be received within the 28 days at one of the following addresses:

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

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

Sincerely,



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

Attachment

CC: Michelle Stone-Smith, MBA, mstonesmith@affinityhealthmanagement.com

EVALUATION DATED OCTOBER 27, 2021, FOR SIX CERTIFICATE OF NEED APPLICATIONS, EACH PROPOSING TO PROVIDE MEDICARE AND MEDICAID-CERTIFIED HOSPICE SERVICES TO RESIDENTS OF PIERCE COUNTY.

APPLICANT DESCRIPTIONS

Continuum Care of Pierce LLC

Continuum Care of Pierce LLC is a Washington State limited liability company[1] owned by private persons. Its two members, Samuel Stern and Goldy Stern are listed as Governors for Continuum Care of Pierce LLC and several other Washington State limited liability companies.[2] Continuum Care of Pierce, LLC, does not yet have a Washington State license to serve hospice patients; although, its members do own additional agencies already licensed in Washington State.[3] In addition to owning Washington State healthcare agencies, Continuum's member Samuel Stern also owns and operates hospice agencies which serve residents in Florida, New Jersey, Ohio, and Virginia. In the last few years, Samuel Stern and Goldy Stern owned and operated hospice agencies in California, Massachusetts, New Hampshire, and Rhode Island. Although Continuum's members no longer own the Rhode Island agency, they do maintain management control pending completion of a state licensure change of ownership, expected to be complete sometime after Q3 of 2021. [Sources: Application, pdf 4-7, Exhibit 1, March 31, 2021, screening response, pdf4, Washington Secretary of State website, ILRS, and Certificate of Need files]

The applicant, Continuum Care of Pierce LLC will be referenced as "Continuum Care of Pierce" or simply "Continuum" in this evaluation.

Public Comment

Providence Hospice of Seattle – Oppose [source: pdf23-25]

"***1. Ownership Structure.***

The CN application was filed by Continuum Care of Pierce, LLC. The sole members and owners of Continuum are Samuel Stern and Goldy Stern, who are also the owners of Continuum Care of King, LLC. In addition, the 'Stern Family 2019 Trust' (90% ownership) and Mr. Stern (10% ownership) own five other hospice limited liability companies across the nation, including Continuum Care of Snohomish, LLC in Washington.

Although Continuum takes the position that the numerous hospice limited liability companies owned jointly by the Sterns or the Stern Family 2019 Trust (referred to collectively herein as 'the Owners') are separate and distinct legal entities, it is clear that the companies are operated in a coordinated fashion by the Owners. For instance, Continuum 'will use reserves from the managing members [sic] to fund the capital expenditure, startup costs, and initial operating deficits' of Continuum. In fact, Mr. Stern is the sole managing member of Continuum. In addition, an entity named 'Affinity Health Management, LLC' ('Affinity') has been created in order to provide services to Continuum and to other hospice limited liability companies owned by the Owners. Thus, Continuum has provided a 'Service Agreement' dated March 31, 2021, between it and Affinity which requires Continuum to pay an annual fee to Affinity for 'administrative and special services.' The Agreement states that Continuum 'is a member of a group of commonly owned entities.' Significantly, Mr. Stern has signed the Agreement on behalf of both Continuum (the recipient of

[1] UBI 604 559 841

[2] Continuum Care of Clark LLC [administratively dissolved], Continuum Care of Snohomish, and Continuum Care of Kitsap LLC [Source: Washington Secretary of State website]

[3] Continuum Care of Snohomish LLC, licensed as Medicare and Medicaid-certified to provide hospice services to residents of Snohomish County, CN#1801 and IHS.FS.61010090 and Continuum Care of King LLC, CN#1861 and licensed as state-only, IHS.FS.61058934

services) and Affinity (the provider of services). Thus, it appears that Continuum and all of its related entities are operated in a coordinated manner by the Owners.

2. <u>Divestiture of five hospice agencies in 2020 and simultaneous establishment of five new hospice agencies.</u>

When Continuum filed its 2020 CN application to establish a new hospice agency in Pierce County, it identified six hospice agencies which shared 'common ownership' with Continuum: Continuum Care Hospice, LLC (Pleasanton, California), Continuum Care North Bay, LLC (Petaluma, California), Continuum Care of Rhode Island, LLC (West Warwick, Rhode Island), Continuum Care of Massachusetts, LLC (Woburn, Massachusetts), Continuum Care of New Hampshire, LLC (Windham, New Hampshire), and Continuum Care Hospice/Continuum Care of Snohomish, LLC (Everett, Washington). On July 16, 2020, Continuum's members (i.e., the' Sterns) divested themselves of five of the six hospice agencies. Only Continuum Care of Snohomish, LLC was retained.

It is important to note that all five of the divested agencies were owned and operated for short periods of time. Two of the agencies were held for less than one year (the agencies in Massachusetts and New Hampshire). One agency was held for exactly two years (the agency in Petaluma, California). One agency was held for approximately two years and eight months (the agency in Rhode Island). The fifth agency was held for just over five years (the agency in Pleasanton, California).

However, the activity in 2020 was not limited to the divestitures. In addition, five new hospice agencies now appear on Continuum's organizational chart: two under the 'Continuum Care' name (one in King County and one in Florida), and three under the 'Affinity Care' name (one each in New Jersey, Ohio, and Virginia). The five agencies 'were all new start-ups.' Continuum Care of King, LLC is 100% owned by the Sterns. The other four new agencies are 10% owned by Mr. Stern. The holders of the remaining 90% ownership interest in the four agencies are not disclosed.

3. <u>The divestiture of the five hospice agencies raises serious concerns about the longterm commitment of Continuum's owners to the communities in which they establish hospice agencies, and also raises questions about the business model being pursued by the owners</u>.

Continuum has failed to provide any explanation for why the divestures occurred. Its application simply states: 'Continuum's Members are the previous owners and operators of several other hospice agencies across multiple states. The information for those entities, including the dates of divestment, are attached in Exhibit 9 ['Divested Agencies']. However, the fact that the divested agencies were simultaneously replaced by five new agencies, all of which were 'new start-ups,' certainly raises unanswered questions regarding the business model that is being pursued by the owners of Continuum.

But, regardless of what that business model may be, the divestiture of five hospice agencies, all of which had been held for short periods of time, raises significant concerns about the long-term commitment of Continuum's owners to the communities in which they establish hospice agencies. Accordingly, the simultaneous divestiture and development activity that took place in 2020 provides an important context for the Department's evaluation of whether Continuum's application satisfies each of the four CN review criteria given the apparent unpredictability of the organization of which it is a part."

<u>Continuum Care of Pierce Rebuttal Comment</u> [source: pdf3-5]

"*First and foremost, the record must reflect that Providence's attempt to separate itself from other applicants based on a promise of 'future stability' due to a different (non-profit) Catholic business model must be dis-regarded. This is simply an untrue statement and more importantly, CN decisions are not prioritized nor issued based on religious affiliation or length of operation in the State. Providence suggests that it has been a constant for more than 100 years. The reality is that because of mergers and affiliations,*

Providence is not the organization that it was even 10 years ago. Per our conversations with various community organizations, Providence is widely seen as being largely unrecognizable to those that have been in the community for decades.

…

A. Continuum is committed to the Washington hospice market.

Providence suggests that because the owners of Continuum sold a number of hospice agencies, we are 'unpredictable', and our 'reliability' must be questioned. Continuum fully disclosed the sale and was transparent with the Program. The bottom line is that after rapid growth, Continuum made a very conscious decision to focus on communities wherein our expertise to improve access to the underserved would be most impactful. The one-time sale is not our 'business model' as suggested by Providence. Rather it was made to assure that resources would be available to support our efforts in Washington and a few other critical states.

Providence neglects to mention to the Program that it has a has a history of divesting/selling in markets to free up capital and resources for higher prioritized communities. For example, in 2003, the for-profit Health Management Associates (HMA) was the selected bidder to acquire Providence System hospitals in Central Washington including Providence Yakima Medical Center (formerly St. Elizabeth) and Toppenish Hospital. In the Introduction to its 2003 regulatory application to assume ownership of the hospitals, HMA wrote that:

> *The Hospitals have struggled to survive for years. Indeed, DOH has even commented during a Certificate of Need review that Providence Yakima 'has had a poor financial foundation in the recent past and I do not see how this will change in the near future.' As a result of this struggle, the Providence Board of Directors (the 'Board') determined that it had four options: (1) turn around the Hospitals' performance, (2) create an alliance with Yakima Valley Memorial Hospital ('Memorial'), (3) sell the Hospitals, or (4) close the Hospitals. Providence has explored without success the options to turn around performance or create an alliance with Memorial.*
>
> *If Providence is unsuccessful in selling the Hospitals, it has indicated it will close them. Such an outcome contravenes the Legislature's mandate in the Nonprofit Acquisition Statute. It would: (1) eliminate choice and competition in hospital services; (2) jeopardize the quality of health care; (3) reduce the number of acute care beds to a precarious level; (4) eliminate one of the largest employers in Yakima County; (5) deny Yakima County valuable tax revenues from a new for-profit operation; (6) eliminate the significant capital improvements that HMA has promised to provide; and (7**) greatly damage the regional Providence system by reallocating the Hospitals' debt and closure costs to other Providence hospitals and communities in the State.***

For several years prior to 2016, Providence did business in Washington as Providence Health & Services (PH&S). In that year, it merged with St. Joseph Health, based in Irvine, California, and created Providence St. Joseph Health. In July 2016, PH&S, adopted a new corporate parent— Providence St. Joseph Health. The State of California vetted the merger and found the change to constitute a change in governance and control requiring the consent of the California Attorney General. As part of its application for that approval, Providence submitted the Health System Combination Agreement between PH&S and St. Joseph Health System that created Providence St. Joseph Health. The Combination Agreement states that: 'The Parties desire to unite SJHS and PH&S as a fully integrated, Catholic-sponsored, nonprofit, charitable health care system (the 'Combination')', and further states that the combination is a 'permanent relationship between the Parties'. This had immediate consequences for the operations and structure of Providence, including the replacement of PH&S's board with the board members of the new oversight entity.

Providence has also come under increasing scrutiny for its top executive compensation packages. In 2017, the last year for which records are available, the current CEO was paid in excess of $10 million; calling into question, for many, it's not-for profit status.

B. Continuum has appropriately described its ownership structure, and its relationship to Affinity Health Management.

There are no other facilities or agencies owned by the Applicant, Continuum of Pierce, LLC. The Members who own and operate Continuum Pierce also have ownership interests, and operational or management control, in several other agencies. The other hospice agencies with common ownership are indicated in the organizational chart included as Exhibit 1 in the application.

Affinity Health Management (AHM) is an administrative services organization that provides expert resources to support efficient operations of hospice agencies. Sam Stern is an owner of both AHM and Continuum Pierce, and this information was fully disclosed in the CN filing and in the Service Agreement provided in screening.

The two organizations are separate legal entities and there is no parent."

Envision Hospice of Washington Rebuttal Comment [source: pdf23-24]

"*Envision does have concerns about the Continuum overall approach to operations which Envision chose to not single out in testimony but will now use as rebuttal to Continuum's testimony as well as Providence Hospice of Seattle's testimony about Continuum's approach to service delivery.*

Testimony by Providence Hospice of Seattle addresses a series of concerns regarding the approach taken by Continuum. These concerns include the following:

1. *Divestiture of five hospice agencies in 2020 and simultaneous establishment of five new hospice agencies.*
2. *The divestiture of the five hospice agencies raises serious concerns about the long- term commitment of Continuum's owners to the communities in which they establish hospice agencies, and also raises questions about the business model being pursued by the owners.*
3. *Continuum's application does not satisfy the financial feasibility sub-criteria set forth in WAC 246-310-220(1) and (3).*

Envision's only comment to this criticism is that it demonstrates that Continuum has a different business model than Envision – developing hospices and then selling them. The approach reviewed by Providence supports the Envision concern about the Continuum approach, which is the level of Medical Director and physician services associated with the application are the lowest of all hospice applicants. Providence was more concerned about the financial model employed by Continuum in providing hospice services and in developing and divesting hospices in other states."

Department Evaluation

Public comment was provided questioning several aspects of Continuum's application, including its ownership structure, divested agencies, long-term commitment to serviced communities, and its business model.

In its rebuttal Continuum accurately states that certificate of need decisions are not "*prioritized nor issued based on religious affiliation or length of operation in the State.*" Further, Continuum states that it is committed to the Washington hospice market. Emphasizing the sales demonstrate its commitment to Washington, while additionally allowing Continuum to focus resources on areas it can make the most impact. In addition, Continuum states that it "*has appropriately described its ownership structure, and its relationship to Affinity Health Management.*" This is followed by statements that describe the relationship

between the applicant and its members. The department's past practice for all facility types has consistently been to identify the business (in this case Continuum Care of Pierce LLC) not the individual owning members (in this case Samuel and Goldy Stern) as the applicant. Further, limited liability companies, such as Continuum Care of Pierce LLC, are typically formed to separate liability of individuals from that of the company. The department finds Continuum's rebuttal reasonable, and the comments provided do not rise to the level of denial of this project on the ownership structure or the long-term operational history.

Envision Hospice of Washington, LLC

Envision Hospice of Washington, LLC is a Washington State limited liability company[4] owned by private persons. Its parent, Envision Home Health of Washington, LLC[5] is one of two privately owned corporations that have the same or overlapping membership.[6] Both Envision Home Health of Washington, LLC and Envision Hospice of Washington, LLC are active with the Washington State Secretary of State Office. The following eight members have a ten percent or greater financial interest in Envision Hospice of Washington, LLC. [source: Application, pdf4 and Appendix B]

Rhett Anderson	Chad Fullmer, PT
Greg Atwood, RN	Darin McSpadden, PT
Wyatt Cloward, OT	Sherie Stewart, MSW
Jason Crump, PT	Derek White, PT

Envision Hospice of Washington, LLC shares office space with its affiliates in Tacoma, within Pierce County; Olympia, within Thurston County; and several locations in Utah. Following is a table of its approvals for its Washington State affiliates.

Department's Table 1
Envision Hospice of Washington, LLC[7] Hospice Service Areas

Counties	King	Kitsap	Pierce	Snohomish	Thurston
Licensed-only			x		
CN-approved	CN #1823 Issued 11/20/19	CN #1859 Issued 11/22/20		CN #1822 Issued 11/20/19	CN #1745 Issued 09/25/18

Department's Table 2
Envision Home Health of Washington, LLC[8] Home Health Service Areas

Counties	King	Pierce	Snohomish	Thurston
Licensed-only			x	x
CN-approved	CN #1527 Issued 04/10/14	CN #1626 Issued 12/29/17		

This applicant also operates a physician outreach clinic which provides regular medical care to Utah and Washington patients who are unable to make trips to a doctor's office. This applicant also has an affiliated

[4] UBI 604 174 080
[5] UBI 603 282 417
[6] The two corporations are Envision Home Health of Washington, LLC and Envision Home Health, LLC, a Utah corporation. [source: Application, Appendix B]
[7] IHS.FS.60952486
[8] IHS.FS.60521160

agency, Envision Home Health LLC which serves Medicare and Medicaid home health and hospice patients in multiple regions in Utah. [sources: Application, pdf6-7, Appendix B, and Certificate of Need files]

The applicant, Envision Hospice of Washington, LLC will be referenced as "Envision" in this evaluation.

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

Cornerstone Healthcare Inc., dba Puget Sound Hospice of Pierce County, is registered under one of its subsidiaries[9] as a Washington State foreign profit corporation,[10] all of which are ultimately owned by The Pennant Group, Inc. Although The Pennant Group, Inc. is a publicly traded company, no shareholder has more than five percent ownership interest. To be clear, The Pennant Group, Inc., owns Cornerstone Healthcare Inc., which in turn, owns Paragon Healthcare, Inc., which ultimately owns Symbol Healthcare, Inc. For this project, The Pennant Group, Inc. is considered the applicant.

The Pennant Group, Inc. plans to operate through its home health subsidiary, the new agency proposed in this project, Puget Sound Hospice of Pierce County. It's home health subsidiary[11] operates out of an office currently in Tacoma; and provides home health services to Pierce County residents. The Pennant Group, Inc. offers several lines of service, which includes in-home care, via its subsidiary Cornerstone Healthcare, Inc.; and senior living communities, via its subsidiary Pinnacle Senior Living LLC. Cornerstone Healthcare, Inc. through its subsidiaries, owns and operates 10 home care agencies, 41 hospice agencies, 33 home health agencies, four physician groups, and two therapy groups throughout 14 states nationally. This count includes Washington State Certificate of Need-approved hospice services to Asotin, Garfield, Snohomish, and Thurston county residents as well as licensed only hospice services to the Whitman County residents. [sources: Application, pdf9; Pennant's website, About Us; and Certificate of Need facility files]

For this evaluation, the applicant, The Pennant Group, Inc. will be referenced in this evaluation as "Pennant." If a Certificate of Need is issued for this project, the department recognizes that the In Home Service license could be issued to Puget Sound Hospice of Pierce County.

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence Health & Services is a not-for-profit Catholic network of hospitals, care centers, health plans, physicians, clinics, home health care, and affiliated services**.** The health system includes 27 hospitals in five states, more than 35 non-acute facilities and numerous other health, supportive housing and educational services in the states of Alaska, Washington, Montana, Oregon, and California.[12] [source: Providence Health & Services website and Application, pdf 14]

This application was submitted to establish a hospice agency in Pierce County during the year 2020 hospice concurrent review cycle two.

The applicant for this project is Providence Health & Services – Washington d/b/a Providence Hospice of Seattle., which will be referenced as "Providence Hospice of Seattle" or simply "Providence" in this evaluation.

[9] Symbol Healthcare, Inc.
[10] UBI 603 257 823
[11] Puget Sound Home Health IHS.FS.603 320 035
[12] Providence Health & Services owns and operates a variety of other healthcare facilities in Washington and other states. These healthcare facilities are discussed in this evaluation under WAC 246-310-230.

AccentCare, Inc./Seasons

Seasons Hospice and Palliative Care of Pierce County Washington, LLC is a Washington State limited liability corporation that is 100% owned by AccentCare, Inc. [source: Application, pp5-7] For this project, AccentCare, Inc. is the applicant.

Currently, the applicant owns and operates a variety of healthcare facilities in Washington and other states.[13] This application was submitted to establish a hospice agency in Pierce County during the year 2020 hospice concurrent review cycle two.

During this review the other applicants referenced this project as 'Seasons.' To avoid confusion, sections of this evaluation will refer to AccentCare Inc as 'AccentCare/Seasons.' If a Certificate of Need is issued for this project, the department recognizes that the In Home Service license could be issued to Seasons Hospice and Palliative Care of Pierce County Washington, LLC. [source: Application, pdf5 and March 30, 2021, screening response, pdf7]

During the screening of this application, the department requested clarification of the ownership for Seasons Hospice & Palliative Care of Pierce County, Washington, LLC. In response, the applicant provided the following statements. [source: March 30, 2021, screening response, pdf7]
"All other Seasons Hospice & Palliative Care entities applying in other hospice service areas during the 2021 concurrent Certificate of Need (CN) cycle are also 100% owned by AccentCare, Inc. While Seasons Pierce is a new entity, it is the entity that is applying for this certificate of need and will operate the hospice agency if the application is granted. As the 100% owner of Seasons Hospice & Palliative Care of Pierce County Washington, LLC, AccentCare, Inc. is also considered an "applicant" for purposes of WAC 246-310-010 and review of this application. Therefore, where requested and appropriate, we will provide information on both Seasons Pierce and AccentCare, Inc., including required financial and quality information. The organizational chart shown on page 7 shows details, and we confirm, that Seasons Pierce (i.e., Seasons Hospice & Palliative Care of Pierce County Washington, LLC) is 100% owned by AccentCare, Inc."

Public Comment

Providence Hospice of Seattle-Oppose
"The Department requires hospice CN applicants to "provide the most recent audited financial statements" for the applicant and for "any parent entity responsible for financing the project." Seasons "is wholly owned by" AccentCare, Inc. ("AccentCare"). Thus, under WAC 246-310-010(6)(b), AccentCare is the applicant as well, which Seasons has acknowledged. Accordingly, AccentCare is required to submit its most recent audited financial statements. It has failed to do so.

In addition, as best we can determine, Seasons has failed to disclose that, although AccentCare is the parent of Seasons, it does not appear to be the ultimate owner of Seasons. Instead, AccentCare is in turn owned by Advent International ("Advent"), which describes itself as an "independent private equity partnership." To the best of our knowledge, Advent's ownership of AccentCare is not disclosed in Seasons' CN application or screening responses, or in any of the exhibits to those documents. This is a significant and curious omission, since it goes to the heart of the Department's ability to evaluate the community commitment, stability, and reliability of Seasons and AccentCare, and of Advent, their ultimate owner.

[13] AccentCare, Inc owns and operates a variety of other healthcare facilities in Washington and other states. These healthcare facilities are discussed in this evaluation under WAC 246-310-230.

Factual Background

Prior to December 22, 2020, Seasons Hospice & Palliative Care ("the Seasons group") owned and operated a nationwide chain of hospice agencies. The Seasons group used an organizational structure in which each of its hospice agencies was owned by an LLC, while overall ownership of the hospice-specific LLCs apparently resided in the owners of the group. As the Department knows, the Seasons group has filed numerous hospice agency CN applications in Washington in recent years using this structure.

On December 22, 2020, the Seasons group merged with AccentCare. As noted above, the CN application states that Seasons is wholly owned by AccentCare. The "Seasons Hospice & Palliative Care Organizational Chart" provided with the application shows AccentCare as the parent organization of Seasons. The Chart states that "ownership" of Seasons "rests 100% with AccentCare, Inc." However, the Chart fails to disclose that Advent is the owner of AccentCare. Further, Advent's ownership of AccentCare is not, as far as we can determine, disclosed anywhere in Seasons' application or screening responses. However, a December 22, 2020, article in Hospice News reporting on the merger of Seasons and AccentCare states: "AccentCare is a portfolio company of the private equity firm Advent International, which purchased the provider from Oak Hill Capital Partners in 2019 for an undisclosed sum." Moreover, Advent's website includes AccentCare within its list of "Investments," describing it as a "Buyout" that occurred in June of 2019. Accordingly, it seems apparent that Advent owns AccentCare.

Seasons has failed to provide information about Advent's ownership of AccentCare.

The Department requires hospice CN applicants to "[p]rovide an organizational chart that clearly identifies the business structure of the applicant(s)." The requirement applies to "applicant(s)" in the plural. Thus, it applies both to Seasons and to AccentCare since, as noted above, Seasons has acknowledged that AccentCare is an applicant under WAC 246-310-010(6)(b).

As discussed above, AccentCare appears to be owned by Advent. However, to the best of our knowledge, Seasons has not disclosed Advent's ownership of AccentCare in its application or screening responses, or in the exhibits to those documents. Hence, for instance, Advent does not appear in the "Organizational Chart" submitted by Seasons in response to the Department's application requirements. Accordingly, Seasons and AccentCare have not submitted an organizational chart "that clearly identifies the business structure of the applicant(s)."

This omission is serious and of great concern, for it leaves the Department with absolutely no information about Advent or about the nature of the relationship between AccentCare and Advent. This in turn raises a host of unanswered questions which directly relate to the future operation of Seasons' proposed Pierce County hospice agency. We will identify just a few of those questions. Does Advent have control over, or input into, the operation of AccentCare's hospice agencies? Is there a management agreement or operating agreement between AccentCare and Advent? If so, what are the terms of that agreement? Does Advent have the authority to direct AccentCare to divest itself of hospice agencies owned or operated by AccentCare? What is Advent's financial condition? All of these questions, and many others, are unanswerable given the failure of Seasons and AccentCare to disclose their actual organizational and ownership structure.

As is the case with its failure to provide audited financial statements for AccentCare, Seasons will likely argue that the information regarding Advent's ownership of AccentCare, and the nature of the relationship between the two, is not "relevant." Again, however, Seasons is not in a position to dictate to the Department what information is or is not relevant to the Department's review of Seasons' application. Rather, Seasons is required to disclose its complete organizational structure in order to enable the Department to conduct a fully-informed review of its application. It has failed to do so."

Providence provided several footnotes in its statements above. Footnote #4 states: *Advent International Website, About Us*.' Footnote #8 states: *Hospice News website, 'AccentCare, Seasons Hospice Complete Merger' (December 220, 2020)*.' Footnote #9 states '*Advent International website, 'Investments.'* Footnote #17 states: *'In its screening responses, Seasons states that, if the Department determines that it is "still necessary" to provide AccentCare's audited financial statements, it will provide the 2019 statements and, if available, the 2020 statements. (Seasons Screening Responses, p. 4.) However, to our knowledge, Seasons has not submitted either the 2019 or the 2020 statements to the Department*.'

AccentCare, Inc./Seasons Rebuttal Comments

"Seasons Pierce County has fully addressed all questions on the application form and provided all of the information requested by the Department, both in the screening response and direct conversations to satisfy the four CN review criteria.

The issue of the ownership of Seasons Pierce County was fully addressed in the application and screening questions. Seasons Pierce County and its parent entity, AccentCare, Inc., have provided all of the information requested by the Department, both in screen questions and direct conversations.

The equity owners of AccentCare, Inc. were involved in an equity transaction with Advent International Corporation, another private equity investment company; however, that transaction did not have any impact on the governance or management of AccentCare, Inc., or any of its operating subsidiaries.

As the Department has stated as recently as 2015, investment companies (like Advent International Corporation) are not considered applicants for purposes of CN projects. In a 2015 evaluation of an application by Rainier Springs, LLC and its parent entities Springstone, LLC to establish a psychiatric hospital, the Department recognized that Welsh, Carson, Anderson, & Stowe was an investment company and not an applicant. In that application, the Department requested financial information from Welsh, Carson, Anderson, & Stowe because it was the funding source for project at issue. See CN 15-20 Evaluation, page 7, Springstone, LLC Application to establish 72-bed psychiatric hospital in Clark County, Washington. In this case, Advent International Corporation is not the funding source for the [Seasons Pierce County] project; rather, AccentCare, Inc. is and it has provided documentation of the $2 million contribution to Seasons Pierce County to fund both start-up expenses and any operational losses for the first three years of operation. Therefore, as described further in the application, screening responses, and these rebuttal materials, there are no issues of reliability with [Seasons Pierce County] or AccentCare, Inc."

Departments Evaluation

To determine the applicant for this project, the department reviewed the application, screening responses, and the applicant's website at https://accentcare.com. Based on all of the information reviewed, the department concludes that the applicant for this project is AccentCare, Inc. This conclusion is consistent with past practice when applications are submitted by a subsidiary of a larger corporation. Therefore, as previously stated, the applicant for this project is the larger corporation known as AccentCare, Inc. The department recognizes that the in home service license may be issued to the subsidiary known as Seasons Hospice and Palliative Care of Snohomish County Washington, LLC.

Signature Group, LLC

Signature Group, LLC owns 100% of Northwest Hospice, LLC, which owns 100% of Signature Hospice Pierce, LLC. Both Signature Group, LLC and Signature Hospice Pierce, LLC are Washington State corporations. Northwest Hospice, LLC is not registered in Washington State. [source: Application, pdf5 and Exhibit 1 and Washington State Secretary of State website] For this project, Signature Group, LLC is the applicant.

If a Certificate of Need is issued for this project, the department recognizes that the In-Home Service license could be issued to Signature Hospice Pierce, LLC. For this review, all references to the application will identify "Signature Group, LLC" or simply "Signature."

Currently, Signature Group, LLC does not own or operate any healthcare facilities in Washington State. However, the related entity, Northwest Hospice, LLC dba Signature Healthcare at Home currently operates hospice locations in Utah, Idaho, and Oregon.[14] [source: Application, pdf6]

Public Comment

Providence Hospice of Seattle-Oppose

"…At the outset, however, it is important to note that the most distinctive feature of Signature Pierce's application is the extensive multi-parent structure of the for-profit, aggressively expanding organization to which Signature Pierce belongs. The opaque structure of that organization is coupled with a lack of information about the historical performance of, and the current financial condition of, Signature Pierce's many parent entities, one of which has been designated by the Department as the correct applicant: Signature Group, LLC. As discussed below, the failure to provide adequate financial information about the applicant entity is sufficient in itself to require denial of Signature Pierce's application. However, in addition, there are a number of other issues with respect to whether the application satisfies the review criteria. These issues are also discussed below.

Signature Pierce has failed to provide complete and adequate financial information for Signature Group, LLC, which has been designated as the applicant by the Department

Signature Pierce has seven parent ownership entities above it in its organizational chart. Its immediate parent is Northwest Hospice, LLC ("Northwest Hospice"); Northwest Hospice's immediate parent is Signature Group, LLC ("Signature Group"). The Department has designated Signature Group as the applicant. The Department's hospice application form is clear: an applicant is required to "[p]rovide the most recent audited financial statements" for "the applicant" and for "any parent entity responsible for financing the project." Signature Pierce has failed to provide audited financial statements for Signature Group.

Signature Pierce provides the following rationalization for its failure to comply with the Department's requirement:

> *Historically, Signature HealthCare at Home and all related entities of Home Health and Hospice were under the ownership of Avamere Group, LLC. As of 1/1/21, Signature Healthcare at Home and all related entities are now under the parent company Signature Group, LLC. Because Signature recently came under new ownership, we do not have audited financials for the parent entity, Signature Group, LLC or for the applicant, Northwest Hospice, LLC.*

However, this rationalization (which is less than clear) is not sufficient to relieve either Signature Pierce or Signature Group of the duty to provide complete and adequate financial information, including audited financial statements, for Signature Group. The restructuring of a labyrinthine for-profit organization cannot be used as a pretext for failing to provide historical financial information about the applicant.

Signature Pierce has made no attempt to explain the organizational structure prior to the date on which Signature Group "came under new ownership." For instance, and importantly, no explanation has been provided for why Signature Group's ownership change leads to the outcome that "we do not have audited

[14] These healthcare facilities are discussed in this evaluation under WAC 246-310-230.

financials for the parent entity Signature Group, LLC or for the applicant, Northwest Hospice, LLC." The rationalization for non-disclosure provided by Signature Pierce does not state that Signature Group recently came into existence. Rather, it simply states that Signature Group "recently came under new ownership." Therefore, it is entirely possible that historical financial information and audited financial statements for Signature Group under its previous owner(s) are in fact available.

It would clearly be unfair to the other applicants in the Pierce County concurrent review, and constitute disparate treatment, if Signature Pierce and Signature Group are relieved of the Department's requirement to provide audited financial statements for Signature Group simply because a change of ownership occurred. The Department requires CN applicants to provide complete and adequate information in order to enable it to render a fully-informed decision on their applications: "A person proposing an undertaking subject to review shall submit a certificate of need application in such form and manner and containing such information as the Department has prescribed and published as necessary to such a certificate of need application." The Department's hospice application form is crafted to obtain the necessary information. Signature Pierce and Signature Group have failed to comply with the Department's informational requirements. In the absence of the required information, the Department cannot properly evaluate whether the application satisfies each of the four CN review criteria. Accordingly, the Department must deny the application."

Signature Group Rebuttal Comments

"Last year, Signature submitted 3 applications for the 2019-2020 Review Cycle. The application for this planning area was submitted under the name Signature Hospice Pierce, LLC, with the "applicant" being Avamere Group, LLC, a parent company to several different lines of business centered around care of seniors. Each application included the historical audited statements for Avamere Group, LLC.

To further distinguish the lines of business, Signature Group, LLC was created as a new entity in the beginning of 2021. Therefore, in the 2020-2021 CN Review Cycle, the application submitted by Signature Hospice Pierce, LLC has the "applicant" as Signature Group, LLC.

Signature was aware of potential concerns from other applicants and had 3 Technical Assistance calls with the Department of Health to provide an accurate and complete application. What was submitted in our application was supported by the state in the TA calls. The state specifically recommended providing information on our borrowing base line of credit in lieu of historical financial statements.

Based on these Technical Assistance Calls, the financial reporting in our application is in compliance with the CON process and requirements."

Departments Evaluation

The department had determined that the applicant for this project is Signature Group, LLC as identified in this section. This conclusion is consistent with the organizational restructure described by the applicant above and its organizational charts provided in Exhibits 1 and 3 of the application. This conclusion is also consistent with past practice when applications are submitted by a subsidiary of a larger corporation. Therefore, as previously stated, the applicant for this project is the larger corporation known as Signature Group, LLC. The department recognizes that the in home service license may be issued to the subsidiary known as Signature Hospice Pierce, LLC.

The commenter also expressed concerns that Signature Group, LLC did not provide its audited financial statements because a change of ownership occurred. The main purpose of requesting audited financial statements in an application is to allow the department to review the financial health of the entity that is providing the funding for the project. While Signature Group, LLC is providing the funding for this project,

no historical, audited or otherwise, financial statements are available for this new entity. In these instances, the department allows an applicant to provide proof of a line of credit with a financial institution. Signature Group, LLC provided this documentation.

PROJECT DESCRIPTIONS

Under the Medicare payment system, hospice care benefits may consist of the following services: physician and clinical services, nursing care, medical equipment and supplies, symptoms control and pain relief management, hospital based short-term care, respite care, home health aide and homemaker services, physical and occupational therapy, speech-language pathology services, social worker services, dietary counseling, spiritual counseling, grief and loss counseling for patients and family, short-term inpatient pain control and symptom management and respite care.[15]

Continuum Care of Pierce LLC

Continuum proposes to establish a Medicare and Medicaid-certified hospice agency to serve the residents of Pierce County. The agency would be located at 5727 Baker Way NW, Suite 103, in Gig Harbor [98332], within Pierce County. [source: Application, pdf8]

Services to be provided by the hospice agency directly or through contract include:

- Skilled Nursing,
- Home Health Aide,
- Physical Therapy,
- Occupational Therapy,
- Speech Therapy,
- Respiratory Therapy,
- Medical Social Services,
- Palliative Care,
- Durable Medical Equipment,
- Nutritional Counseling,
- Bereavement Counseling,
- Symptom and Pain Management,
- Pharmacy Services,
- Respite Care,
- Spiritual Counseling.
- Music Therapy,
- Equine Therapy,
- Virtual Reality Therapy,
- Homemaker Services,
- Volunteer Services,
- Massage Therapy, and
- Pet Therapy.

[source: Application, pdf10]

All services would be provided directly by Continuum except; speech, physical, occupational, and respiratory therapies, dietary, and pharmacy services, which would be contracted. [source: Application, pdf10]

Continuum identified July 2022 as the anticipated month and year it would begin providing Medicare and Medicaid-certified hospice services to Pierce County residents. In response to a screening question, Continuum provided the following clarification related to its proposed timeline for this project.
"*The following is a general list of the tasks expected to occur between CN approval and survey (estimated to be May 2022). This list is not exhaustive but demonstrates the number of tasks involved in the establishment of a new hospice agency.*

- *Recruiting and Hiring Staff (Advertising, Interviewing, Screening, Required Paperwork, etc.)*
- *Onboarding of Staff (Orientation, training, in-service, evaluation)*
- *Setting up Office (furniture, office supplies, telephones, fax, copiers, computers, licenses, signage, etc.)*
- *Notification to Vendors (Establishing set-up dates, ordering needed products/supplies, equipment/technology)*

[15] Medicare Hospice Benefits, page 8 Centers for Medicare & Medicaid Services. CMS Product No. 02154, Revised March 2020.

- *Software setup/implementation*
- *Community Education/Outreach/Marketing*
- *Serving Patients required prior to CHAP survey*
- *Awaiting Survey*"
  [source: March 31, 2021, screening response, pdf3]

Based on the timeline identified by the applicant, full calendar year one of the project is 2023 and full calendar year three is 2025.

Continuum identified an estimated capital expenditure of $108,800 for this project. The costs are for office and IT equipment, software, leasehold improvements, legal and consulting fees, and applicable sales tax. There is no construction associated with this project. [source: Application, pdf24]

Envision Hospice of Washington, LLC

For this project, Envision proposes to expand its Medicare and Medicaid-certified hospice services to the residents of Pierce County. Envision plans to co-locate its operational functions with its affiliated home health agency, located at 1818 South Union Avenue, Suite 1A, Tacoma, [98405] within Pierce County. However, its mailing address will be at its parent offices located at 402 Black Hills Lane Southwest, Suite 402-B, Olympia [98502] within Thurston County. [source: Application, pdf8]

Services to be provided by the hospice agency directly or through contract include:

- Nursing care,
- Medical social worker,
- Speech-language pathology services,
- Physical and occupational therapies,
- Dietary,
- Pastoral care,
- Home care aide,
- Interdisciplinary team,
- Medical Director,
- Medical appliances and supplies, including drugs and biologicals,
- Inpatient hospital care for procedures necessary for pain control and acute and chronic system management,
- Inpatient (nursing home) respite care to relieve home caregiver as necessary,
- 24-hour continuous care in the home at critical periods,
- Bereavement service for the family for 13 months, and
- Is available to nursing home resident

[source: Application, pdf9-10]

All services would be provided directly by Envision except; speech-language pathology services, physical and occupational therapies, dietary, medical equipment, inpatient hospital care, and inpatient (nursing home) respite care, which would be contracted. [source: Application, pdf9-10]

If approved, Envision expects to begin providing Medicare and Medicaid-certified hospice services to the residents of Pierce County by January 2022. Given this timing, calendar year 2022 is the first full calendar year of operation and year 2023 would be the third full calendar year of operation. [source: Application, pdf12]

The estimated capital expenditure for the project is $7,000. The costs are for furniture, phones, computer equipment, copier, and applicable sales tax all needed to equip the hospice agency. There is no

construction associated with this project. [sources: Application, pdf29 and April 26, 2021, screening response, pdf4]

Public Comment

Continuum Care of Pierce – Oppose [source: pdf5-6]

"*i.* ***Timeliness***

Envision Hospice (Envision) was approved in September 2018 to serve Thurston County and in the fall of 2019, it was approved to serve King and Snohomish Counties. It was also approved in the fall of 2020 to operate in Kitsap County. The table below compares the information submitted in each application about opening date and compares it to actual experience."

Commenter's Table

County	Date Estimated for Opening in CN	Actual Opening	Estimated Year 1 Census (Per Application)	Actual Year 1 Census per Survey or 2021 Pierce Application
Thurston	October 2018	July 2019	Estimated Year 1 ADC (2019) was 24.7 (1st full year of operation).	22
King	January 2020	2020 (notified Program project complete in 9/2020)	Estimated Year 1 ADC was 18.7 (114 admissions)	Per current Pierce application, Combined 2020 census for all counties (King, Snohomish, and Thurston) reported to be 100 admissions.
Snohomish	January 2020	Pierce screening indicates Snohomish services have commenced.	Estimated Year 1 ADC (2019) was 18.7.	See above
Kitsap	January 2021	Not known	Estimated Year 1 ADC (2021) was 19.	Unknown

"*Envision is currently operating 4 hospice agencies under their parent agency 'Envision Hospice of Washington, LLC,' in Thurston, Snohomish, King, and Kitsap counties. This CN proposes the addition of a fifth agency in Pierce County under the parent agency. Signature would like Envision to clarify if this CN project is going to be a new branch or an expansion of one of their current operations into a new county. Will Envision be filing the proposed project as a new child branch with Medicare?*

Signature would also like to request clarification on how the Thurston County Envision Hospice is able to currently see patients in Pierce County. Envision's application references the 'Governor's certificate of need waiver program' to explain how they are operating currently in Pierce County. Signature is interested in understanding how a CN being awarded to Envision would change or impact their ability to provide Hospice services in Pierce County considering that they are already operating there."

Envision Hospice of Washington Rebuttal Comment [source: pdf6-8, pdf20-23, and pdf24-25]

"***Project Timeline***
The original project timeline was prepared during the initial Envision Hospice of Washington, LLC Thurston County application preparation in September 2017 with an anticipated decision date of June 18, 2018; and a first full year of operation expected in 2019. This allowed a total of 6 – 7 months of project implementation after the initial proposed decision. The actual project implementation process took 24 months from the expected decision date to CMS certification.

In reviewing the entire timeline, delays attributable to activities within Envision's control represented less than 2 months of for the overall 2-year implementation period – Envision had taken into account delays like this in the 'slack time' component of critical path project planning. Envision did not anticipate a pandemic. Until any hospice receives its CMS certification notice it would be foolhardy to conduct hospice outreach activities and care for Medicare beneficiaries with no assurance of reimbursement. In this case, all four counties were delayed in initiating outreach and full services until certification was confirmed and initiating a safe and cost effective roll-out of hospice services in four separate counties was a very complex task. After COVID-19 infected Washington State, staff recruitment, outreach and virtually every implementation step was adversely affected. This was not unique to Envision, all healthcare entities were negatively affected.

Implementation Schedule
Envision has now staged the openings in the four counties sequentially to safely and cost effectively fully implement the four separate certificate of need applications in a four county area during the COVID-19 pandemic and in the process leading up to approval of the Pierce County project. Envision determined to open hospice services in Thurston County and in King County where it already had an established home health agency in 2020. 2020 became a partial year for both Thurston County and King County with the first full year of operation being 2021. 2022 will be the first full year of operation for both Kitsap and Snohomish County with 2021 being partial years.

Implementation of Envision Hospice Services in Pierce County In Response to Governor Inslee's Emergency Proclamation 20-36
In 2020, Envision presented Pierce County utilization forecasts (CN 20-36) showing 2021 (Year 1), 2022 (Year 2) and 2023 (Year 3) average daily census of 30 patients, 45 patients and 60 patients, respectively. These volumes in turn generated the remainder of the pro forma. The Program reviewed these projections as noted next:

> *'Department Evaluation: The department considers the rationale and assumptions relied upon by Envision to propose the establishment of an additional Medicare and Medicaid hospice agency to serve the residents of Pierce County to be reasonable. The applicant relied on the department's in combination with its own numeric methodology to comply with this sub-criterion and included a discussion of specific populations that it believes are currently underserved in Pierce County.*
>
> *The approval of an additional provider in the planning area will result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that Envision provided reasonable rationale to support its project and the statements in the application support need for this project.* ***The department concludes that this sub-criterion is met.***

In this application CN 21-48, Envision used the same admissions, length of stay and average daily census that it used in its 20-36 CoN application. Please not that Envision conservatively advanced the calendar year data by one year for Year 1, Year 2 and Year 3. Furthermore, even though the Program previously concluded that the Envision approach met the utilization sub criterion in 2020 as reasonable to generate its pro forma – even though the projected Need increased from an Average Daily Census of 60 hospice patients in the 2019/20 cycle to 67 patients in the current 2020/21 review cycle. This increase in Need which converts to utilization represents a 12% increase in utilization. As stated earlier, Envision has chosen to remain conservative while Washington State re-emerges from this pandemic that has adversely affected every phase of personal and business life. As a result, our previous Program-approved utilization approach is not 'overly optimistic' but is indisputably reasonable and is conservative.

Envision can add its experience in responding to Governor Inslee's emergency Proclamation 20-36 that further supports the reasonableness of the Envision utilization projection and Envision's capability in serving hospice patients and translating Need into Hospice Utilization. We note that Providence Seattle Hospice and Continuum in Snohomish County although being fully certified, did not respond to Governor Inslee's emergency request under Proclamation 20-36. Envision responded thus proving our enthusiasm, commitment and loyalty to Washington State.

Regarding hospice, it is worth noting that Providence has significant market share due to their time spent in Washington and tremendous name recognition. Envision finds it curious that despite their marketing prowess, they focused solely on Providence Health and Services – Washington management employees for services in King County; Envision has no cause to challenge their loyalty. Unfortunately, there was only 'in-reach', no outreach to examine hospice need in Pierce County and the business plan for how Providence would meet that need is missing in action.

The Envision model is to share space, personnel and overhead – and providing 'treatment teams' treatment teams are set up to serve hospice patients in their normal conventional service areas so they grow by adding 'hospice teams'. As such management is based on geographic area and teams. To develop a continuous based hospice agency. Envision's applications are looking at a rational contiguous service area, In the cased of Providence, they take a model of serving separate areas."

"*1. Timeliness in implementing projects*
Overview of Rule-Based Certificate of Need Implementation: *As an overview it is important to point out that applicants have 2 years to implement a certificate of need project. Implementation usually means commencing to serve patients. Envision had no intention of delaying implementation or commencing. The two-year window is provided to allow approved applicants to carry out their pre-commencement activities and to address unforeseen changes. In this case, the COVID-19 pandemic, a 100-year disease event has been specifically recognized by the Program as an unforeseen event as reported by our consultant on an application unrelated to Envision projects. The delay in the Envision Hospice of Washington, LLC certification had a ripple affect across all approved county extensions of the service area since CMS would not participate in reimbursement until a new agency was certified. A natural by-product of this delay in each county service area was that the first full year of service changed for each county, which will be discussed next.*

In regard to the Continuum concern timeliness concern, the CoN completion process that includes responding to the Program's findings pushed the project approval to year-end 2018. The certificate of

need was declared complete in July 2019 and Envision proceeded to develop the required patient base to support a CMS certification survey. That survey was requested by Envision and was not completed until January 31, 2020. Envision continued to maintain services at a minimum level until it received its CMS certification to participate in the Medicare program, which was not received until June 1. 2020, a delay to CMS caused by COVID-19. Envision then initiated full outreach efforts. Most de novo agencies do not proceed to full outreach operations until they receive their certification notice. That effort is re-summarized below:

This process represented an orderly roll out in extraordinary, pandemic times of a complex project. During the project three out-of-area, new-hire, county-based administrators were replaced for COVID-19 related health and work related issues for the new-out of area hires. A brief listing of key milestones in implementing a single hospice agency over four county service areas follows:

1. *For Envision Hospice of Washington, LLC the project was completed in July 2019 with the first patient admitted on July 3, 2019. It took nearly 2 months to admit the 5 patients required for requesting certification. After that time period was completed, Envision maintained an average daily census of at least 3 patients as it waited for a survey that is not pre-scheduled by the ACHC.*
2. *The CMS certification survey was completed on January 20, 2020, and ACHC informed Envision of approved accreditation for the hospice with a recommendation to CMS of initial deemed status on February 6, 2020, with an effective date of January 31, 2020.*
3. *Due to COVID-19, CMS delayed certifications for new agencies and did not notify Envision that it was authorized to start billing Medicare claims until May 11, 2020. Attachment 2 provides a copy of the certification notice which set the effective date for claims to January 31, 2020. With this information, Envision moved from maintaining its agency at minimum levels to moving forward with full operations in July 2020, which represents a partial year of operation. 2021 represents the first full year of operation for Thurston County.*
4. *Due to the COVID-19, CMS delayed certifications for new agencies, receipt of the May 11, 2020, notice to Envision Hospice of Washington, LLC was simultaneous with the receipt from the Department on May 11, 2020, that as of May 4, 2020, that all CoN conditions had been met. The first King County patient was admitted on May 11, 2021, so 2020 will be a partial year of operation for hospice services in King County. 2021 now represents the first full year of operation.*
5. *Due to the COVID-19, CMS delayed certifications for new agencies delayed Envision in commencing the project in Kitsap County until 2021. The Department provided notice on March 24, 2021, that all CoN conditions had been met. Kitsap County is now ready to admit hospice patients. 2021 will be a partial year with the first full year of operation being 2022.*
6. *Due to the COVID-19, CMS delayed certifications for new agencies delayed Envision in commencing the project in Snohomish County until February 2021. 2021 will represent a partial year of operation, while 2022 will represent the first full year of operation in Snohomish County. Envision is prepared to admit hospice patients and plans to be available for all Snohomish County patients in September 2021.*
7. *Envision started to provide hospice services in response to Governor Inslee's Proclamation 20-36 admitting its first patient on April 20, 2020 . During 2020, Envision admitted 20 patients. From January to June 2021, Envision admitted 19 Pierce County hospice patients on a limited outreach basis. A total of 24 Pierce County patients have been served during the first months of 2021.*

In its testimony, Continuum referred to its rapid roll-out of hospice services in Snohomish County after it received a certificate of need approval in August 2019. indicated that it began serving patients within 7 months in either February or March 2020. Although in separate testimony it indicated that it completed implementation in 8 months. Apparently, Continuum completed its survey requirements and received notice from CMS that it was approved to submit claims to Medicare before the onset of the COVID-19 pandemic in the United States and before CMS suspended certification reviews for de novos. Further claims for new agencies after the onset of the pandemic were delayed by CMS to process emergency situations.

Continuum provided additional comments on the success of its roll out in Snohomish County and while we celebrate Continuum's results, the metrics reported are unclear as to the level of services provided during 2020 and that information is not available at this time. However, when there has been a finding of Need for 6 new agencies in Snohomish County, it is not particularly surprising that Continuum achieved success when other hospice providers were shackled in their ability to respond due to COVID-19 and the back-up of de novo certifications.

***Envision Response:** Continuum points to historical utilization not being met in calendar year periods in the Pre-COVID projection of utilization in the four approved Envision Hospice certificates of need rather than utilization by project year (e.g., Year 1, Year 2 etc.) . Continuum completely ignores the impact of COVID-19 in limiting outreach activities in Thurston, King, Snohomish, and Kitsap counties instead focusing on its own unique situation of open access to the entire county population in Snohomish County.*

The Program has already reached a conclusion on the utilization projection for the Pierce County service area for the Envision Hospice of Washington, LLC project. Envision chose to not increase volume in the 2020/21 project that it used in the 2019/20 prior year's application: even though population has increased and Envision has been able to begin outreach to Pierce County In the previous review of the eight 2019/20 Envision CoN Pierce project, the Program reached the following conclusion:

> *'The department finds that Envision's ADC of 60 in year three is 8.2% of the anticipated need in Pierce County, and since it is also substantiated is reasonable.'*

The only changes that have taken place in the utilization projections initially preprepared in 2019 is that COVID-19 struck; population increased; and Envision responded to the Governor's call to action and admitted 39 Pierce County patients from April 2020 through June 31, 2021 – 20 separate hospice patients have been admitted in January through June 2021. The expectation is that since Envision is already on the ground with home health and hospice in Pierce County it will definitely meet its utilization projections for its first three years of operation because it left unchanged the first three years of expected utilization from the prior application period when the Program concluded that the Envision Pierce County utilization projections are reasonable in a post COVID-19 shutdown period. ***The only remarkable factor is that Continuum of all agencies would question the ability to achieve the Envision proposed volume levels given that Envision is already providing services in a situation similar to Continuum's Snohomish experience.***" [**emphasis** in original]

"***Envision Response to Question 1:** Envision Hospice of Washington, LLC was notified that it was CMS certified by Medicare on May 11, 2020, in a June 1, 2020, letter, to participate in the Medicare program retroactive to January 30, 2020. The Program approved certificate of need applications to expand the initial Thurston County service area to include King County, Kitsap County and Snohomish County.*

These 4 county service areas are operated under the Envision Hospice of Washington, LLC license and certification. Envision Hospice of Washington received certificates of need to serve Thurston County in September 2018 and to serve Snohomish and King Counties in November 2019 and Kitsap County in October 2020. The mailing address of Envision Hospice of Washington's parent office in Washington State is:

Envision Hospice of Washington, LLC
402 Black Hills Lane SW
Suite 402-B
Olympia WA 98502

Envision Hospice of Washington, LLC will share office space for Pierce County hospice services with Envision Home Health of Washington, LLC in Tacoma. See Appendix 5 for additional information.

Envision Response to Question 2: *Governor Inslee issued Proclamation 20-36 in response to the which went into effect on March 31, 2020, in response to the COVID-19 outbreak. Proclamation 20-36 suspends certain portions of licensing and administrative statutes enforced by the Department of Health in order to remove barriers to adding beds to facilities to meet increased demands created by the COVID-19 pandemic. This included hospice agencies*."

Department Evaluation

Continuum provided public comment which compared Envision's historical start-up timelines and census projections to what it proposed in Envision's application materials.

Envision responded to this in rebuttal acknowledging that it has missed some of its projected timelines and census projections due to COVID delays; which have impacted every part of its operations. Envision notes that this is not unique to Envision's operations, as many healthcare entities were negatively affected by the pandemic. Further, Envision states that Certificate of Need Program rules allow applicants two years to commence an approved project. In addition to this, Envision states that comparing counties with varied amounts of need is not helpful in gauging the success of one applicant in one county to another applicant in another county.

In the comment period Signature asked how Envision was structuring its Pierce operations and how it was currently able to serve patients in Pierce County.

Envision responded in rebuttal detailing again its plans for expanding existing services to include hospice services to Pierce County residents. To respond to Signature's second comment, Envision stated its Pierce County services are permitted by Governor's Inslee's Proclamation 20-36. Proclamation 20-36 was signed on March 30, 2020 this Proclamation states in part "*I also find that strict compliance with the following statutory and regulatory obligations or limitations will prevent the health care system in Washington State from meeting the demand for health care facilities to meet the demands of the COVID-19 State of Emergency under Proclamation 20-05, and that the language of each statutory and regulatory provision specified below is hereby waived and suspended in its entirety,*" and the Proclamation provides a list which includes Revised Code of Washington 70.38.105(4)(a) and Washington Administrative Code 246-310-020(1)(a) which are the statutory and regulatory authorities that require Certificate of Need Program review for hospice services.

Additionally, there are no requirements prescribed in law or rule that allow for approval or denial of a hospice application based on an applicant's past performance as related to meeting its projected timeline or census. In conclusion, the department finds Envision's project description and its projected implementation date to be reasonable.

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

Pennant proposes to establish a Medicare and Medicaid-certified hospice agency to serve the residents of Pierce County. The agency would be co-located with Pennant's existing home health agency located at 4002 Tacoma Mall Boulevard, Suite #204, in Tacoma [98409] within Pierce County. The applicant clarifies that the Pierce County agency would have its own state license. [sources: Application, pdf9 and March 31, 2021, screening response, pdf4]

The applicant provided the following list identifying the services it intends to provide. [source: Application, pdf10]

Applicant's List

✓ Skilled Nursing	✓ Durable Medical Equipment
✓ Home Health Aide	✓ IV Services
✓ Physical Therapy	✓ Nutritional Counseling
✓ Occupational Therapy	✓ Bereavement Counseling
✓ Speech Therapy	✓ Symptom and Pain Management
✓ Respiratory Therapy	✓ Pharmacy Services
✓ Medical Social Services	✓ Respite Care
✓ Palliative Care	✓ Spiritual Counseling
✓ Other (please describe) Massage, Pet Therapy, Music Therapy, Reiki, Aromatherapy, and We Honor Veterans program.	

In response to a few screening questions, Pennant provided the following clarifications of its assumed timeline.

"*While we assume a September 2021 certification, meaning the Certificate of Need being awarded based on the CN department schedule, we would not begin operations, which includes serving patients, until January 2022. We plan to use the time between September and January to prepare for operations. This includes seeking and hiring staff, building relationships in the community, and other setup activities. January 2022 through May 2022 includes serving patients as we prepare for the ACHC accreditation survey, passing the survey, and then receiving the Medicare certification in May 2022.*" [source: March 31, 2021, screening response, pdf5]

"*We will begin operations for Puget Sound Hospice of Pierce County in January of 2022, which includes serving patients as we move toward the ACHC accreditation survey. We plan to be prepared for ACHC survey in February, we will then schedule the survey, and expect the survey to take place in March. We will not be Medicare certified until we pass the ACHC survey, which, as stated earlier, we anticipate passing in March of 2022. Upon passing the survey, ACHC notifies CMS, and we anticipate within two months receiving the Medicare certification CCN#."* [source: March 31, 2021, screening response, pdf13]

Based on the timeline identified by the applicant, full calendar year one of the project is 2023 and full calendar year three is 2025.

Pennant identified an estimated capital expenditure of $5,000 for this project. The costs are for a phone system and IT equipment and corresponding tax. There are no construction costs for this project. [sources: Application, pdf24 and March 31, 2021 screening response, pdf6-7]

Public Comment
Signature Group – Oppose [source: pdf7]
"*The startup timeline provided by Cornerstone in their application and concurrent review does not provide great clarity into when they plan to be operational. In parts of the application and concurrent response, January 2022 is provided as the start date for the operation but in other areas May 2022 is said to be the start date. This can be seen in Cornerstone's answer to question 6 in their screening response. At the beginning of the response, Cornerstone states that they will be fully operational January 2022 but later says that they would provide projections through 2025. This lack of clarity surrounding Cornerstones start up timeline makes understanding their intentions and start up plan very difficult*."

The Pennant Group/Symbol Rebuttal Comment [source: pdf6]
"*Signature misunderstands the meaning of the terms operational and completion in our screening response. The operational date of January 2022 is the date we begin serving patients and incurring all the normal operational costs for serving those patients. The May 2022 completion date is the date we expect to be Medicare certified and Medicaid eligible. The projections we submitted in the screening response covers the three years from completion. The CN analysts were satisfied with the projections we submitted through 2025, as the same calculations for admissions, ADC, ALOS and FTE's that are used for 2023 and 2024 apply to 2025*."

Department Evaluation
Signature commented that statements within Pennant's application materials are confusing making it difficult to understand Pennant's intentions and start-up plan. Pennant clarified in rebuttal its two starting dates are for two unique sets of patients. In May 2022, services to patients who are Medicare and/or Medicaid-eligible; as distinct from patients who are not Medicare and/or Medicaid-eligible in January 2022. The department finds this rationale and explanation reasonable.

Providence Health & Services-Washington dba Providence Hospice of Seattle
Providence Hospice operates out of its branch office in Tukwila, Washington, and is currently licensed to provide hospice services in King County. In addition, Providence operates other agencies that provide hospice services in the following Washington counties: Island, Klickitat, Lewis, Mason, Skamania, Snohomish, and Thurston counties. Further, Providence Hospice of Oregon (based in Portland) was recently awarded a CN to operate a hospice agency in Clark County, Washington. [source: Application, pdf9]

This application from Providence proposes to extend the currently operational King County Medicare and Medicaid certified agency's services into Pierce County. The agency currently operates at 2811 South 102nd Street, in Tukwila [98168] within King County. [source: Application pdf15]

Within its screening responses, Providence provided the following clarification of the address for the proposed services. [source: March 31, 2021, screening response, pdf6]
"Yes, we confirm that the address in the body of the application (2811 S 102nd Street, Tukwila, WA 98168) is the same physical location as the address listed in the documents provided in Exhibit 18 (2811

South 102nd Street, Seattle, WA 98168). The United States Postal Service recognizes both addresses as being valid."

The United States Postal Services (USPS) website provides a link to search a city name by ZIP code.[16] The results of that search for ZIP code 98168 shows the 'recommended city name' is Seattle, while other city names recognized for 98168 are Burien, SeaTac, and Tukwila. Based on the USPS search, if the Providence project is approved, the address of the site will be identified as: 2811 South 102nd Street, Seattle, Washington, 98168.

Providence provided the following table and statements regarding the services that would be provided in Pierce County. [source: Application, pdf17]

Applicant's Table

☑ Skilled Nursing	☑ Durable Medical Equipment
☑ Home Health Aide	☑ IV Services
☑ Physical Therapy	☑ Nutritional Counseling
☑ Occupational Therapy	☑ Bereavement Counseling
☑ Speech Therapy	☑ Symptom and Pain Management
☑ Respiratory Therapy	☑ Pharmacy Services
☑ Medical Social Services	☑ Respite Care
☑ Palliative Care	☑ Spiritual Counseling
☑ Other (please describe) Please see explanation below	

"Other hospice services to be provided by this agency include, but are not limited to, massage therapy, music therapy, and pet therapy."

Providence states that there is no capital expenditure associated with expanding Medicare and Medicaid hospice services into Pierce County. [source: Application, pdf36]

If approved, Providence expects Medicare and Medicaid hospice services would be available to the residents of Pierce County in January 2022, based on a September 2021 decision date. [source: Application, pdf11] Given this timing, year 2022 would be the first calendar year of operation and year 2024 would be year three.

Public Comment

Continuum Care of Pierce-Oppose

"Providence Hospice received CN approval to establish a hospice agency in Clark County in the Fall of 2019. It proposed to be operational within three months of operation. According to the Program's progress reports, services did not commence until February 2021.

On June 8, 2021, Continuum made a patient inquiry call to Providence Hospice to ask about services in Clark County. The caller was told that the services are 'in flux' and that Providence is new to Clark

[16] USPS website: https://www.usps.com.

County and not able to serve all of the County. The caller was not provided with any additional information on how to access hospice services elsewhere."

Providence Hospice Rebuttal Comments

"Contrary to Continuum's claim, there are no issues with respect to Providence Hospice's ability to commence operation of its proposed Pierce County hospice program in a timely manner.

Continuum claims that there are purported "timeliness" issues with respect to Providence Hospice's ability to commence operation of its proposed Pierce County hospice program. Continuum's claim is based solely upon two items relating to the Clark County hospice agency operated by Providence Health & Services-Oregon d/b/a Providence Hospice ("Providence Hospice"): (1) the timeline of the establishment of the agency and (2) a single "patient inquiry call" made by Continuum on June 8, 2021, to Providence Hospice regarding "services in Clark County." As discussed below, the two items cited by Continuum certainly do not provide a basis for the denial of Providence Hospice's application. Nor do they establish that Continuum's Pierce County proposal is a superior alternative to Providence Hospice's proposal. Continuum's argument is ironic given the fact that Continuum's owners have a recent history of divesting themselves of hospice agencies after a short period of operation, and replacing them with "new start-ups," as we discussed in our public comments. Hence, there are serious questions regarding Continuum's long-term commitment to remaining in communities in which they establish hospice agencies.

With regard to the Clark County hospice agency, the Department issued Certificate of Need #1829 to Providence Hospice on December 11, 2019, approximately two months prior to the emergence of the COVID-19 pandemic. Providence Hospice's scheduled plans for commencing operation of the Clark County agency were paused due to the COVID-19 public health emergency, and the accompanying emergent needs of patients and their families, and issues relating to the staffing of all of Providence's existing programs. In its quarterly CN Progress Reports on the Clark County project, Providence Hospice advised the Department of the current status of the project, including noting the following: "Due to the impacts of COVID-19 and the immediate emergency response needs of our agency, Providence Hospice has slowed its implementation efforts." However, despite the impact of the pandemic, the agency began providing services in Clark County in February of 2021, well within the permitted 2-year commencement period for the project set forth in CN #1829.

Providence Hospice and the Providence health care system have a lengthy history of establishing and operating hospice agencies in Washington. We intend to perform in the same fashion in establishing and operating a hospice program in Pierce County. Even in the midst of the unprecedented crisis of COVID-19, we continued to increase the number of patients and families served by our hospice agencies, and we look forward to doing the same in Pierce County. There is no basis for Continuum's claim that Providence Hospice will not be able to commence operation of its proposed Pierce County hospice program in a timely manner."

> Footnote #45 within the rebuttal responses above states: *"Continuum's contrived single "patient inquiry call" to Providence Hospice "to ask about services in Clark County" (Continuum Public Comments, p. 5) provides no relevant information about the services being offered by the Clark County hospice agency. Continuum also states that it made similar "patient inquiry calls" to a hospice agency operated by Symbol Healthcare, Inc., another applicant. (Continuum Public Comments, p. 5.) This sort of activity does not provide any information that is relevant to the Department's review of a CN application, nor can it provide a basis for the Department's decision on an application*."

Departments Evaluation

For clarification, once a project is approved and a CN is issued, the certificate holder has two years from the date of issuance to commence the project. When no construction is involved, as is typical with an in home service project, the approved project must be complete (providing services) as of the expiration date of the issued CN. [sources: WAC 246-310-010(13) and WAC 246-310-580(1)] Once a project is issued a CN, the certificate holder is also prompted to complete and return quarterly progress report through project completion. [source: WAC 246-310-590] The progress report informs the CN program of certain milestones toward completion of the project and requests specific information if a project is delayed.

Specific to the concurrent year 2019 application submitted by Providence, the Medicare and Medicaid hospice services were projected to be available to residents of Clark County '*within three months of CN approval*.' CN #1829 issued on December 11, 2019, and was valid through December 11, 2021. Under this timeline, Providence expected to be available to Clark County residents by April 2020. In its rebuttal responses above, Providence asserts that it informed the CN Program of any delays encountered. A review of the completed progress reports for CN #1829 substantiates the assertion. The Portland Oregon hospice agency began providing Medicare and Medicaid hospice services to residents of Clark County Washington in February 2021. The services were delayed almost one year.

It is unclear why Continuum provided the comments regarding Providence's delay in providing services to residents of Clark County. Continuum does not appear to assert that this project, or any project, should be denied if the applicant's operational timeline identified in the application is delayed. Continuum also does not appear to suggest that this point should be used to determine superiority for these six Pierce County projects. Regardless of the intent, Providence did begin providing Medicare and Medicaid hospice services to the residents of Clark County prior to the expiration date of CN #1829.

AccentCare, Inc./Seasons

This project proposes to establish a Medicare and Medicaid certified hospice agency in Pierce County to be located at 4301 South Pine Street in Tacoma [98409] within Pierce County. [source: Application, pdf9]

The applicant provided the following statements regarding services to be provided from the new agency. [source: Application, pdf9]

"Hospice services include nursing care, pastoral care, medical social work, respite services, home care, as well as 24-hour continuous care in the home at critical periods and bereavement services for the family. Seasons Pierce County proposes an integrated service delivery system that includes the capability to provide palliative care as well as end of life care. The target population resides in Pierce County. The ***Circle of Care*** *describes the approach to service delivery that places the patient at its center."*

The estimated capital expenditure for this project is $91,680 which is solely related to office equipment, furnishings, and any related sales tax. There are no construction costs for this project. [source: Application, pdf64]

If approved, the applicant expects the Medicare and Medicaid certified hospice agency would be available to the residents of Pierce County in July 2022. Given this timing, year 2023 is the first full calendar year of operation and year 2025 would be year three. [source: Application, pdf17]

Signature Group, LLC

The applicant states that Signature Healthcare at Home currently leases an office location used for home health services. Signature proposes the hospice agency would be co-located in that location at 909 South 336th Street, #100 in Federal Way [98003], within King County. [source: Application, pdf7]

Signature provided a table identifying the services to be provided through the hospice agency, either directly or contracted. The table shown below. [source: Application, pdf9]

Applicant's Table of Services to be Provided

Table 2. Services to be Provided by Signature Hospice Pierce, LLC

X□Skilled Nursing	X□Durable Medical Equipment
X□Home Health Aide	□ IV Services
X□Physical Therapy	X□Nutritional Counseling
X□Occupational Therapy	X□Bereavement Counseling
X□Speech Therapy	X□Symptom and Pain Management
□Respiratory Therapy	X□Pharmacy Services
X□Medical Social Services	X□Respite Care
X□Palliative Care	X□Spiritual Counseling
□ Other (please describe)	

Signature Hospice identified an estimated capital expenditure of $12,500 for this project. The costs are for IT equipment, furniture, signage, an initial inventory of supplies for the agency, and associated sales tax. There are no construction costs for this project. [source: March 31, 2021, screening response, pdf2]

If approved, Signature Hospice intends to begin providing Medicare and Medicaid hospice services to the residents of Pierce County by January 2022. Based on the timeline identified by the applicant, full calendar year one of the project is 2022 and full calendar year three is 2024. [source: Application pdf8]

Public Comment

Continuum Care of Pierce-Oppose

"Timeliness

Signature has no past CN approvals in Washington, and, as such, Continuum has no information from which to compare. Despite having no existing Washington agency, Signature has assumed that it will be able to commence operations in January 2022. Even if they opt to become a licensed only agency before the CN is approved, it will take, at least, six months from approval to become certified. Signature's timeline is not realistic and hence, its financials (patient day projections) cannot be relied upon, and the immediate and long-range capital and operating costs cannot be met as required by WAC 46-310-220."

Signature Group Rebuttal Comments

"The startup timeline for Signature Hospice Pierce is aggressive, but reasonable if the state awards the CON by the end of September. Over the last year, Signature has been working on starting up home health, hospice, and home care agencies across Oregon and have a good understanding of the timeline for Medicare approval. Since this would be our first hospice in Washington, the timeline is based on our relevant experience in Oregon. If the Medicare application and license application are submitted within a week of receiving the CON, then three months to receive the approval from Medicare and the state would be consistent with our experience in Oregon."

Department's Evaluation

Continuum's comments suggest that the Signature application's projected timeline of beginning Medicare and Medicaid hospice services within three months of approval is not achievable and, in fact, may take six months, rather than three months as identified. Signature responds that if a favorable CN decision is released in September 2021, while the timeline is aggressive, it is reasonable. The department concurs with Signature that the three-month timeline is aggressive. This conclusion is reached for three main reasons:

- this decision was delayed by 30 days – October 2021, rather than September 2021;
- the unexpected continuation of the COVID pandemic across Washington and the nation; and
- the unforeseen staffing shortage that appears to be related to the pandemic.

Once again, though, Continuum does not appear to assert that this project, or any project, should be denied if the applicant's operational timeline identified if the application is delayed. Continuum also does not appear to suggest that this point should be used to determine superiority for these six Pierce County projects. If this project is approved, as with all CN approvals, quarterly progress reports will be required to be completed by the certificate holder and any delays are required to be explained in the reports.

In summary, each of the six applicants identified a different timeline for beginning hospice services in Pierce County. The timelines are summarized below by applicant.

Department's Table 3
Summary of Timeline by Applicant

Applicant	Begin Hospice Services	Three Full Calendar Years
Continuum Care of Pierce LLC	July 2022	2023, 2024, and 2025
Envision Hospice of Washington, LLC	January 2022	2022, 2023, and 2024
The Pennant Group, Inc.	May 2022	2023, 2024, and 2025
Providence Hospice	January 2022	2022, 2023, and 2024
AccentCare, Inc./Seasons	July 2022	2023, 2024, and 2025
Signature Group, LLC	January 2022	2022, 2023, and 2024

APPLICABILITY OF CERTIFICATE OF NEED LAW

Each of these six applications proposes to establish or expand Medicare and Medicaid-certified hospice services in Pierce County. This action 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. WAC 246-310-290 contains service or facility specific criteria for hospice projects and must be used to make the required determinations.

To obtain Certificate of Need approval, an applicant must demonstrate compliance with the applicable criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment); and WAC 246-310-290 (hospice standards and forecasting method).

WAC 246-310-290(12)

During the review of these six Pierce County hospice applications, comments were submitted suggesting that more than one agency could be approved under this sub-criterion. For the following reasons, the department contends that WAC 246-310-290(12) is not applicable to the review of these six Pierce County applications.

WAC 246-310-290 (12) states:
"*The department may grant a certificate of need for a new hospice agency in a planning area where there is not numeric need.*
(a) The department will consider if the applicant meets the following criteria:
(i) All applicable review criteria and standards with the exception of numeric need have been met;
(ii) The applicant commits to serving Medicare and Medicaid patients; and
(iii) A specific population is underserved; or
(iv) The population of the county is low enough that the methodology has not projected need in five years, and the population of the county is not sufficient to meet an ADC of thirty-five.
(b) If more than one applicant applies in a planning area, the department will give preference to a hospice agency that proposes to be physically located within the planning area.
(c) The department has sole discretion to grant or deny application(s) submitted under this subsection."

This sub-criterion allows the department to grant a certificate of need for a new hospice agency in a planning area where there is not numeric need. It further outlines the criteria to be applied in this circumstance. The numeric methodology for Pierce County shows 1.97 agencies will be needed in the projection year. Given that the department does not approve partial agencies, the results of the numeric methodology are rounded down. As a result, numeric need for one agency exists in Pierce County.

WAC 246-310-290(12) must be read in its entirety to fully understand the intent of the rule. This rule allows the department to accept, review, and possibly approve an application in a county when there is no numeric need. There are many reasons why a county may show no numeric need (surplus), for example, low population growth, under-performing agency(ies) are currently providing services, patients are specifically relocating to other counties to obtain hospice services, maybe for patient choice. Whatever the reason, the rule then allows the department to consider approval of a new provider in these instances.

WAC 246-310-290(12) is not intended to be used for counties that show numeric need, and once applications are approved to meet the numeric need, more agencies are then approved. This illogical read of the rule has the potential to undermine the existing healthcare system.

As a result, specific to these Pierce County hospice projects, this sub-criterion specifically states "…*in a planning area where there is* ***not*** *numeric need*." [emphasis added] Since the hospice numeric methodology projected need for one new agency in Pierce County, WAC 246-310-290(12) does not apply.

MULTIPLE APPLICATIONS FOR THE YEAR 2020 HOSPICE CONCURRENT REVIEW CYCLES

The department received 17 separate applications during the year 2020 hospice concurrent review cycles. Two of the six Pierce County applicants submitted more than one application during the 2020 review cycles. Below is a summary of the applications submitted by each of the six Pierce County applicants:

- Continuum – Pierce County
- Envision – Pierce County
- Pennant – Grays Harbor, Mason, King, and Pierce counties

- Providence Hospice – Pierce County
- AccentCare, Inc/Seasons – King, Snohomish, Thurston, and Pierce counties
- Signature Hospice – Pierce County

While this evaluation focuses on each applicant's Pierce County project, some areas of the evaluation must take into consideration the possibility that an applicant could be approved for multiple counties.

TYPE OF REVIEW

As directed under WAC 246-310-290(3) the department accepted these six projects under the 2020 cycle 2 concurrent review timeline for Pierce County. A chronological summary of the 2020 annual review for Pierce County is shown below.

APPLICATION CHRONOLOGY

Action	Continuum	Envision	Pennant	Providence	AccentCare	Signature
Letter of Intent Submitted	12/29/2020	12/30/2020	12/17/2020	12/22/2020	12/29/2020	12/10/2020
Application Submitted	01/29/2021	01/29/2021	01/29/2021	01/29/2021	01/29/2021	01/29/2021
Department's pre-review activities						
• DOH 1st Screening Letter	02/26/2021	02/26/2021	02/26/2021	02/26/2021	02/26/2021	02/26/2021
• Applicant Responses Received	03/31/2021 04/26/2021[17]	03/31/2021	03/31/2021	03/31/2021	03/30/2021	03/31/2021
Beginning of Review	04/16/21					
Public Hearing	06/11/21					
Public Comments accepted through the end of public comment	06/11/21					
Rebuttal Comments Deadline	07/12/21					
Department's Anticipated Decision	09/27/21					
Departments Anticipated Decision Date with 30 day extension	10/27/21					
Department's Actual Decision	10/27/21					

AFFECTED PERSONS

"Affected persons" are defined under WAC 246-310-010(2). In order to qualify as an affected person someone must first qualify as an "interested person" defined under WAC 246-310-010(34). During a concurrent review, each applicant is an affected person for the other applications. A group of interested citizens did provide public comment, a few of which requested affected person status; however, to qualify the person must also reside in the health service area.

Carollynn Zimmers

Ms. Zimmers submitted a request for affected person status on June 11, 2021 for these applications. Ms. Zimmers' affected person request and comment note her as residing in Poulsbo, Washington. Based on

[17] WAC 246-310-090(2)(d) allows the department to accept responses to the department's screening letters up to ten days after the department has given notification of beginning of review.

the definition of affected person and being that this is an in-home services project review, Ms. Zimmers does not qualify as an affected person for these projects.

Susan Brooks-Young, SJ Brooks-Young Consulting
Ms. Brooks-Young submitted a request for affected person status on June 11, 2021 for these applications. Ms. Brooks-Young's affected person request and comment note her as residing in Bremerton, Washington. Based on the definition of affected person and being that this is an in-home services project review, Ms. Brooks-Young does not qualify as an affected person for these projects.

SOURCE INFORMATION REVIEWED

- Six hospice applications received on or before January 31, 2021
- Six screening responses received on or before March 31, 2021
- Public comments received on or before June 11, 2021
- Rebuttal comments received on or before July 12, 2021
- Licensing and/or survey data provided by the Department of Health's Office of Health Systems Oversight
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Washington State credential verification website at https://www.doh.wa.gov/licensespermitsandcertificates/providercredentialsearch
- Utah State credential verification website at https://secure.utah.gov/llv/search/index.html
- Continuum Care of Pierce LLC website at http://continuumhospice.com
- Envision Home Health and Hospice website at https://www.envisionhomehealth.com/
- The Pennant Group, Inc. website at https://pennantgroup.com
- Providence Health & Services website at http://providence.org
- AccentCare Inc. website at http://accentcare.com
- Signature Hospice, LLC website at https://signaturehch.com
- CMS QCOR Compliance website: https://qcor.cms.gov/index_new.jsp
- CMS Hospice Quality Reporting Program: https://data.cms.gov/provider-data/topics/hospice-care
- Washington State Secretary of State corporation data

PUBLIC COMMENTS

During this Pierce County hospice review much public comment, both in support and opposition, was submitted regarding the six projects. For reader ease, the department will identify who submitted the comments and whether the comments supported or opposed the project.

CONCLUSIONS

Continuum Care of Pierce LLC

For the reasons stated in this evaluation, the application submitted by Continuum Care of Pierce, LLC proposing to establish a Medicare and Medicaid-certified hospice agency in Pierce County is not consistent with applicable review criteria of the Certificate of Need Program and a Certificate of Need is denied.

Envision Hospice of Washington, LLC
For the reasons stated in this evaluation, the application submitted by Envision Hospice of Washington, LLC proposing to expand its existing Medicare and Medicaid-certified hospice agency to Pierce County is not consistent with applicable review criteria of the Certificate of Need Program and a Certificate of Need is denied.

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County
For the reasons stated in this evaluation, the application submitted by The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County proposing to establish a Medicare and Medicaid-certified hospice agency in Pierce County is not consistent with applicable review criteria of the Certificate of Need Program and a Certificate of Need is denied.

Providence Health & Services-Washington dba Providence Hospice of Seattle
For the reasons stated in this evaluation, the application submitted by Providence Health & Services-Washington proposing to expand Medicare and Medicaid certified hospice services into Pierce County is consistent with applicable criteria of the Certificate of Need Program, provided the applicant agrees to the following in its entirety.

Project Description:
This certificate approves the expansion of Medicare and Medicaid certified hospice services to the residents Pierce County. The hospice services would be provided from the currently operational King County agency located at 2811 South 102nd Street, in Seattle [98168] within King County Hospice services provided for Pierce County residents include physician and clinical services, nursing care, symptom control and pain relief management, respite care, home health aide and homemaker services, physical, speech and occupational therapy, social worker services, dietary counseling, grief and loss counseling. Services may be provided directly or under contract.

Conditions:
1. Approval of the project description as stated above. Providence Health & Services 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. Providence Health & Services will maintain Medicare and Medicaid certification.
3. The approved service area for the Medicare and Medicaid certified hospice services is Pierce County. Consistent with Washington Administrative Code 246-310-290(13), Providence Health & Services must provide services to residents of the entire county, regardless of age, for which the Certificate of Need is granted.
4. Providence Health & Services must adhere to the requirements in Revised Code of Washington 70.245.190 for its Pierce County services.

Approved Costs:
There is no capital expenditure associated with expanding Medicare and Medicaid hospice services into Pierce County.

AccentCare, Inc./Seasons

For the reasons stated in this evaluation, the application submitted by Seasons Hospice & Palliative Care proposing to establish a Medicare and Medicaid certified hospice agency in Pierce County is not consistent with applicable review criteria of the Certificate of Need Program and a Certificate of Need is denied.

Signature Group, LLC

For the reasons stated in this evaluation, the application submitted by Continuum Care of Pierce, LLC proposing to establish a Medicare and Medicaid certified hospice agency in Pierce County is not consistent with applicable review criteria of the Certificate of Need Program and a Certificate of Need is denied.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210) and Hospice Services Standards and Need Forecasting Methodology (WAC 246-310-290)

Based on the source information reviewed, the department determines the following applicants **met the applicable need criteria in WAC 246-310-210 and the availability and accessibility criteria in WAC 246-310-290(8).**

- Continuum Care of Pierce LLC
- Envision Hospice of Washington, LLC
- The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County
- Providence Health & Services-Washington dba Providence Hospice of Seattle
- AccentCare, Inc./Seasons

Based on the source information reviewed, the department determines the following applicant **did not meet the applicable need criteria in WAC 246-310-210 and the availability and accessibility criteria in WAC 246-310-290(8).**

- Signature Group, LLC

(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 246-310-290(8)-Hospice Agency Numeric Methodology

The numeric need methodology outlined in WAC 246-310-290(8) uses hospice admission statistics, death statistics, and county-level population projections to predict where hospice services will be needed in Washington State. If a planning area shows an average daily census of 35 unserved hospice patients three years after the application data year, there is numeric need and the planning area is "open" for applications. The department published the final and corrected version of the step-by-step methodology in October 2020 – it is attached to this evaluation as Appendix A.

The numeric methodology follows the Washington Administrative Code standards as written. Any alternate methodologies that historically have been suggested or past public comments that suggest an alternative to the stated rules will not be included in this review.

Six Applicants Numeric Methodology for Pierce County

To demonstrate numeric need for each of their respective projects, all six applicants referenced the department's year 2020 numeric need methodology posted to the department's website in October 2020. The numeric methodology projected a numeric need for one hospice agency in Pierce County for projection year 2022. [sources: Continuum, Application, pdf14 and Exhibit 3; Envision, Application, pdf17-18 and Appendix F; Providence Hospice of Seattle, Application, pdf25; AccentCare, Inc./Seasons, Application, pdf41; Signature Group, LLC, Application, pdf13 and Exhibit 6; and The Pennant Group, Inc., Application, pdf15-17]

There were no public comments or rebuttal comments provided that focus solely on the numeric need methodology for Pierce County.

Department's Evaluation of Numeric Methodology and Need for Pierce County Hospice Projects

The 2020-2021 hospice numeric need methodology was released near the end of October 2020; and followed the steps required by WAC 246-310-290(8). The methodology relies on 2019 historical data; and projects to year 2022. Each applicant acknowledged that the numeric methodology posted to the department's website identifies need for one Medicare and Medicaid certified hospice agency in Pierce County in projection year 2022. The result of the numeric methodology for Pierce County is shown in the table below.

Department's Table 4
Pierce County Hospice Methodology Projection Summary for Year 2022

Year 2022 - Unmet Patient Days divided by 365	67
Year 2022 - Number of Agencies Needed (divide by 35)*	1

* the numeric need methodology projects need for whole hospice agencies only – not partial hospice agencies. Therefore, the results are rounded down to the nearest whole number.

In conclusion, the numeric methodology is a population-based assessment used to determine the projected need for hospice services in a county (planning area) for a specific projection year. Based solely on the numeric methodology applied by the department, there is demonstrated need for one hospice agency in Pierce County. The department concludes that all six applicants demonstrated numeric need for their respective projects.

In addition to the numeric need, the department must determine whether existing services and facilities of the type proposed are not or will not be sufficiently available and accessible to meet the planning area resident's needs. Below is a review of each application as it relates to the department's criterion.

Continuum Care of Pierce LLC

In response to this sub-criterion, Continuum offered the following analysis: [source: Application, pdf14-18]

"*Pierce County's population is expected to exceed 900,000 by 2021. The Department of Health's 2020 hospice need methodology (included in Exhibit 3) projects need for an additional hospice agency this year (2022); the CN Program's identified planning horizon.*

Continuum is committed to serving the entirety of Pierce County, as required by the CN Program. Continuum's managing members have limited experience in Washington State, having just established a new agency in Snohomish County in March 2020. Despite establishing this program during COVID-19, the data to date demonstrates that Continuum Care of Snohomish has exceeded its year one estimates and as of January 25, 2021 had an average daily census of 62. Continuum's programming and operations in Pierce County will be similar.

Pierce County's 2019 Community Health Needs Assessment (CHNA) documents that about a third of the population is nonwhite; 8% live in poverty and nearly 20% speak a language other than English. Life expectancy in Pierce County is slightly less than the State (79.0 vs. 80.3); and Black, American Indian or Alaska Native and Native Hawaiian or Pacific Islander all had life expectancies

lower than Asian, Hispanic and white life expectancies. Not surprisingly, cancer is the leading cause of death. Other top causes of death include heart disease, COPD and Alzheimer's disease.

Today, some Pierce County residents, by virtue of payer or ethnicity/race or gender preference can be underserved, and therefore, by definition experience restricted access (perceived or real) —that is groups that have not accessed hospice care at the same rate as the general population. In 2019, our data estimates that had these underserved groups which include at least the African American, Asian, Native American, dual-eligibles, LGBTQ and the homeless been served at the same rate, the incremental patient volume could be as high as nearly 1,000 additional patients. To a lesser extent, it also includes the general Medicare population as the penetration rate in Pierce County for Medicare is less than the State average.

Further data (2013-2017) from the CDC demonstrates that Pierce County ranks tenth highest (out of 39 Counties), so in the top quartile, for new cancer cases. As shown in Table 2, at 473.7, the Pierce County rate is 9% higher than the State incidence rate of 435 (per 100,000). The higher incidence and death rates are compounded by lower use of Hospice. As shown in Table 2 below, Pierce County residents in general, have higher death rates from cancer. This also applies to blacks and and [sic] *Asian/Pacific Islanders at even higher rates. Yet, as depicted in Table 4 below, hospice use rates are lower for these populations in comparison to the State.*

Applicant's Table

Table 2
Cancer Incidence and Death Rates, 2013-2017

	Pierce County		WA State		Pierce County		WA State	
Racial/ Ethnic Group	Persons	Rate	Rate	Variance to WA State Rate	Person	Rate	Rate	Variance to WA State
American Indian/Alaska Native	289	499.8	427.1	17.0%	73	158.8	153.5	3.5%
White	18,212	481.4	435.9	10.4%	6,268	168.5	151.2	11.4%
All	21,307	473.7	435.0	41.4%	7,268	166.7	148	12.6%
Black	1,243	446.2	416.9	7.0%	431	181.3	155.7	16.4%
Hispanic as a Race	776	421.0	332.1	26.8%	159	109.8	95.9	14.5%
Asian/Pacific Islander	1,271	335.4	308.3	8.8%	496	137.1	109.0	25.8%

Source: U.S. Cancer Statistics Working Group. U.S. Cancer Statistics Data Visualizations Tool, based on 2019 submission data (1999-2017): U.S. Department of Health and Human Services, Centers for Disease Control and Prevention and National Cancer Institute; www.cdc.gov/cancer/dataviz, released in June 2020.

The WAC based methodology assumes that Pierce County's future utilization (rate per 1,000 residents) for all hospice patients will remain flat. However, and while this very conservative assumption produces need for one agency today (2021), it fundamentally fails to address the documented underservice for selected populations and communities that are described in more detail below.

A. Underserved Medicare populations in Pierce County

Continuum acquired 2019 Medicare Fee-For-Service data for Pierce County that demonstrates that hospice utilization for the Medicare Fee for Service population is below the Washington State average and the National median. Table 3 demonstrates this fact. If Pierce County were to achieve the Washington State rate an additional 164 patients would have been served in 2019.

Applicant's Table

Table 3
2019 Pierce County Medicare Fee-For-Service (FFS)Total Beneficiaries Deaths and Deaths in Hospice, Pierce County Compared to Washington State and National

Total # of Pierce County Medicare FFS Beneficiaries who died	5,471
# of Pierce County Medicare FFS Beneficiaries who died while enrolled in Hospice	2,352
Percentage of Pierce County Medicare FFS that Died in Hospice	43.0%
WA State 2018 Average (ranked #37 out of 52, and higher is better)	46.0%
National Median	49.6%

Source: Hospice Analytics, CMS 2019 Annual Limited Data Set Standard Analytics Files and NHPCO 2018 data for the National Median

B. Medicare Fee For Service By Race:

As depicted in Table 4, the percentage of Medicare patients by race who died but received hospice care was even lower for Pierce County when compared to the national median and the Washington State average.

Applicant's Table

Table 4
Deaths in and Utilization of Hospice by Race, 2019

	Pierce								
				Washington	National				
Deaths Under Hospice by Race 2019	Deaths With Hospice Care in 2019*	Total Deaths	% Utilization	% Utilization	% Utilization	Variance to WA utilization	Variance to WA utilization	Estimated Volume at WA Rate	Estimated Volume at National Rate
White	2,423	4,711	51.4%	54.4%	62.1%	-6%	-17%	140	503
Black	119	285	41.8%	41.9%	50.2%	0%	-17%	0	24
Asian	93	190	48.9%	48.6%	47.9%	1%	2%	-1	-2
Hispanic or Latino	17	34	50.0%	46.2%	54.8%	8%	-9%	-1	2
North American Native	16	53	30.2%	38.9%	45.7%	-22%	-34%	5	8
Other	70	137	51.1%	46.6%	49.3%	10%	4%	-6	-2
Unknown	25	61	41.0%	41.4%	43.6%	-1%	-6%	0	2
Total	2,763	5,471	50.5%	53.4%	60.0%	-5%	-16%	159	534

*Source: Developed from Medicare Files, 2019; Bergdata.com. *These are deaths for patients who were enrolled in hospice sometime in the year; these patients were not necessarily on hospice at the time of death. Those numbers would be lower.*

C. Dual eligible Medicare/Medicaid Enrollees

A March 2020 CMS report found that dual eligible individuals have high rates of chronic illness (60% have multiple chronic illnesses) and 18% reported 'poor' health status (compared to 6% of other Medicare beneficiaries)1. This report also demonstrates that while dual eligible are only 20% of the Medicare program enrollment, they account for 34% of the costs. There were similar findings for the Medicaid Program (15% of the enrollment but 30% of the cost).

Hospice data for Pierce County from 2019 Medicare FFS beneficiary data indicates that the rate of dual eligible Medicare/Medicaid enrollees electing hospice is 484 per 1,000 deaths; ranking it #19 in the State. This rate is lower than the rate for non-dual eligible beneficiaries in Pierce County of 512 per 1,000 deaths. This population, which typically has higher needs has been accessing hospice services at a lower rate.

Not surprisingly, both Pierce County and Washington State's dual eligible rates are below the national average of 574 per 1,000 deaths. Pierce County's rate is 85% of the national dual eligible rate. If Pierce County achieved the national rate an additional 152 residents could have been served in hospice. Conversely, if the target were to achieve national rate for the non-duals, an even higher number would have been served.

While specific data is harder to quantify, Continuum knows from experience that both the homeless and LGBTQ communities are also often underserved. Continuum will have specific programs for both populations. Specific to the homeless population, several months before we begin to see patients, we will outreach and establish relationships with homeless agencies and the key providers of health care and social and housing supports to the homeless. In 2017, the City of Tacoma declared a public health emergency relating to homelessness. We will request that for any initial consult they attempt to retain the patient at their location until we can send a nurse so that we can assure that hospice is presented to them and they have the option to accept or decline the service.

As the managing members have done in Snohomish County, Continuum will also outreach to the LGBTQ community. Continuum Care of Snohomish is a member of the Northwest LBGT Senior Care Providers Network (an informal coalition of Senior Care Providers working together to provide advocacy and quality of care for the LGBT seniors of Washington State. With introductions from Continuum Care of Snohomish, Continuum will be able to be introduced to individuals and organizations in Pierce County to begin outreach there.

Continuum's managing members, based on their experience in other communities, knows that there is no one size fits all. Continuum will use and modify, as necessary, the tools and practices it successfully implemented in other communities to directly address the cultural, health system and other impediments to hospice care that confront the historically underserved communities. Our proven tools deal with specific concrete obstacles long identified by health policy makers and researchers but frequently not well addressed. Examples include the insensitivity to cultural variations in attitudes towards death and dying, and the frequent difficulty clinicians have communicating about end-of-life issues or the lack of culturally appropriate sources of information and resources within communities. Continuum has learned that these barriers can be confronted and overcome with constant, concerted effort with the application of common sense techniques. Through

our best practices outreach model, we will make a difference.

We also know that the development of a racially and culturally diverse workforce is a crucial element in overcoming barriers to unmet needs. While this may appear obvious, it bears stating that workforce composition should reflect the composition of the community. This is a priority for us, and, in other communities in which the managing members established new agencies, we were able to reflect the community in our work force. It is important because it not only facilitates access to service but improves quality of care as well. Continuum will focus its workforce recruitment in Pierce County to be representative of the County's demographics.

Across the board, when providing hospice care in Pierce County, Continuum will work directly with community organizations, places of worship and gathering, trusted physicians and other health care providers to deploy specific tools and outreach mechanisms that address populations with unmet needs. Such activities are part and parcel of our program model and our mission and will be employed to improve accessibility for all special populations. Our efforts will ensure that all persons who would benefit from hospice care will have the knowledge and opportunity to choose that option if they so desire. In this way we expect to contribute toward the improvement of the broader system of care in the County, while at the same time meeting the needs of specific persons.

Numeric need for an additional agency has been identified by the CN Program's methodology and our ADC represents only a percentage of that defined need. Further, Continuum's commitment to outreach to underserved populations and communities described in earlier sections of this application, will result in better end of life care, not unnecessary duplication. We know this work is hard but have realized measurable increases in other communities in which the Members have operated hospice services. This has been accomplished by consistent efforts to break down barriers and educate communities about hospice services in general."

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

Department Evaluation

The department considers the rationale relied upon by Continuum proposing the establishment of an additional Medicare and Medicaid-certified hospice agency to serve the residents of Pierce County to be reasonable. The applicant relied on the department's numeric methodology to comply with this sub-criterion and included extensive discussion of specific populations that it believes are currently underserved in Pierce County.

The approval of additional providers in the planning area will result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that Continuum provided a reasonable rationale to support its project and the statements in the application support need for this project. If this application is approved, Continuum's approval would include a condition requiring the agency to be available and accessible to all residents of Pierce County. With agreement to the condition, Continuum's application **meets this sub-criterion**.

Envision Hospice of Washington, LLC

In response to this sub-criterion, Envision provided the following statements and table. [source: Application, pdf17-22]

"*The Department of Health's 2020 calculation of forecasted Pierce County utilization is provided at Appendix F.*

1. *Step 5 of the method documents substantially more forecasted utilization than the 'capacity' of the existing hospices. For 2022, for example, the forecasted Pierce County hospice need at Step 5 totals 4,131 admissions annually at Washington's statewide average use rates.*

2. *This need of 4,131 admits contrasts with the Department's November 2019 'current capacity' of 3,740 admits in Pierce County, also shown in Appendix F as part of the Department of Health's Survey Results, Hospice Numeric Need Methodology - Released October 2020.*

3. *This leaves 391 persons with an unmet need according to the DOH October 2020 calculation of 2022 need. This translates into a 2022 projected 9.4% shortfall in hospice availability in Pierce county. (391 ÷ 4,131 = 9.4%)*

Of the three Pierce County hospices, none were recently established. Taken together, they are not achieving the average hospice penetration rate of the hospices across the state of Washington. Calculation of the Department of Health's Hospice Need Methodology indicates that the reach of their services to county residents has not kept pace with the population growth, aging, and end-of-life needs of area residents.

The number of Pierce County residents using hospice dropped each year from 2016-2018, while the number of deaths among them increased. However, in 2019 the number using hospice stabilized at the low 2018 level. In light of below-average hospice utilization in Washington, it is safe to say that the unmet average daily census of 60 projected for 2022 understates real need in Pierce County. Whereas the statewide average length of stay (ALOS) used in the Hospice Methodology calculations is 62.66 days, MedPac reports the national hospice ALOS is 88.6 days.

- *As discussed above and documented in the Department of Health's own 2020 calculation of 2022 Pierce County hospice need, existing services are not sufficiently available. This question is therefore not applicable.*

- *Definitions of 'capacity' and 'hospice agency' at WAC 246-310-290, 'Hospice services—Standards and need forecasting method' make clear that the capacity of existing hospice providers in Pierce County is not sufficient to address the unmet need calculated by the Department of Health.*

As documented in the Department of Health's own 2020 calculation of 2022 Pierce County hospice need, the proposed project is not an unnecessary duplication of services because it will respond to an unmet need of 67 average daily patients per day in 2022.

In recent applications, the Department expressed interested in how applicants will address barriers to care beyond simple availability of service. Barriers to hospice access in Pierce County are not significantly different from the barriers encountered nationally. These include:

- *Terminally-ill patients hesitate to enroll in hospice because they are not ready to give up all curative care as Medicare currently requires. Many die before they are fully prepared to accept palliative care only.*
- *Many patients and/or their families and caregivers do not know about the hospice benefit or how to access it. Some believe it is only for persons dying of cancer. Some believe 'hospice' is a place, not a service. Some are completely unaware of it.*
- *Many persons are referred to hospice by providers or others too late to get substantial benefit from longer-term hospice care that is available. Though this is changing gradually, the culture of medical care has been more oriented to curing disease and less toward palliation of symptoms and pain.*
- *Religious and cultural minorities have concerns about hospice care that make them reluctant to sign on.*
- *Providers differ in their understanding and interpretation of complex Medicare hospice rules. This can dampen referrals by those who see the regulations and paperwork as too burdensome.*
- *The American culture is only gradually accepting discussion of death and dying. For many, this conversation takes place too late to help.*

Envision's plans include a number of approaches to increasing access, that is, improving the hospice use rate and length of stay for Pierce County. These fall into three categories, or phases, of a patient and family's relationship to the hospice care decision. The table below shows the objectives under each of Envisions Four Goals support the following:

- *Increasing the number of persons deciding to use hospice (use rate)*
- *Encouraging earlier sign up for hospice among potential patients so that length of stay will be long enough to provide more benefit to those enrolled. (ALOS and median length of stay)*
- *Improving accessibility of care to patients while they are enrolled in hospice.*

Applicant's Table

Envision's Approach to Reducing Barriers to Hospice Access in Pierce County

Envision Access Goals & Program Initiatives	More patients using hospice	Persons enrolling in hospice earlier	Improved accessibility within hospice
Goal 1: Groups with specific clinical needs			
• Patients with Alzheimer's or other dementias	√	√	
• "Pre-hospice" patients & Advanced Care Planning	√	√	
Goal 2: Broadest array of settings			
• Telemedicine at home			√
• Assisted living facilities	√	√	
• Adult family homes	√	√	
• Nursing homes	√	√	√
• Homeless outreach	√		
• Mobile outreach clinics	√	√	
Goal 3: Cultural competency			
• "We Honor Veterans"	√	√	√
• Latino outreach	√	√	√
Goal 4: Reducing suffering			
• Excellence in palliative care			√
• "Your Hand in Mine"			√
• Death with Dignity			√

The table above lists each of those program initiatives as described in the Program Detail section of this application and indicates which phase of improved access it addresses. Specific to Envision's methods for actively increasing hospice utilization, the following information provides highlights of those programs and their potential for reducing Pierce County barriers:

Under Goal 1: Addressing Advanced Care Planning needs of 'pre-hospice' patients and early-stage dementia patients is part of Envision's plan to address the needs of specific clinical groups.

In programs specific to 'pre-hospice' patients and in support of Advanced Care Planning, Envision will help patients to articulate their end of life wishes through Advanced Care Planning (ACP). They will learn more about their choices and be asked to think directly and communicate about a very difficult topic. This does not change the culture but does give an individual more control if he or she wishes to exercise it. In many cases, persons who participate in Advanced Care Planning before onset of a terminal illness are better prepared and have a clearer idea about whether hospice may or may not be right for them.

One study showed that those who engaged in ACP were less likely to die in a hospital, more likely to be enrolled in hospice at death, and less likely to receive hospice for 3 days or less before death.

Under Goal 2: Envision's plan to serve patients in as many settings as possible is not a passive matter of accepting patients when called or just being available. Rather, Envision Hospice staff will reach out directly to leadership and care providers in each setting such as retirement centers, assisted living, adult family homes and nursing homes, homeless shelters and harm reduction centers. Envision can help the staff at each type of facility understand the benefits, not only to patient, but to the facility and staff of having Envision's hospice professionals and volunteers become part of the care teams for terminally-ill residents.

In addition, where Envision's Preferred Medical Group provides primary care to patients in such a facility, the combination of those providers and Envision Hospice providers can help a hospice patient maintain his or her home in the facility without emergency room visits and hospital stays that might otherwise occur.

Under Goal 3: A number of the barriers mentioned above have to do with culture and trust. In its program planning, Envision has prioritized two very large groups in Pierce County for which cultural sensitivity and recognition of differences is necessary.

- *Latino*
- *It is humbling for non-Spanish speakers to learn 'in Castilian Spanish hospice or 'hospicio' means an orphanage or mental institution. . . . In Spain they do not use the word 'hospicio.' They have palliative medicine centers that provide end-of-life care.*
- *It is not surprising that language, religious values and other aspects of Latino culture can work against acceptance of hospice care by a person facing terminal illness and in need of palliative care. By engaging with community leaders, recruiting Latino volunteers, hiring bi-cultural staff, Envision expects to tailor its outreach and care to the increasingly diverse Spanish-speaking residents of Pierce County. With appropriate staffing, communication and education - plus diplomacy - Envision will a make a culturally appropriate case for hospice care to families who*

otherwise will not consider it. (For more program information, see Envision Program Detail: Cultural Relevance to Latino Community Members.')

- *Veterans*
- *Studies and clinical experiences documented by palliative care providers have shown that many veterans have unspoken health needs at the end of life. These may include a history of substance abuse, history of post-traumatic stress disorder, depression, and chronic health problems associated with their service. Veterans may also have needs for forgiveness at the end of life for actions during war that were never discussed. By embracing the 'We Honor Veterans' program, committing education and training resources, hiring veterans, recruiting veteran volunteers, Envision believes it will help veterans be comfortable choosing hospice earlier and gain more of its benefits. For more program information, see the 'Program Detail' section of Envision's CON application.*"

Envision also provided a detailed account of how it would reach the underserved Latino population of Pierce County; including how it would overcome barriers that other providers have not been able to surpass. These include:

- Research on origin of Pierce County Spanish-speakers
- Recruit Spanish-speaking outreach staff/volunteers
- Interview local Latino leaders
- Cultural competence training for all Envision staff
- Connect with current providers that serve Latinos and learn
- Based on learning, develop appropriate advertising campaign
- Build on relationships and tailor programs
- Seek feedback
- Provide progress reports to Latino leaders and advisors and invite suggestions
  [source: Application, Appendix N, pdf254-255]

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

Department Evaluation

The department considers the rationale relied upon by Envision proposing the expansion of its services to include an additional Medicare and Medicaid-certified hospice agency to serve the residents of Pierce County to be reasonable. The applicant relied on a combination of the department's and its own numeric methodology to comply with this sub-criterion; and included extensive discussion of specific populations that it believes are currently underserved in Pierce County.

The approval of an additional provider in the planning area will result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that Envision provided reasonable rationale to support its project and the statements in the application support need for this project. If this application is approved, Envision's approval would include a condition requiring the agency to be available and accessible to all residents of Pierce County. With agreement to the condition, Envision's application **meets this sub-criterion**.

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

Pennant provided the following statement on this sub-criterion. [source: Application, pdf14-15]

"*We understand that there may be unforeseen challenges getting an agency established. We did not forsee* [sic] *a worldwide pandemic in 2020 when Cornerstone was starting up its hospice in Snohomish County. While it has been a challenge to start a hospice with unique restrictions and conditions on providing hands on care to patients, we were able to adjust our care according to the needs of the clients, care settings, and state and federal guidance. We have been successful in Snohomish County operating an agency that is caring for individuals who need hospice care, despite the global pandemic.*

Cornerstone operates across 14 states and has consistently seen a significant barrier to hospice services being a general misunderstanding about when hospice is appropriate and what it entails. Unsurprisingly, we've also seen a lack of education about hospice care. As discussed above, hospice is underutilized in Pierce County and we believe by educating health care providers we will be able to help the residents in Pierce County receive the most appropriate level of individualized care. We hope to break down barriers by integrating ourselves with hospital systems, local physician groups, community centers, nursing homes, private duty providers, and other providers to provide education as to the nature and benefit of timely, appropriate hospice care. In fact, an Ensign skilled nursing facility has already welcomed Symbol the opportunity to educate their medical staff on hospice and palliative care that can be provided within a skilled nursing facility.

*Our project seeks to address the unmet need for additional hospice services in Pierce County. The need for additional hospice agencies, as determined by the eight step methodology contained in WAC 246-310-290, which is found below, indicates an unmet Average Daily Census (ADC) of **14** in 2020, **40** in 2021 and **67** in 2022. This unmet ADC translates into unmet patient days of **5,039** in 2020, **14,766** in 2021, and **24,493** in 2022.*

*The need for additional hospice agencies is determined by the same methodology referenced above. As applied to Pierce County, it identifies the need for **one** additional hospice provider. Please see the Step 8 table below for a summary of the unmet ADC per year and the numeric need of **one** new hospice agency.*

The eight step methodology led us to the determination that this application is not an unnecessary duplication of services for Pierce County, rather, there is significant umnet [sic] *need, which requires **one** new hospice provider*." [**emphasis** in original]

Pennant provided the following statement as it relates to how this project does not represent an unjustified duplication of services. [source: March 31, 2021, screening response, pdf6]

"*There are three Medicare certified hospice agencies in Pierce County (Franciscan Hospice, MultiCare Hospice, and Kaiser Permanente Hospice). Two of these hospice agencies, Franciscan Hospice and MultiCare Hospice, typically prioritize admitting their own hospice patients and still have wait times for hospice services that can be up to two weeks or greater. Kaiser Permanente Hospice is similar, serving their own members, and they are often unable to assist with meeting Pierce County hospice needs for all residents. Multiple Pierce County hospice referral sources that include but are not limited to Assisted Living Facilities, Home Doctor Groups, and Medical Groups, have expressed frustration to Symbol's Puget Sound Home Health team about long wait times for*

hospice admissions with the current hospice providers in Pierce County. The delayed wait times for a hospice admission do not meet the immediate needs of Pierce County residents for hospice services. Puget Sound Home Health has seen increased wait times for Medicaid patients up to three weeks prior to a hospice admission. These wait times are excessive and out of alignment with acceptable timely hospice admissions industry standards. The need for one more hospice provider in Pierce County, in addition to the above, demonstrate there will not be an oversupply or duplication of hospice services in the county.

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

Department Evaluation

The department considers the rationale relied upon by Pennant proposing the establishment of an additional Medicare and Medicaid-certified hospice agency serving the residents of Pierce County to be reasonable. The applicant relied on the department's numeric methodology to comply with this sub-criterion and included some discussion on how its project would not be a duplication of services in Pierce County.

The approval of an additional provider in the planning area will result in an additional hospice option for many terminally ill hospice patients in the area. Based on the information above, the department concludes that Pennant provided limited, but practical rationale to support its project. If this application is approved, Pennant's approval would include a condition requiring the agency to be available and accessible to all residents of Pierce County. With agreement to the condition, Pennant's application **meets this sub-criterion**.

Providence Health & Services-Washington dba Providence Hospice of Seattle

In response to this sub-criterion, Providence provided the following statements. [source: Application, pdfs25-26]

"The existing providers of hospice services in Pierce County are Franciscan Hospice, Kaiser Permanente Home Health and Hospice (Group Health), and MultiCare Home Health, Hospice and Palliative Care. While the existing three hospice agencies in Pierce County are well-established, they are not meeting current need in the County and have not been able to keep pace with the demand for hospice services driven by population growth, especially in the age 65+ group. Consequently, the 2020-2021 Hospice Numeric Need Methodology forecasts an unmet ADC of 67 in the target year of 2022, establishing need for an additional 1.9 hospice agencies (see page 8 (Step 7) of Exhibit 9).

To our knowledge, there are no natural physical barriers, such as mountain passes or remote locations that would prevent or impede access to services. Similarly, we see no financial barriers, such as high cost of care or inadequate insurance coverage that would prevent access to hospice services.

At this time, the most significant factor that restricts patient access to hospice services in Pierce County is the lack of sufficient hospice agencies. In the 2019-2020 hospice concurrent review cycle for Pierce County, numeric need was shown for 1.7 agencies in 2021. Regrettably, all eight applicants who applied to address the need for additional hospice services – including an application by Providence Hospice – were denied by the Department. Providence Hospice remains steadfast in

its strong desire and unwavering commitment to expand services into Pierce County as soon as possible. Therefore, our proposed project to operate a Medicare certified and Medicaid eligible hospice agency would go a long way toward improving adult and pediatric patient access to hospice services in Pierce County.

As discussed below, the Department has identified net need for one additional hospice agency in Pierce County in 2021, according to the DOH 2020-2021 Hospice Numeric Need Methodology. By definition, if need is shown in the planning area, the proposed project cannot result in unnecessary duplication of services.

Providence Hospice provides expert, compassionate care for individuals as they face the end of life. It is our goal to provide the support that people need to allow them to spend their time living as fully and completely as they wish, in their own familiar surroundings, and in the company of family and friends. As such, this application proposes to fill a large portion of that unmet need and, therefore, will not constitute an unnecessary duplication of services for Pierce County.

Additionally, Providence Hospice is committed to caring for underserved populations in the community, including individuals experiencing homelessness or unstable housing; infants, children, and adolescents nearing end of life; and adults living with advanced illnesses who need of specialized services, such as those with advanced cardiac disease, end stage renal disease, or AIDS."

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

Department Evaluation

Providence provided practical and reasonable rationale for submitting an application to provide Medicare and Medicaid hospice services in Pierce County. Providence is proposing its agency would operate out of Tukwila, immediately adjacent to Pierce County, and intends to be available to all residents of the Pierce County planning area.

The department concludes that Providence provided a sufficient rationale for submission of its application and demonstrated need for the project. If the application is approved, Providence's approval would include a condition requiring the agency to be available and accessible to all residents of the county. With agreement to the condition, Providence's application **meets this sub-criterion**.

AccentCare, Inc./Seasons

The applicant provided extensive information and discussion in response to this sub-criterion. While all information is not restated below, it is all considered in this review. [source: Application, pdfs47-55]

First, AccentCare, Inc/Seasons provided statements regarding Pierce County and the need for an additional provider in the county. Excerpts from the statements are below.

"Pierce County has a large, diverse population. Reaching residents across the area and from all walks of life takes innovation and diligence, in addition to increased resources in the form of additional hospice agencies. Under-service to specific patient populations demonstrate access issues that can be addressed through the introduction of a new hospice agency such as Seasons Pierce County that has an array of innovative programs and services to identify and serve those in need.

Access barriers range from a lack of information about hospice and what it is, to financial barriers or isolation from society.

In the wake of the COVID-19 pandemic, residents are often fearful to reach out for medical care or other services. Increased efforts to safely connect throughout the population is critical to identifying potential hospice patients to break down these barriers and improve service to the community. Across the nation, Seasons Hospice affiliates admitting Covid positive patients, helping hospitals by admitting them at home with hospice, avoiding the isolation from family that results from hospitalization. Daily monitoring of staff health, education about proper use of personal protection equipment (PPE), and securing adequate supplies of PPE to keep staff safe ensures staff are cared for, alongside the patients they serve.

Seasons Pierce County breaks barriers by developing targeted programs to expand access and offer additional services where they are most needed by complementing, rather than competing with existing service providers. Specifically, access issues exist for the following groups.

- *The Homeless*
- *Minority population, including Asians, African-Americans, Hispanics, and LGBT community*
- *Children*
- *The elderly, inkling those residing in nursing home and assisted living facilities."*

The applicant provided detailed information regarding the services it proposes to provide to each of the population groups identified above. The detailed information also includes publication information, statistical population data, the applicant's outreach efforts in other states, and specialized programs, including pediatric programs, offered in other states. The information also includes a description of the technology and telemedicine provided by the applicant. The detailed information ends with a summary paragraph that is restated below. [source: Application, pdf53]
"Seasons Pierce County would fill a range of needs, fulfilling numerical need, service and quality gaps, and attracting and educating health care professionals. The proposed Advisory Board will change community misconceptions about hospice care, bridging the gaps by engaging the community and its residents. Additional barriers brought about by the COVID-19 pandemic are addressed through education and safety measures as well as telemedicine."

Second, AccentCare, Inc/Seasons provided statements to explain why this project should not be considered an unnecessary of duplication of services for Pierce County. Within this information, the applicant provided the following assertions.
"The result of the publication of need for an additional hospice agency signifies opportunity to enhance and augment service to Pierce County where the established hospice provider base falls short of meeting demand. New hospice agencies such as Seasons Pierce County will bring fresh ideas and programs, creating diversity among providers for greater outreach capabilities."

The applicant provided a detailed discussions and statistical data regarding hospice services currently provided in Pierce County. The statistical information focused on projected population growth in the county and market shares of existing providers. The detailed discussion concludes with the following summary. [source: Application, pdf55]
"Hospice admissions in Pierce County have failed to keep up with demand, resulting in need for an additional hospice agency to serve residents of Pierce County. As a new market entrant, Seasons

Pierce County will focus outreach efforts on educating institutional providers, the medical community, community and faith based organizations, and the general public on hospice care – what it is, where care is provided, and when to call for enrollment. Through educational seminars, partnerships, and outreach efforts, Seasons Pierce County improves awareness, resulting in higher admission rates and patients enrolling earlier in their disease progression. Earlier enrollments improve patient and family satisfaction, ensuring a more peaceful and fulfilling experience at end of life. The community becomes more engaged, leading to earlier enrollments as well as a higher number of enrollments.

Education goes beyond seminars and web-based information. Seasons has established protocols and materials used to train physicians and nursing staff on how to identify potential hospice patients and to ensure understanding of the benefits of hospice and palliative care, providing continuity of care where currently a disjointed system prevails. The end result is increased access and availability to hospice care."

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

Department Evaluation

The department considers the rationale and assumptions relied upon by AccentCare/Seasons to propose the establishment of an additional Medicare and Medicaid hospice agency in Pierce County to be reasonable. The services would be provided from a new hospice agency located in Tacoma. The applicant states the agency would be available and accessible to all residents of Pierce County.

The approval of additional providers in the planning area will result in an additional hospice option for many terminally ill patients in the area. Based on the information above, the department concludes that AccentCare/Seasons provided reasonable rationale to support its project and the statements in the application support need for this project. **This sub-criterion is met.**

Signature Group, LLC

In response to this sub-criterion, Signature Group, LLC provided the following statements and provided footnotes resourcing the statistical information. [source: Application, pdf11-13]

"In addition to the current established unmet need, wherein a patient's access to hospice may be restricted by a shortage or providers, the planning area is home to many black, indigenous, people of color (BIPOC) individuals and Veterans, both of whom have a historic disparity in accessing healthcare and/or are underrepresented as a percentage of hospice beneficiaries compared to their percentage of the population.

The United States Census Bureau's July 1, 2019 Population estimates for Pierce County shows the following demographic statistics for Pierce county:

Race and Hispanic Origin	
White alone, percent	⚠ 74.3%
Black or African American alone, percent (a)	⚠ 7.7%
American Indian and Alaska Native alone, percent (a)	⚠ 1.8%
Asian alone, percent (a)	⚠ 7.1%
Native Hawaiian and Other Pacific Islander alone, percent (a)	⚠ 1.8%
Two or More Races, percent	⚠ 7.4%
Hispanic or Latino, percent (b)	⚠ 11.4%
White alone, not Hispanic or Latino, percent	⚠ 65.7%
Population Characteristics	
Veterans, 2015-2019	86,002
Foreign born persons, percent, 2015-2019	9.8%

Source: US Census Bureau QuickFacts: Pierce County, Washington; United States
https://www.census.gov/quickfacts/table/AGE275210/53053

Racial disparities in utilization of hospice and palliative care abound, with Black and Hispanic populations less likely to receive a referral than white patients according to recent data from the US Agency for Healthcare Research and Quality.

Pierce county is home to the Puyallup Indian Reservation and the Puyallup Tribe of Indians, a federally recognized Coast Salish tribe with greater than 5,000 enrolled members. In their October 2019 Indian Health Disparities report, the Indian Health Service addresses disparities in the health status of Native Americans stating:

> *The American Indian and Alaska Native people have long experienced lower health status when compared with other Americans. Lower life expectancy and the disproportionate disease burden exist perhaps because of inadequate education, disproportionate poverty, discrimination in the delivery of health services, and cultural differences. These are broad quality of life issues rooted in economic adversity and poor social conditions. Diseases of the heart, malignant neoplasm, unintentional injuries, and diabetes are leading causes of American Indian and Alaska Native deaths (2009-2011).*

Pierce county is home to Washington's second largest Veteran community, second only to neighboring King county. In addition to the Census Bureau estimates, the US Department of Veteran Affairs estimates the 2021 Veteran population of Pierce county to be greater than 90,000 individuals.

Veteran hospice utilization has increased since the Department of Veterans Affair's 2009 launch of the Comprehensive End-of-Life Care (CELC) Initiative, which intended to improve the quality of end-of-life care amongst Veterans through increased hospice enrollment. The VA's CELC data shed light on site of death, showing us that more Veterans are dying at home, compared to non-Veterans. The COVID-19 pandemic has amplified the demand for integrated care delivery in the home setting.

To explain why this application would not be considered an unnecessary duplication of services, Signature Group, LLC provided the departments step-by-step numeric methodology and concluded *'[s]ince the state shows an unmet need of 1.91 agencies, this project would not be an unnecessary duplication of services in Pierce County*.' [source: Application, pdf13-16]

Public Comment

Providence Hospice of Seattle-Oppose

"Signature Pierce's application does not satisfy the "adequate access" need sub-criterion set forth in WAC 246-310-210(2).

The Department's Hospice Numeric need methodology shows need for a new hospice agency in Pierce County in 2022. However, the need calculation is only the first step in the Department's evaluation of whether an application satisfies the need criterion. In addition, the Department must determine whether each application satisfies the second need sub-criterion set forth in WAC 246-310-210(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."

As discussed below, Signature Pierce's application does not satisfy the second need sub-criterion. First, Signature Pierce does not intend to provide specialized pediatric hospice care or establish a dedicated pediatric hospice program. Second, given its low percentage of Medicaid patients, Signature Pierce's hospice program will not provide sufficient access to low-income persons. Accordingly, Envision's [sic] *program will not provide "adequate access" to underserved persons and groups in accordance with WAC 246-310-210(2).*

Signature Pierce does not intend to provide specialized pediatric care or to establish a dedicated pediatric hospice program.

As best we can determine, Signature Pierce's application and screening responses do not mention pediatric hospice patients or services at all. To our knowledge, the only reference to the age of the hospice patients which Signature Pierce intends to serve is contained in a standard non-discrimination statement: "Signature Hospice Pierce, LLC plans to serve any patient that needs hospice services regardless of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, or place of national origin." However, all applicants, not just Signature Pierce, are legally bound not to engage in age discrimination, and all of the applicants have provided non-discrimination statements similar to the one provided by Signature Pierce. This type of statement does not constitute a commitment to provide hospice services to pediatric patients, much less a commitment to provide specialized pediatric care or to establish a dedicated pediatric program.

In contrast, and as was noted above, Providence Hospice has a long-established dedicated pediatric hospice and palliative care program. Providence Hospice developed this program because it recognized that pediatric patients are an underserved group. In its application, Providence Hospice has committed to extend this program to Pierce County, and to provide hospice care to pediatric patients in the County. Signature Pierce has made no commitment to provide pediatric hospice services in the County. Thus, its application does not satisfy the need sub-criterion requiring it to provide "adequate access" to "underserved groups."

Signature Pierce's hospice program will not provide "adequate access" to Medicaid patients.

Signature Pierce asserts that it intends to provide hospice services to "underserved groups." In support of that assertion, Signature Pierce states that it will obtain Medicaid certification. However, the projected Medicaid payer mix for its program does not reflect a full commitment to provide hospice services to Medicaid patients. Signature Pierce's projected Medicaid "Percentage of Gross

Revenue" is only 4%, with the remainder of its payer mix consisting of 95% Medicare and 1% "Other Payers." In contrast, Providence Hospice's projected Medicaid percentage of gross revenue is 11.4%. Thus, Signature Pierce's projected level of Medicaid services is not indicative of an intent to provide hospice services to "low-income persons," who are identified as an "underserved group" in WAC 246-310-210(2). This raises further concerns as to whether Signature Pierce's application satisfies the "adequate access" need sub-criterion."

Signature Group Rebuttal Comments

Pediatric Care Topic

"Signature does intend to provide hospice care to pediatric patients, initially. If a need is established, we would expand our operations to include pediatric hospice and palliative care. Two of the three existing Medicare certified hospice providers in the planning area (MultiCare and Franciscan Hospices) already provide pediatric hospice care for this relatively small percentage of Pierce County families who need it.

According to the State's own need methodology, the 0-64 cohort only makes up 16% of the potential volume and, thankfully, only a fraction of that is comprised of potential pediatric patients. Washington State Department of Health's mortality dashboards show that 2% of 2019 deaths (122 of the 6907) in Pierce County were aged 0-24. The percentage shrinks to 1% (80 of 6907) when looking at deaths in the 0-19 age group. Thus, Signature rejects the notion that pediatric hospice is an underserved group.

Footnote #2 provides the following link:
https://www.doh.wa.gov/DataandStatisticalReports/HealthDataVisualization/MortalityDashboards/ACHAllDeathsDashboards

"Providence has a long established and dedicated pediatric and palliative care program which was well showcased by their application and subsequent parade of supporters at the public hearing. Providence's mischaracterization of pediatric hospice as an underserved population is a strategic maneuver to promote their pediatric hospice and diminish the pediatric hospice services provided by the competing healthcare organizations already established in the planning area."

Medicaid Patients Topic

"Signature maintains its 1% charity care and 4% Medicaid payor mix assumptions, which are consistent with our genuine efforts to serve underserved communities. Medicare will be the hospice payor for dual eligible beneficiaries; thus the 4% payor mix is not indicative of the volume of low-income persons and/or individuals from underserved groups that will be receiving hospice care from Signature."

Department Evaluation

In public comment, Providence raised concerns regarding whether Signature Group intends to be available and accessible to all residents of Pierce County. Two specific areas are Medicaid patients and pediatric patients in Pierce County. The department's review of each topic is below.

Medicaid Percentage

Focusing on the Medicaid patient percentage concern, the department compared the projected Medicaid percentage of revenue and patients for each applicant proposing to serve Pierce County during this concurrent review cycle. The department's Table 5 below shows the comparison. [sources: Continuum application, pdf26; Envision application, pdf 29; Providence application, pdf 39; AccentCare/Seasons application, pdf68; Pennant Group application, pdf24, and Signature Group application, pdf26]

Department's Table 5
Pierce Applicant's Medicaid Comparison

Applicant	% of Revenue	% of Patients
Continuum	9.6%	10.6%
Envision	10.0%	10.0%
Providence	11.4%	2.9%
AccentCare/Seasons	1.0%	1.0%
Pennant Group	4.0%	3.7%
Signature Group	4.0%	3.9%

The comparison table above shows that Signature Group's projected Medicaid percentage is lower than three of the six applicants, but comparable to Pennant Group's projections. It is also higher than AccentCare/Seasons 1.0% projection for Medicaid. Based on the table above, the department concludes that while the Medicaid percentage for Signature Group is low, it is not grounds for denial.

Pediatric Patients

Providence asserts that services would not be available and accessible to pediatric patients because Signature Group '*does not intend to provide specialized pediatric hospice care or establish a dedicated pediatric hospice program.'*

In its rebuttal responses, Signature Group states it *'does intend to provide hospice care to pediatric patients, initially. If a need is established, we would expand our operations to include pediatric hospice and palliative care. Two of the three existing Medicare certified hospice providers in the planning area (MultiCare and Franciscan Hospices) already provide pediatric hospice care for this relatively small percentage of Pierce County families who need it."* Signature Group further states that it '*rejects the notion that pediatric hospice is an underserved group'* based on 2019 statistical data showing the low percentage of pediatric patients requiring hospice within the 0 – 24 and 0 – 19 age groups.

The department concurs that the percentage of pediatric patients requiring hospice services is low. However, the requirement under this sub-criterion is that the proposed services must be available and accessible to all residents of the service area. While MultiCare and Franciscan hospices do provide pediatric hospice services, any new provider must also plan to be available and accessible to pediatric patients. Further, the addition of a new provider should not create an undue burden on the existing providers by expecting them to be the sole provider of a certain population.

Signature Group's full response above is unclear. The first sentence states that it *'does intend to provide hospice care to pediatric patients, initially.'* Though the second sentence indicates that it

would not provide those services initially by stating '*If a need is established, we would expand our operations to include pediatric hospice and palliative care.'* If the department assumes that the first sentence does not include a typographical error, the second sentence makes no sense. With no typographical error, the two sentences suggest that Signature Group would begin services for a particular population, and then discontinue those services at a later date. The department could not conclude that an applicant is available and accessible under this sub-criterion if this is the applicant's intent.

If the department assumes that the first sentence does include a typographical error and that Signature Group would not initially service pediatric patients, then the two sentences flow well, however, the agency would not be available and accessible to all residents of the service area.

For these reasons, the department cannot conclude that the Signature Group application demonstrates it would be available and accessible to all residents of the service area because its confusing, and possibly contradictory, statements suggest it will either: **a)** initially establish pediatric services, then discontinue them in the future; or **b)** not establish pediatric services unless '*need is established*.' Neither of these two options is consistent with this sub-criterion.

For this project, the department concludes that Signature Group did not provide practical and sound rationale to support its project. **This sub-criterion is not 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.

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.

The review of these applications proposing Pierce County hospice services included a wealth of community interest specifically related to death with dignity services. Community members provided comments, rebuttal, and participated in a public hearing. Some of the comments reasoned that access to such services is reviewable under this sub-criterion, arguing that all hospice patients are marginalized, discussing the impacts of approving an applicant that may not directly provide such services, and that not providing death with dignity access is an unnecessary duplication of services. The department's position is that this sub-criterion allows the department to confirm an applicant's intention to provide services to all members of the service planning area. Not to require applicants to provide a specific set of services.

The department considers community involvement, comments, and rebuttal helpful in making its determinations, however, in this specific case, this sub-criterion **does not** allow the department the authority to require death with dignity policies and procedures as some comments contend.

Continuum Care of Pierce LLC

In response to this sub-criterion, Continuum provided the following statements and copies of its policies that evidence operational support of these statements.

"*Continuum will serve all patients in need of hospice desiring to be cared for by our Agency. Continuum will provide a full range of hospice services designed to meet the physiological, psychological, social, and spiritual needs of people and their families facing the end of life and bereavement in Pierce County. Continuum will have a special emphasis on serving traditionally underserved populations.*

Continuum will initially serve adults, age 18 and over. That said, Continuum's members have both the interest and proven expertise to provide care for pediatric patients and their families. If the demand exists, we will gladly establish such a program." [source: Application, pdf11]

"*Continuum's Admission and Coordination of Care policy addresses that Continuum will not discriminate based upon age and provides for the coordination of services for each patient. Continuum is committed to providing Concurrent Care for Children according to Section 2302 of the Affordable Care Act (ACA), titled 'Concurrent Care for Children', amended sections 1905(o)(1) and 2210(a)(23) of the Social Security Act and the Washington State Plan Amendments related to the Concurrent Care for Children Requirement (CCCR).*

Continuum Care of Rhode Island, LLC, which is currently pending change of ownership but to date remains operated by Continuum's team, includes pediatric-trained clinical staff. Specific to Washington, Continuum's sister agency in Snohomish County currently has trained pediatric nurses and a social worker that Continuum would be able to contract with to manage any pediatric admission. This would allow Continuum to serve Pierce County pediatric patients as needed without duplicating scarce resources. In addition, Continuum's affiliate Continuum Palliative of WA, A NonProfit P.C., also has policies in line with CCCR, and WAC 182-551-1860 regarding the Coordination and Continuity of Care.

Given the low number of pediatric hospice patients and the tendency towards palliative services, Continuum's sister hospice agencies in Washington have not had the opportunity to provide such care in the past but remain prepared to do so. Recently, Continuum's members and Continuum Palliative of WA were approached by Kaiser Permanente to contract for both hospice and a newly

created palliative care initiative. These contracts for hospice and the progressive palliative program are unique, and only Continuum's members are contracted for both. Kaiser's members span all ages, which includes pediatrics. If this CN is approved, we expect that Continuum will enter a similar contract with Kaiser to work in conjunction with Continuum Palliative of WA to provide a similar program in Pierce County, including for pediatric populations as needed. This opportunity to develop this transformative care model with a large program such as Kaiser, will further Continuum's goal of improving access to and the utilization of hospice services for Children, as well as other underserved populations. Continuum's members are committed to these types of collaborations to meet their goals.

Finally, Continuum will also screen potential applicants for pediatric expertise to ensure that it is able to provide care to pediatric patients.

Yes, the Program is correct. Continuum's willingness to serve pediatric patients is consistent with its commitment to serve all residents of Pierce County." [source: March 31, 2021, screening response, pdf3-4]

"*Continuum will be available and accessible to residents residing throughout the entire County.*

The need for an additional provider is demonstrated via WAC and the data on Pierce County disparities is both compelling and documented. While serving all, Continuum will focus on the reduction of disparities in access to and use of hospice among certain historically underserved ethnicities, races and other underserved populations. We will do so by outreach, building trust, developing culturally appropriate services and by assuring our staff is trained and respectful of culture, values, and beliefs.

As outlined in earlier sections of this application, Continuum's Members with their interest and experience establishing new agencies in other communities in the Country, has specifically targeted the underserved. Specifically, Continuum points to its experience in Northern California and Rhode Island (both of which had segments of the population that were underserved.

Related to the African American community, the italic paragraphs below restate information that was included in Continuum of Snohomish's November 30, 2017 application materials:

> *Since Continuum Care Hospice established hospice services in the city of Oakland, California, within just two years of operation, in 2016, the percentage of African American admissions in its Agency was nearly twice that of other hospice providers in the region. Most of its success stems from certain outreach efforts that Continuum Care Hospice has developed and employed, referred to as the 'Oakland Program'. Specifically, through its Oakland Program, Continuum Care Hospice has cultivated a set of tools and practices to address the cultural, health systems, and other impediments to hospice care that confront underserved populations. These mechanisms deal with specific concrete obstacles long identified by health policy makers and researchers but frequently not well addressed. Examples of common barriers to accessibility include an insensitivity to cultural variations in attitudes towards death and dying, the difficulties clinicians face when communicating about end-of-life issues, and the lack of culturally appropriate sources of information and resources within communities.*

While we are aware that these mechanisms will need to be modified to best support Snohomish County, Continuum intends to introduce these same learned proficiencies in Snohomish County. In doing so, we will focus on building trust in African American population centers and partner with existing community resources that service the African American community i.e. Local chapter NAACP, Churches and Community Centers. For the American Indian community, we will focus on gaining the trust and support of tribal leadership and program staff and embedding tribal consultation into our programs. Cultural sensitivity training will also be a key focus for our staff.

In addition, in other communities Continuum's Members have supported community-based social service organization that advocate and provides program for Western African Immigrants, refugees and other marginalized communities. The Members have also worked with American Indian communities to break down barrier and provide service to their members.

Historically, to evaluate this requirement, the department has evaluated an applicant's admission policies, willingness to serve Medicare and Medicaid patients, and to serve patients that cannot afford to pay for services. Continuum will seek both Medicare and Medicaid certification, and has included a charity care allowance in its pro forma." [source: Application, pdf 19-20]

Admission Criteria and Process – Executed
Stated purpose: *To establish standards and a process by which a patient can be evaluated and accepted for admission.*

This policy states that patients will be admitted if they have a life-limiting illness and meet the admission criteria, then identifies the admission criteria. It also details the admission process, and provides the following non-discrimination language, "*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.*" [source: March 31, 2021, screening response, Attachment 4]

Charity Care Criteria – Executed
Stated purpose: *Continuum is committed to the provision of medically necessary health care services to all persons in need of such services regardless of ability to pay. To protect the integrity of operations and fulfill this commitment, the following criteria for the provision of Charity Care/Financial assistance.*

The policy also provides the following limited non-discrimination language, "*The medically indigent patient will be granted Charity Care/Financial Assistance regardless of race, national origin, or immigration status*." This policy lists its eligibility criteria, provides the procedure to determine if a patient qualifies for charity care, includes its Financial Assistance application form, and instructions for completing the form. [source: March 31, 2021, screening response, Attachment 5]

Continuum proposes to be available and accessible to Medicare and Medicaid patients that reside in Pierce County. Its projected payer mix is shown in the table on the following page. [source: March 31, 2021, screening response, pdf8]

Department's Table 6
Continuum's Pierce County Projected Payer Mix

Payer	Percent of Gross Revenue	Percent by Patient
Medicare / Medicare Advantage	87.0%	85.7%
Medicaid	9.6%	10.6%
Commercial / VA / TriCare	2.0%	2.0%
Self / Private / Other	1.4%	1.7%
Total	**100.0%**	**100.0%**

Continuum provided the following assumptions and statements to support its anticipated payer mix for the Pierce County hospice services.
"*Source: Applicant-Assumes all GIP/RESPITE/Continuous is under Medicare*" [source: Application, pdf26]

"*Table 6 provides the requested information and directly relates it back to the populations we intend to serve*." [source: Application, pdf26]

"*As the CN Program is aware, Medicare is the primary payer for hospice services as the vast majority of patients receiving hospice are age 65+. Thus unsurprisingly, all applicants submitting certificate of need applications this cycle have assumed a majority Medicare payer mix, ranging from 81% to 99% Medicare. Continuum has likewise assumed, based on its knowledge of the hospice industry, that the vast majority of its patients and revenue will be Medicare (85.7 to 87.0%; patients vs. revenue).*

In addition, and specific to Pierce County, Continuum has assumed it will increase hospice services to the underserved (as was described in the application)—those that have not accessed hospice services at the same rate as the general population. These include but are not limited to:

- *Various racial and ethnic groups (for example: African American, Asian, Native American)*
- *Low income populations including those dually eligible for Medicare/Medicaid;*
- *Homeless populations*
- *LGTBQ or other populations with gender preference, and*
- *Veterans*

Given that some of the populations identified above can be and are often Medicare, Continuum would still expect Medicare to be the primary payer. That said, Continuum reviewed other data specific to Pierce County, if available, or otherwise Washington statewide data, to develop its payer mix assumptions. These include:

- *Hospice survey data for the existing Pierce County providers demonstrate that approximately 15% of hospice admissions in 2019 were for Pierce County residents under the age of 65. While this does not directly translate into payer (as persons under age 65 can also be eligible for Medicare), Continuum has used this as a starting point for estimating non-Medicare revenue. This further supports Continuum's assumption that some percentage of its revenue would be from payers other than Medicare.*

- *It is estimated that in Washington State, in 2020, 18% of Washington's total population was covered by Medicare and that approximately 14% of the Medicare enrollees are under age 65. Continuum thus assumes that a portion of Pierce County under-65 hospice admissions will also be covered by Medicare.*
- *As noted in the application, Continuum expects to serve Veterans (which are estimated to be about 22% of the total 65+ population in Pierce County). Veterans have the option to receive care through the VA system or elect the Medicare hospice benefit. Because the VA does not directly provide home hospice care, but opts to purchase this from community providers, the vast majority of veterans elect the Medicare hospice benefit (90%). Therefore, Continuum has assumed, and this is consistent with its experience in other communities, that about 1% of its payer mix will be from the VA/Tri-Care. Another 1% is assumed to be commercial.*
- *Finally, Continuum has assumed, because of its targeted services to underserved groups (including ethnic and racial minorities) that the non-Medicare revenue will be predominantly Medicaid. According to the Health Care Authority, 40% of adult Medicaid recipients in Pierce County are non-white (compared to 25% of the total population).*

The 'other' category listed in Table 6 included self pay patients with incomes between 200% and 400% of the federal poverty level, and who are thus expected to pay on the sliding scale under Continuum's charity care policy. For clarity, Continuum is including these patients in the 'self pay' category. Table 6 is revised as follows:" [source: March 31, 2021, screening response, pdf7-8]

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.
The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, pdf9]
"*Continuum will be available and accessible to individuals regardless of where they reside in Pierce County*."

Continuum provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, pdf33]
"*Continuum's business hours will be Monday through Friday from 8:30 a.m. to 5:00 p.m. In addition, a Hospice RN will be available 24 hours a day/7 days per week. Families will be able to access the hospice nurse after hours by calling the 24/7/365 triage phone line. Response time is programmed to be 30 minutes or less. This RN will have access to the patient's record and will assist them with any concerns and help manage their symptoms and facilitate any needed additional care.*"

Public Comment
In addition to the following comment restated in part, Continuum submitted seven letters dated in April 2019 all of which were submitted during a previous review cycle.[18] These seven letters cannot be considered for this 2020 application and will not be further discussed.

[18] These same seven letters were submitted for the 2019 hospice review cycle.

Jonah Weiss, Manager, Tacoma Nursing and Rehabilitation Center – Support

"*Tacoma Nursing and Rehabilitation Center lends it full support to the proposal of Continuum Care of Pierce LLC to establish a new hospice agency in Pierce County. At our nursing facility we provide a broad range of skilled services, and regularly have a number of residents enrolled in hospice. In those instances, our staff provides care and symptom management, but the support and expertise of a Medicare certified hospice provider assures that our staff has access to experts in pain and symptom assessment and control, and importantly family support and spiritual counseling.*

Pierce County has good hospice providers, but as our community continues to grow and age, and as traffic continues to hinder movement across the County, delays in care initiation have increased. The Department's determination that one additional hospice provider should be established matches our experience and will help get services more readily to persons and families at the time of need.

We have direct experience with the members of Continuum. They have shared their start up experience (during COVID) in Snohomish County with us, we have also reached out to our peers in Snohomish County. We have learned that Continuum is 'walking it walk' in terms of staffing, responsiveness, skill, complementary therapies, and partnerships to reach and build trust in traditionally underserved communities.

Pierce County's 2019 Community Health Needs Assessment (CHNA) documents that about a third of the population is nonwhite; 8% live in poverty and nearly 20% speak a language other than English. Black, American Indian or Alaska Native and Native Hawaiian or Pacific Islander all had life expectancies lower than Asian, Hispanic, and white life expectancies in the County. Further, CMS data demonstrates that these same ethnicity /racial groups underuse hospice care. To a lesser extent, the general Medicare population also 'underutilizes' as the hospice penetration rate in Pierce County for Medicare is less than the State average.

I know that the efforts of Continuum's members have made a difference in other communities. The ability to better support our County's growing and aging ethnic and racial communities and to increase use of hospice overall sets Continuum apart from other applicants. It will make a difference."

Kara Pearson, Referral and Intake, Kaiser Permanente – Support

"*Please accept this letter as information toward the certificate of need application for Continuum Care Hospice seeking approval to establish a Medicare certified hospice agency in Pierce County. Our office has been working closely with Continuum Care in Snohomish County to offer services, in overflow situations, and in areas where Kaiser Permanente' may not provide these services, in the interest of providing the right care at the right time for each of our members.*

Continuum has proven itself to be a good partner and responsive to our members' needs. Continuum has demonstrated compassion and expertise in the field of hospice care with the vision of patient access, quality, and teamwork in all our dealings with them.

Pierce county is a largely rural area, with few certified agencies. The demand in the Pierce county area for certified agencies is high. The demand for hospice services in Pierce County and having the benefit from the availability of another agency, would be helpful.

We welcome the opportunity to continue our relationship with Continuum Care Hospice in Pierce county, providing services to our members and families."

Neil Edwards, Director of Operations, GenCare Lifestyle – Support
"*I am the Director of Operations for Gen Care Lifestyle. We operate invigorating senior living communities in King, Snohomish and Pierce Counties. All of our communities offer active living as well as assisted living, and we have memory care at several locations as well.*
…

Finally, I understand that Medicare data shows that the use of hospice in Pierce County by Medicare beneficiaries is lower than the State average. I also know that Continuum's philosophy of care calls for it to outreach to traditionally underserved communities. In Pierce County the data suggests these communities include African Americans, Asians, Native Americans, dual-eligible, LGBTQ and the homeless. These communities will benefit immensely by Continuum's expertise in increasing acceptance and access."

Patricia McIntyre, Founder & Co-Chair, Tacoma Older LGBT – Support
"*I am a long time Tacoma resident and the founder and co-chair of Tacoma Older LGBT. We serve older lesbian, gay, bisexual and transgender (LGBT) adults, living, working and playing in Tacoma, Pierce County and surrounding areas. I am also the co-chair of the Pierce County Aging and Disability Resources Advisory Board. I am pleased to submit this letter in support of Continuum Care of Pierce County's proposal to establish a new hospice agency in Pierce County.*

The mission of the Tacoma Older LGBT organization is to achieve a vibrant high quality of life for older LGBT adults; educate, support, and advocate for their rights; develop and maintain meaningful connections with communities and foster a greater understanding of the aging process in LGBT adults. Over the years, I have become all too familiar with the many challenges that older LGBT Pierce County residents have as they approach end of life and desire to be served by a hospice program that understands their LGBT needs.

I am aware that Continuum Care of Pierce's sister agency began serving Snohomish County in early 2020 and that they have embraced the LGBT community. In fact, Continuum Snohomish joined the Northwest LGBT Senior Care Providers Network This is an informal coalition of Senior Care Providers working together to provide advocacy and quality of care for the LGBT seniors of Washington State. Our underserved community would benefit by this expertise, compassion and understanding being brought to Pierce County. I look forward to their start up and request that the Department of Health approve their application."

Providence Hospice of Seattle – Oppose [source: pdf26-28]
"***C. Continuum has not committed to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program. Accordingly, its application does not satisfy the 'adequate access' need sub-criterion set forth in WAC 246-310-210(2).***
The Department's Hospice Numeric Need Methodology shows need for a new hospice agency in Pierce County in 2022. However, the need calculation is only the first step in the Department's evaluation of whether an application satisfies the need criterion. In addition, the Department must

determine whether each application satisfies the second need sub-criterion: '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.' As discussed below, Continuum's application does not satisfy the 'adequate access' requirement because Continuum has not committed to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program.

In its application, Continuum states: 'Continuum will initially serve adults, age 18 and over. That said, Continuum's members have both the interest and proven expertise to provide care for pediatric patients and their families. If the demand exists, we will gladly establish such a program.' This is clearly not a commitment to provide hospice services to pediatric patients. Continuum concedes that it will only provide such services '[i]f the demand exists.'

In response to one of the Department's screening questions, Continuum continues to equivocate. First, it states that it 'will not discriminate based upon age.' All applicants, not just Continuum, are legally bound not to engage in age discrimination. This commitment has nothing to do with being willing to provide specialized pediatric care. Second, Continuum asserts that its 'sister agencies in Washington have not had the opportunity to provide such care in the past, but remain prepared to do so.' The fact that Continuum's existing agencies in Washington 'remain prepared' to provide pediatric hospice services simply means that Continuum has elected not to provide such services on its own initiative. None of Continuum's representations constitute a commitment to provide hospice services to pediatric patients, much less a commitment to provide specialized pediatric services or to establish a dedicated pediatric program.

In contrast, and as was noted above, Providence Hospice has a long-established dedicated pediatric hospice and palliative care program. Providence Hospice developed this program because it recognized that pediatric patients are an underserved group. Unlike Continuum, Providence Hospice has committed in its application to extend this program to Pierce County, and to provide hospice care to pediatric patients in the County. This commitment is unequivocal. It is not based upon whether 'demand exists,' which is a precondition required by Continuum.

As noted above, even though there is numerical need for a new hospice agency in Pierce County, in order to satisfy the need criterion an applicant must demonstrate that it will provide 'adequate access' to 'underserved groups.' Given Continuum's failure to commit unequivocally to the provision of specialized pediatric care, or to the establishment of a dedicated pediatric hospice program, its application does not satisfy the need sub-criterion requiring it to provide 'adequate access' to 'underserved groups."

The Pennant Group/Symbol – Oppose [source: pdf4]
"*After stating 'Continuum will serve all patients in need of hospice desiring to be cared for by our Agency.' They go on to state that, 'Continuum will initially serve adults, age 18 and over.' This second statement contradicts their first statement and does not meet the CN Department's non-discrimination requirements*."

Continuum Care of Pierce Rebuttal Comment [source: pdf6-7 and pdf19]
"***D. Continuum is prepared to provide specialized pediatric services if demand warrants.***

Providence suggests that an applicant must offer pediatric hospice to meet CN criteria, and then criticizes Continuum for indicating that we stated in our application that we would provide such services if demand existed. Our exact language was:

> *Continuum will initially serve adults, age 18 and over. That said, Continuum's members have both the interest and proven expertise to provide care for pediatric patients and their families. If the demand exists, we will gladly establish such a program.*

It would be imprudent and in fact, inconsistent with CN requirements if we were to unnecessarily duplicate pediatric hospice resources. According to the State's Vital Statistics, in 2019, there were a total of 452 deaths of residents aged 1-17 statewide (neonates excluded). The data is reported by the following age groups: 1-4, 5-9, 10-14, and 15-17. Of the 452 deaths, 62% occurred in the 15-17 cohort, reflecting the increase in accidents, trauma and suicides in this cohort. In Pierce County, the numbers for every cohort except the 15-17 are suppressed by Vital Statistics, meaning the 'n' is too small to report. For the 15-17 cohort, the number was 11. A June 2017 blog entitled 'Why Are There Only Four Children's Hospices In The Country?' wrote that:

> *Why there are so few dedicated children's hospitals is a multifaceted issue that stems from difficulties financing such projects as well as improvements made by adult hospices and hospital programs to accommodate children. Jon Radulovic, Vice President of Communications for the National Hospice and Palliative Care Organization, reached out to 1-800-HOSPICE™ for commentary on the subject. He explained, 'Much of the care for dying children comes from other providers and organizations. Common settings for pediatric palliative/hospice care in the U.S. are hospital-based programs, hospices with pediatric services, and some long-term care facility-based programs. So many children are receiving care in different settings. A priority in many cases is to work to keep children at home or in their communities, so that can make the sustainability of free-standing pediatric hospices challenging.'*

Interestingly, Providence is silent on the underserved populations that Continuum is uniquely qualified, designed and seeks to serve in Pierce County. Based on Pierce County specific data, and per our application, these include at least the African American, Asian, Native American and LGBTQ communities as well as dual-eligible and the homeless.

Further, and despite being asked directly during public comment and stating that they would respond in writing before the close of public comment, Providence appears to have not clarified or confirmed its position on the underserved requesting information or support related to the State's Death with Dignity Act. Continuum fully understands that State CN rules do not require submittal of death with dignity polices. We further know that as a Catholic organization, Providence follows Religious ERDs which does not support death with dignity. Our issue is not with Providence's position, rather with its lack of transparency and its desire to attempt to suggest that they are flawless. The community deserves choice and adding a second Catholic provider to a County of more than 900,000 that will only have three providers is a disservice.

…

C. Continuum will not discriminate in admission.
Symbol suggests that because we indicated in our application that we will initially serve adults, age 18 and over, that we fail to meet non-discrimination requirements. This is truly a stretch. As indicated in our response to Providence's comments, Continuum has both the interest and expertise to provide pediatric hospice services, and we will recruit staff with experience or high interest in serving young patients and their families. That said, there are simply too few pediatric hospice patients to warrant unnecessary duplication."

Department Evaluation
The executed Admission Criteria and Process Policy provided by the applicant describes the process Continuum would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination. While the policy does not specifically state that pediatric patients would be served by the agency, it does not definitively exclude them. Additionally, Continuum has stated that it intends to admit and serve patients regardless of age; and has a plan in place to contract with an agency owned and operated by its same members which currently has trained pediatric nurses and social worker.

Admission and Charity Care policies are typically used in conjunction; therefore, the executed Charity Care Criteria Policy only includes some limited non-discrimination language to ensure all patients eligible for hospice services would be served by the new agency. The Charity Care Criteria Policy provides the process to obtain charity care and criteria to qualify.

Public comment was provided by several entities which support Continuum's project. These entities include several potential referral contacts as well as a representative for an underserved population. These commenters agree that there is need for additional hospice services in Pierce County; and some have first or second-hand experience working with Continuum and believe that Continuum would be able to meet that need.

Two competing applicants raised concerns as to whether Continuum intends to provide pediatric hospice services. Providence argued that Continuum has not committed to providing hospice services to all residents of the planning area, specifically pediatric patients. When comparing one applicant's program to another's there are obvious differences in the level of care and preparedness detailed by different applicants. However, for this sub-criterion, Continuum has stated that it intends to serve all planning area residents. Additionally, Continuum's non-discrimination language in its Admission Criteria and Process Policy specifically includes "*age*" as a protected category. This approach is acceptable for pediatric patients who generally need specialized care; and which are not the majority of patients typically requiring hospice services.

Continuum anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 96.6% of its total revenues. Additionally, the financial data provided shows that Medicare and Medicaid revenue is expected and identifies charity care as a deduction from revenue. Continuum's policies along with its projected revenue from Medicare and Medicaid, and its anticipation of deductions from revenue for charity care substantiate Continuum's intention of providing charity care.

In conclusion, Continuum's Charity Criteria Care Policy and Admission Criteria and Process Policy demonstrate that all residents of the service area will be accepted for services, regardless of the ability to pay. The department concludes that **this sub-criterion is met**.

Envision Hospice of Washington, LLC

In response to this sub-criterion, Envision provided the following copies of its policies. [source: April 26, 2021, screening response, Attachments 3 and 4]

Human Rights Assurance and Patient Admission Criteria Policies – Executed

Stated purposes: *To establish guidelines for assurance of human rights*." and "*To establish criteria for the admission of patients to Hospice*.

These two policies identify the standards and process that the hospice agency will use to admit a patient for services. The policies include the following statements "*Hospice will not discriminate against recipients of services on the basis of race, color, religion, national origin, sex, sexual preference; physical or mental handicap, political belief, veteran status or age.*" "*Hospice will not discontinue or reduce care provided to a patient because of the patient's inability to pay for care*." and "*Patients are accepted for treatment on the basis of a reasonable expectation that the patient's needs can be met adequately by Hospice in the patient's place of residence. Patients will be accepted for care only if Hospice can meet a patient's identified needs*." [source: April 26, 2021, screening response, Attachment 4]

Charity Care Policy – Executed

Stated purpose: *To provide medically necessary hospice care at a reduced rate or without charge to patients or their legal financial sponsors, when adequate income or assets are not available to pay for hospice services. Envision Hospice of Washington LLC ('Envision Hospice') will provide charity care as dictated by its available resources and consistent with the following procedure. Envision Hospice will not deny palliative or hospice care to any individual based on that individual's ability to pay, national origin, age physical disabilities, race, color, sex, or religion.*

The policy provides the procedure to be used by the hospice agency to determine a patient's eligibility for charity care. [source: April 26, 2021, screening response, Attachment 5]

Further, Envision provided the following statements regarding patients to be served by the hospice agency.

"*The applicant (The legal name of the applicant is Envision Hospice of Washington, LLC. Envision Hospice of Washington, LLC, is a wholly-owned subsidiary of Envision Home Health of Washington, LLC and its members with a 10% interest or greater confirm that this agency will be available and accessible to the entire geography of Pierce County*." [source: Application, pdf12]

"*Hospice services will be provided to patients requiring end-of-life care; Medicare hospice patients are those terminally ill patients with a life expectancy of 6 months or less.*

Many of these patients will be end-stage cancer patients. The remainder of the patients will have terminal conditions related to a variety of diagnoses. Please see the table at Question 5 in the Need Section below for a percentage breakdown of estimated diagnostic mix for Pierce County. The majority of patients will be over age 75. However, Envision will adhere to its Patient Admission

Criteria, including Procedure 5, which states that care will be provided to all patients who can benefit, regardless of age.

Patients receiving in-home care will include not only those still living in their own private homes but also those who are residents of nursing homes, adult family homes and assisted living facilities.

Hospice services will be provided to patients requiring end-of-life care; Medicare hospice patients are those terminally ill patients with a life expectancy of 6 months or less.

The proposed hospice will provide care to patients regardless of the source or availability of payment for care.

Care will be provided to all patients regardless of culture, language, or sensory disability. Where needed, interpretive services and assistive communication methods and technologies will be used.

As discussed above, the depth and breadth of hospice services reflect four Envision service goals beyond the core capabilities of a Medicare-certified hospice. A number of these goals emphasize special or tailored outreach and services to special populations in Pierce County: The underlined items below indicate those special populations that Envision's program detail addresses specifically:

Goal 1: Respond with focused capabilities to specific clinical groups with special needs, in particular:

a. *Patients with Alzheimer's or other dementias and their caregivers*
b. *Support to 'pre-hospice' patients with advanced care planning & palliative care*

Goal 2: Making hospice care as accessible as possible to groups living in the broadest array of settings including:

a. *Telemedicine at home*
b. *Residents of assisted living facilities*
c. *Residents of adult family homes*
d. *Residents of nursing homes*
e. *Homeless outreach*
f. *Mobile outreach clinics*

Goal 3: Respond to specific cultural and demographic groups with appropriate and relevant communications and care with programming emphasis on:

a. *Veterans*
b. *Latinos and Spanish-speaking residents*

Goal 4: Reducing suffering through availability of:

a. *Excellence in palliative care*
b. *'Your Hand in Mine' for persons dying alone*
c. *Death with Dignity for persons requesting it*

For cultural and ethnic minorities, language is a key barrier to optimum hospice care but not the only one. Cultural norms and traditions surrounding illness, death, and dying are major factors in outreach and care. In setting goals for cultural competence, Envision Hospice of Washington determined that a focused effort on a cultural group with large numbers in Pierce County will be the most effective use of resources. It examined Pierce County demographics, census information and hospice utilization. Envision Hospice concluded that the large size, cultural differences, and increasing diversity of the Pierce County Latino population merits a program of special emphasis and resources in Envision hospice outreach and care.

Fortunately, the National Hospice and Palliative Care Organization has developed useful materials for guiding the development of such a program. More detailed description of Envision's approach is provided in Envision Hospice's 'Pierce County Program Detail." [source: Application, pdf13-15]

Envision proposes to be available and accessible to Medicare and Medicaid patients that reside in Pierce County. Its projected payer mix is shown in the following table. [source: Application, pdf29]

Department's Table 7
Envision's Pierce County Projected Payer Mix

Payer	Percent of Gross Revenue	Percent by Patient
Medicare	85%	85%
Medicaid	10%	10%
Commercial	5%	5%
Total	**100%**	**100%**

Envision provided the following assumptions and statements to support its anticipated payer mix for the Pierce County hospice services.
"*Envision hospice services in Thurston County began operating in late 2019 while hospice services in King and Snohomish counties became operational in 2020. Kitsap was not operational in 2020. It is still too early to evaluate differences in payer mix in each of the counties based on the initial year's operating data, so the assumed payer mx in each certificate of need application by county is provided*." [source: Application, pdf28]

Applicant's Table

Thurston, King, Snohomish, Kitsap Counties Payer Mix

Payer Mix: Thurston	**Percentage of Gross Revenue**	**Percentage by Patient**
Medicare	85%	85%
Medicaid	10%	10%
Commercial	5%	5%
Total	100%	100%
Payer Mix: King	**Percentage of Gross Revenue**	**Percentage by Patient**
Medicare	85%	85%
Medicaid	10%	10%
Commercial	5%	5%
Total	100%	100%
Payer Mix: Snohomish	**Percentage of Gross Revenue**	**Percentage by Patient**
Medicare	85%	85%
Medicaid	10%	10%
Commercial	5%	5%
Total	100%	100%
Payer Mix: Kitsap	**Percentage of Gross Revenue**	**Percentage by Patient**
Medicare	85%	85%
Medicaid	10%	10%
Commercial	5%	5%
Total	100%	100%
Payer Mix: Total Agency	**Percentage of Gross Revenue**	**Percentage by Patient**
Medicare	85%	85%
Medicaid	10%	10%
Commercial	5%	5%
Total	100%	100%

"*While it is true that an exact match of historical (actual) percentages would not likely occur, Envision's experience is that differences between percent of gross revenue and percent by patient are relatively small and difficult to identify prior to operation of the program when payer data is available and can be compared with the overall outreach plan for the agency. Fortunately, most payers (except for commercial insurers) pay at the same rate. And for the most part, commercial insurers pay at similar rates. As such, the impact of differences in payer mix has less bearing on financial feasibility than it would for other healthcare services.*

The following assumptions form a reasonable basis for Envision's projected percentages:

1) Gross Revenue Charges per days of care are the same for Medicare, Medicare Advantage, Medicaid, and Commercial Insurance.
2) Contractual adjustments are set at 2% for Medicare and assumed to be in that range for Medicaid and Commercial Insurance.
3) Length of stay is too variable to differentiate a different length of stay by payor class. For example, dual eligible Medicare patients nationally and in the Puget Sound area (includes Medicaid cost sharing) have longer lengths of stay in Washington State, while Medicaid-only patients may have a

lower or higher length of stay depending on age and acuity. Commercial patients' length of stay is less significant in terms of gross revenue because they only make up an estimated 5% of total patients.
4) Length of stay in hospice is also dependent on when physicians, patients and their families are aware of hospice services as they relate to their individual prognosis. This awareness increases with outreach and education services provided by hospice providers over time.
5) Envision's Utah experience would indicate that the percentage of gross revenue by payer category and by the number of hospice patients does not show material variance.

Yes, anticipated payer mix percentages are expected to remain the same through the projection period.

Veterans
Veterans have military service in common, but their insurance comes from many of the typical insurance sources, not just the VA or CHAMPUS. The complexity of veteran demographics is very great as to residence, age, employment, income etc. and this makes projection of a veteran-specific payer mix difficult to pinpoint until the various referral sources for veterans requiring hospices are established by a new hospice.
Examples follow:

- *Pierce County, with 82,757 Veterans makes up 12.4% of the adult county population while Thurston County, with 32,348 Veterans makes up 12% of the adult population.*
- *King County with 99,128 veterans only makes up 5.6% of the adult population. Added to this, only 41% of the Veteran population in the Puget Sound Region is age 65 and older.*
- *Veterans across the region have significantly higher incomes than the non-veteran adult population and would be expected to access hospice services through a variety of different payers such as commercial insurance, Advantage plans, and payer plans that are aligned with military service or Veteran's benefits.*

In short there is no managerially valid way to differentiate Veterans by payer category other than operating for several years in the Puget Sound area and examining actual agency results.

Latino
Regarding the Latino population, approximately 10% - 11% of the Envision service area population is Latino and the assumption is that a greater percentage of Latinos are of low income and that average age is significantly lower than the countywide population. In Pierce County 11% of the population is Latino. Based on Envision's current, limited experience in providing hospice services in the Greater Puget Sound area, no conclusions on differences in payer mix can be made at this time.

Most important for both Veterans and Latino groups and regarding the Envision Pierce pro forma and financial feasibility is that changes in payer mix do not generate significant changes in revenue that would affect financial feasibility; regardless of whether the hospice patient is in Medicare, Medicare Advantage, Medicaid, Commercial/Other or VA/CHAMPUS/TriCare category or whether payer mix is stated as a percent of revenue or by a percent by payer.

Veterans and Latinos would be included in all payer categories. In developing payer mix by gross revenue and by payer, the null hypothesis is that there is no difference in the percentage of patients when compared by gross revenue or by patient. Until the effectiveness of outreach strategies can be evaluated, there is no set of evidence-based assumptions that can be applied to determine payer mix differences that would refute the null hypothesis (e.g., there is no difference in percent of payer mix by gross revenue or by patient). Please see the response to Question 13 explaining why Envision's analysis did not lead to different percentage mixes by revenue or by patient. Envision has only a 100-patient average daily census over two years for two different counties to draw on. As a result, the conservative response is to accept the null hypothesis and assume no difference.

And, as stated at Q. 13: Most important for both Veterans and Latino groups and regarding the Envision Pierce pro forma and financial feasibility, regardless of whether the hospice patient is in Medicare, Medicare Advantage, Medicaid, Commercial/Other or VA/CHAMPUS/TriCare category, whether payer mix is stated revenue or by payer or patient type, the revenue estimates are reasonable and support the finding of financial feasibility.

There are two core assumptions:

1. *The first assumption is that Envision has insufficient data (100 patients over two counties over two years under Covid-19 conditions) to demonstrate at any level of reliability that the differences in payer mixes for counties at the Envision agency level would be different.*
2. *The second assumption is one of action. Envision is committed to reaching out to Veterans and Latinos to reduce disparity in access. This is a process that will take several years to complete and will require evolving outreach strategies as month-to-month assessments of hospice referrals take place. These actions are expected to affect payer mix by gross revenue and by patient.*

In short, the answer to the Program's questions on payer mix can only be determined by an evidence-based assessment of payer mix at the individual hospice level." [source: April 26, 2021, screening response, pdf5-7]

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.
The applicant stated that with the expansion of its hospice agency, it would continue be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, pdf12]
"*The applicant (The legal name of the applicant is Envision Hospice of Washington, LLC. Envision Hospice of Washington, LLC, is a wholly-owned subsidiary of Envision Home Health of Washington, LLC and its members with a 10% interest or greater confirm that this agency will be available and accessible to the entire geography of Pierce County*."

Envision provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, pdf34]
"*The office hours will be 8 a.m. to 5 p.m. Monday through Fridays.*
At all other times, Envision will have paid staff on call and accessible by telephone via a phone call to a main number.

Envision Hospice patients who elect to participate in its tele-medicine option will have 24/7 access through their own dedicated electronic tele-medicine device."

Public Comment
Providence Hospice of Seattle – Oppose [source: pdf20-21]
"***1. Envision does not intend to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program.***

Envision claims that one of its 'goals' with respect to providing hospice services in Pierce County is to '[r]espond with focused capabilities to specific clinical groups with special needs.' However, despite this repeated claim, Envision does not intend to offer specialized pediatric hospice care or establish a dedicated pediatric hospice program in Pierce County. As best we can determine, pediatric patients and services are not mentioned in Envision's application. There is certainly no expression of an intention to establish a pediatric hospice program. In contrast, for example, Providence Hospice has a long-established dedicated pediatric hospice and palliative care program.

As noted above, even though there is numerical need for a new hospice agency in Pierce County, in order to satisfy the need criterion an applicant must also demonstrate that it will provide 'adequate access' to 'underserved groups.' Given Envision's failure to commit to the provision of specialized pediatric care, or to the establishment of a dedicated pediatric hospice program, its application does not satisfy the need sub-criterion requiring it to provide 'adequate access' to 'underserved groups.'

2. Envision does not commit to providing charity care to patients whose income is above 200% of the Federal Poverty Guidelines, nor does it provide a Guidelines based charity care sliding scale for those patients.

Low-income and financially disadvantaged persons are a traditionally underserved group who, in the absence of financial assistance, often struggle to access care. Hospice providers must ensure their program provides 'adequate access' to these individuals in accordance with WAC 246-310-210(2) through inclusive and objective charity care policies. In order to determine whether an applicant will provide adequate access to those in financial need, the Department evaluates its charity care policy. A review of Envision's charity care policy shows that Envision will not provide adequate access to those who are financially disadvantaged.

Envision will provide 'full charity care' to patients whose income is 'below 200%' of the Federal Poverty Guidelines ('FPG'). However, it does not make a commitment to provide charity care to patients whose income is above 200% of the FPG: 'Partial charity care may be provided to patients with gross family income above 200% of the Federal Poverty Guidelines as adjusted for family size when circumstances determined by Envision Home Health indicate that full payment may cause social and financial hardship so as to significantly harm the patient or family unit.'

Thus, for patients whose income is above 200% of the FPG, Envision will make a case-by-case determination based upon subjective criteria that require a patient to demonstrate that they or their 'family unit' will be 'significant[ly] harm[ed]' if Envision does not provide charity care.

Envision has no objective charity care qualification criteria, and it has not provided an FPG-based sliding scale to the Department. Thus, while the patient is in the midst of receiving hospice care, they and their family will be required to provide evidence of 'social and financial hardship' in order to qualify for charity care.

In comparison, Providence Hospice, like Envision, provides full charity care to patients whose income is below 200% of the FPG. However, in contrast to Envision, Providence Hospice has a generous FPG-based sliding fee scale that applies to patients with income up to 400% of the FPG. Envision's policy fails to provide objective charity care qualification criteria for a patient whose income exceeds 200% of the FPG, and, instead, requires the patient to provide evidence of 'social and financial hardship' in order to qualify for charity care. This type of policy does not satisfy WAC 246-310-210(2), which requires an applicant to show that it will provide 'adequate access' to low income and financially disadvantaged persons." [emphasis in original]

Providence Hospice of Seattle Rebuttal Comment – Oppose [source: pdf20]
"*A perfect example of Envision's overstatement of its application's uniqueness is it claim that it 'can routinely serve patients from ages 13 and older and can also serve pediatric patients.' In reality, as Providence Hospice pointed out in its public comments, Envision has not committed to offering specialized pediatric care or to establishing a dedicated pediatric hospice program in Pierce County.*

As we noted in our public comments, as best we can determine pediatric patients and services are not mentioned in Envision's CN application. Suddenly, however, Envision makes the following claims in its public comments: 'If needed, Envision can serve pediatric patients, as administrative staff has experience in pediatric hospice and palliative care. . . . Developing a pediatric care program requires specialized education and training for staff members as well as specific policies and procedures with a pediatric focus, but with current administrative staff on-board, a formal program can be placed in service based on Need.' It should be noted that the 'current administrative staff on-board' referred to by Envision is apparently a single individual who, in 2011, helped to develop a pediatric hospice program at Mary Bridge Hospital, a program which was only 'maintained for a few years." [emphasis in original]

Envision Hospice of Washington Rebuttal Comment [source: pdf14-17]
"***B. Envision's application does not satisfy the 'adequate access' need sub-criterion set forth in WAC 246-310-210(2).***

1. Envision does not intend to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program.

Envision will admit patients of all ages to its hospice program, which is supported by Envision's admission policy and procedures. Our administrative team is knowledgeable in specialty pediatric care and will collaborate and coordinate specialty pediatric services with specialty, pediatric hospice providers in the five-county Puget Sound area (if we are approved to operate in Pierce County); and will not duplicate pediatric palliative care services offered within that service area by providers like Children's Hospital of Seattle, Mary Bridge Children's Hospital and Providence Hospice of Seattle and Providence Hospice and Home Care of Snohomish County.

The level of pediatric services offered will depend on the resources available within each county. In terms of Pierce County, there is currently a more limited range of pediatric hospice services available among the three hospice agencies serving the county, although there is a Camp Erin program hosted by Mary Bridge Children's Hospital. Envision will play a role in the Camp Erin programs offered in Pierce County by collaborating with host organizations to the Eluna Network such as Mary Bridge Children's Hospital, Providence Hospice of Seattle and Providence Hospice and Home Care of Snohomish County either as a sponsor, partner or donor at the local or national level – Camp Erin was created in the Seattle area as described below and four programs in Washington States are part of the 29 Camp Erin programs offering services in 33 locations nationwide.

Providence did not 'co-found Camp Erin. In fact, According to Providence's website:https://www.providence.org/locations/wa/hospice-of-seattle/our-history

'In 2004, the Moyer Foundation gave Providence Hospice of Seattle a grant to launch Camp Erin®-King County. The grant funded the camp's start-up costs and provided Providence Hospice of Seattle with an endowment to ensure the camp's long-term growth. In 2008, The Moyer Foundation gave Providence Hospice of Seattle a second grant to launch Teen Camp Erin.' The camp is facilitated by professional staff affiliated with Providence Hospice of Seattle's Safe Crossings program, as well as trained volunteers. Adult 'Big Buddy' volunteers offer additional support and companionship for campers.'

To be clear, a grant is an award, usually financial, given by one entity (typically a company, foundation, or government) to an individual or a company to facilitate a goal or incentivize performance. A co-founder is any individual who starts a company or any other business venture with the help of other people. Providence received a grant; they were not co-founders of Camp Erin.

Envision is shocked that Providence has expropriated the Camp Erin Program and we are astounded that Providence seems to indicate that it will compete with Mary Bridge Children's Hospital's sponsored Camp Erin Pierce County.

Finally, Envision applauds Providence for its specialty pediatric hospice services provided in King County but no where in the Providence Pierce County application nor in letters submitted at the public hearing does Providence define what specialty pediatric services that it will provide in Pierce County and how those services will be organized. For example, since many hospice services are home or residentially based, does Providence intend to provide those services in Pierce County residential settings or move the patient; and what are the services?

2. Envision does not commit to providing charity care to patients whose income is above 200% of the Federal Poverty Guidelines, nor does it provide a Guidelines- based charity care sliding scale for those patients.

Envision's charity care policy complies with certificate of need program requirements and has been approved for use in other hospice planning areas in Washington. Envision notes that the approval of the Envision Hospice of Washington, LLC charity policy would apply to individual county extensions but would revise as required if there have changes in State policy. Table 1 below

compares the amount of charity care intended to be provided by Envision and Providence Hospice of Seattle within Pierce County. It shows that on either a percentage or absolute dollar amount, Envision provides a greater amount of charity care than Providence Hospice of Seattle."

Commenter's Table

Charity Care as a Percent of Gross Revenue for Pierce County			
Envision Hospice -- Pierce County			
	2022	2023	2024
Average Daily Census	30	45	60
Gross Revenue -- Pierce County	$2,419,388	$3,629,081	$4,838,775
Charity Care	$46,936	$70,404	$93,872
Charity Care % of Gross Revenue	1.9%	1.9%	1.9%
Providence -- Pierce County			
	2022	2023	2024
Average Daily Census	25	38	50
Gross Revenue -- Pierce County	$2,790,950	$4,181,444	$5,516,974
Charity Care	$18,706	$28,434	$37,515
Charity Care % of Gross Revenue	0.7%	0.7%	0.7%

Department Evaluation

The executed Human Rights Assurance and Patient Admission Criteria policies provided by the applicant describe the process Envision would use to admit a patient to its hospice agency. The policies include language to ensure all patients would be admitted for treatment without discrimination.

Envision anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 95% of its total revenues. Additionally, its financial projections show that Medicare and Medicaid revenue is expected.

Envision also provided a copy of its current executed Charity Care Policy. The policy includes non-discrimination language ensuring all patients eligible for hospice services would be served by the agency. The policy also provides the procedure to apply for charity care, outlines the documents required to determine eligibility, as well as a process to appeal the decision. Additionally, the pro forma financial statements provided show a charity care line item as a deduction of revenue after contractual allowances and bad debt are subtracted.

Providence raised concerns in both the comment and rebuttal periods as to whether Envision intends to provide pediatric hospice services. Providence argued that Envision has not definitively stated whether it will provide hospice services to all residents of the planning area, specifically pediatric patients. However, Envision has stated that it intends to serve all planning area residents, including pediatric patients; it also notes that it will not duplicate existing services, which includes existing

providers of pediatric palliative services. In addition, Envision's non-discrimination language in its Human Rights Assurance, Patient Admission Criteria, and Charity Care policies specifically include "*age*" as a protected category. This approach is acceptable for pediatric patients who generally need specialized care; which are not the majority of patients typically requiring hospice services.

Providence also raised concerns in public comment that the Envision's qualifying amount of income does not provide sufficient charity care to Pierce County residents, specifically those whose income is above 200% of Federal Poverty Guidelines. Providence also takes issue with the fact that Envision's Charity Care Policy does not list eligibility criteria. However, department requirements and review criteria do require this level of specificity of an approvable applicant's charity care policy. Further, as noted by Providence, Envision does not state that those whose income is above 200% of Federal Poverty Guidelines will not receive charity care, only that "*Partial charity care may be provided … when circumstances determined by Envision indicate that full payment may cause social and financial hardship so as to significantly harm the patient or family unit.*" Envision provides a summary comparing Providence's proposed charity care amounts relative to Envision's. However, again the department does not have specific criteria directly applicable to hospice agencies which dictates specific requirements of a hospice agency's charity care policy or generosity. None of the preceding information suggests that the services proposed in Pierce County would be inadequate or inappropriate.

Envision's policies along with its projected revenue from Medicare and Medicaid, and its anticipation of deductions from revenue for charity care substantiate Envision's intention of providing charity care.

In conclusion, Envision's Human Rights Assurance Policy, Patient Admission Criteria Policy, and Charity Care Policy demonstrate that all residents of the service area will be accepted for services, regardless of the ability to pay. The department concludes that **this sub-criterion is met**.

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

In response to this sub-criterion, Pennant provided copies of the following policies. [source: Application, Exhibit 6]

Admission Criteria and Process – Draft

Stated purpose: *To establish standards and a process by which a patient can be evaluated and accepted for admission.*

This policy states that patients will be admitted if they meet the admission criteria, and then identifies the admission criteria. The policy also provides information regarding the admission process, and the following non-discrimination language: *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.*

Charity Care – Draft

Stated purpose: *To detail the process utilized for patients in need of hospice services under the charity care policy as required by the Washington State Department of Health.*

The policy provides the procedure to determine if a patient qualifies for charity care; and states that: *The organization will consistently apply the charity care policy*. The policy also includes the following non-discrimination language: ***Once Federal and State hospice clinical admission guidance, all patients in need of hospice will receive Alpha Hospice services expeditiously regardless of ability to pay, race, color, gender, gender identity, religion, age, or citizenship.*** [**emphasis** in original] The policy identifies that the Executive Director/Administrator with the appropriate program director, will determine the appropriate amount of charity care to be provided.

Nondiscrimination Policy and Grievance Process – Draft
Stated purpose: *To prevent organization personnel from discriminating against other personnel, patients, or other organizations on the basis of race, color, religion, age, sex (an individual's sex, gender identity, sex stereotyping, pregnancy, childbirth and related conditions), sexual orientation, disability (mental or physical), communicable disease, or national origin*.

This policy documents the efforts Pennant will make to prevent discrimination in its delivery of hospice services and outlines the process for filing grievances or complaints on the basis of discrimination.

In response to this sub-criterion, Pennant provided the following statements. [source: Application pdf18]
"*Puget Sound Hospice of Pierce County plans to support Pierce County in its entirety.*

Pierce County will be served in its entirety by Puget Sound Hospice of Pierce County. Puget Sound Hospice of Pierce County clinical staff will be available 24hours/per day, seven days a week, to meet patient and family needs. We plan to provide our full range of services for all residents of Pierce County.

Residents in Pierce County have been identified as one of the most diverse populations in the state of Washington. Unfortunately, there is also diversity in the health of different populations in the County. For example, in comparing different areas within Pierce County, there have been disparities found in life expectancy of up to 8 years. We believe a lot of the disparity in health stems from the lack of access to timely healthcare for people in certain demographics, and community members in Pierce County identified timely access to health care as a health priority. We believe we can help fix this problem. As mentioned above, we have a robust non-discrimination policy. Demographic characteristics are not considered when making the decision to admit a patient. Further, our home health agency, Puget Sound Home Health, is aware of this issue and has obtained commercial and Medicaid payer contracts that other providers will not participate in. This allows Puget Sound Home Health to serve and meet the under-served needs of those in Pierce County. Puget Sound Hospice of Pierce County will be able to partner with Puget Sound Home Health to help appriopriately [sic] *bridge those home health patients from under-served demographic groups to meet their needs. Similarly, we will partner with community providers to meet the need of those under-served in Pierce County*."

Additionally, Pennant provided the following anticipated payer mix for Pierce County hospice services, and states "*The numbers in the payer mix table below are averages across all Cornerstone-affiliated hospice agencies*." [sources: Application, pdf24]

Department's Table 8
Pennant's Pierce County Projected Payer Mix

Payer	Percent of Gross Revenue	Percent by Patient
Medicare	94.6%	95.2%
Medicaid	4.0%	3.73%
Commercial	1.2%	0.87%
Self-Pay	0.2%	0.2%
Total	**100.0%**	**100.0%**

In response to a screening question, Pennant provided the additional justification for the use of the preceding payer mixes. [source: March 31, 2021, screening response, pdf7]
"*The payer mix blended averages are consistent with the payer mix averages for five of our hospice and home health agencies in Washington state. These agencies are in Snohomish County, Asotin County, Pierce County, King County and Benton County. While the payer mixes vary, the variations are minor from county to county. Based on this, we are confident the payer mix will be similar for Grays Harbor County*."

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.
The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, pdf10]
"*Puget Sound Hospice of Pierce County will be available and accessible to the entire geography of Pierce County. Puget Sound Home Health has served the entire geography of Pierce County for many years, and we intend to continue this level of coverage with the addition of the hospice service line*."

Pennant provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, pdf31]
"*Puget Sound Hospice of Pierce County's office hours of operation will be 8 am to 5 pm, Monday through Friday, however, we will provide hospice services 24 hours a day, 7 days a week. Puget Sound Hospice of Pierce County admissions packet will include instructions to the patient and family/caregiver as to how to reach the agency at all hours. During non-business hours, Puget Sound Hospice of Pierce County's main phone number will be rolled to an on-call phone. This phone will be assigned to an oncall nurse.*

If the on-call nurse does not answer (extraneous circumstance), the outgoing message will instruct the client/caregiver to call the nurse administrator on-call if no return call occurs within 15 minutes."

Public Comment
Continuum Care of Pierce – Oppose [source: pdf7]
"*... According to the Progress Reports submitted to the Program, the project was completed as of April 2021.*

On June 8, 2021, a patient inquiry call was made to Alpha Hospice to inquire about services in Snohomish County. Alpha's home health program answered the call, and the caller was placed on hold to be transferred to a hospice employee. The person was not available, and the caller asked to leave a message. A subsequent call was placed on June 10, 2021. The caller was told that services are available in Snohomish County but because they are not able to serve all areas of the County, acceptance decisions are made on a 'case by case basis."

Providence Hospice of Seattle – Oppose [source: pdf44-45]
"*As best we can determine, Cornerstone's application and screening responses do not mention pediatric hospice patients or services at all. However, in its application, Cornerstone does state: 'Puget Sound Hospice of Pierce County will serve patients of all ages and diagnosis and is committed to serving all patients regardless of race, color, religion (creed), gender, gender expression, age, national origin, disability, marital status, sexual orientation, English proficiency, or military status.' However, this statement does not constitute a commitment to provide specialized pediatric care or to establish a dedicated pediatric program.*

In contrast, and as was noted above, Providence Hospice has a long-established dedicated pediatric hospice and palliative care program. Providence Hospice developed this program because it recognized that pediatric patients are an underserved group. In its application, Providence Hospice has committed to extend this program to Pierce County, and to provide hospice care to pediatric patients in the County. Cornerstone has made no commitment to provide specialized pediatric services in the County, or to establish a dedicated pediatric hospice program. Thus, its application does not satisfy the need sub-criterion requiring it to provide 'adequate access' to 'underserved groups."

The Pennant Group/Symbol Rebuttal Comment [source: pdf3-5]
"*Continuum commented that they inquired about services in Snohomish County with Alpha Hospice in June of 2021. Not only is Continuum's story hearsay, it is false. The Alpha Hospice team confirmed that Continuum's account simply did not happen. The team disclosed the obvious, which is that they would never tell a caller that they do not serve the entire county, because they do in fact serve the entire county. Accordingly, Continuum's comment must not be considered due to its falsity*.
...
Providence submitted a comment that we have not met the requirements of WAC 246-310- 210(2) because we did not have a commitment to pediatric care that Providence stated is required. Preliminarily, we would note that Providence is asking the Department to interpret that regulation the way Providence is choosing to do, which simply is not what the regulation says. Secondly, Providence itself noted that we represented to the Department that we will provide care to 'patients of all ages[.]' Despite the fact that we stated in unequivocal terms ('we will provide care to patients of all ages'), Providence, in an effort to allege we have not met the criterion that Providence falsely believes is in the regulation, reads our unequivocal statement to be conditional. Stating these two points another way, Providence has misread both the regulation and our statement that indicates we have in fact met the regulation.

That aside, Puget Sound Hospice in Pierce County is in fact already prepared to provide pediatric hospice care. We have already hired a registered nurse who has vast experience in pediatric care to head up our pediatric care. We have done this to fulfill what Providence noted: we will in fact provide

care to patients of all ages. Because Providence has misread the regulation and our application, and we are in fact willing and able to provide the type of care Providence references, Providence's comments on this issue are immaterial."

Department Evaluation

The draft Admission Criteria and Process Policy provided by the applicant describes the criteria for admission and the procedure Pennant would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination.

Pennant anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 98.6% of its total revenues. In addition, the financial data provided shows that Medicare and Medicaid revenue is expected.

Pennant also provided a copy of its draft Charity Care Policy. The policy includes non-discrimination language ensuring all patients eligible for hospice services would be served by the agency. The policy also provides the procedure to apply for charity care, as well as the steps the agency takes throughout the process. Additionally, the pro forma financial statements provided show a charity care line item as a deduction from gross revenue.

Concerns were raised in public comment by Continuum that a Pennant-affiliated Snohomish County CN-approved hospice agency was contacted by phone on several occasions; and the caller was not able to access hospice services in Snohomish County. After checking with its staff, Pennant rebutted this comment stating that the comment is not only "*hearsay*" but also "*false*". The department notes that public comment relayed by a competitor on a competing project, is not the correct forum to submit such a claim. The department has other, more appropriate, channels for reporting alleged violations[19] of application regulations, including those of an issued certificate of need.[20] Further, information about alleged non-compliance with the conditions of an issued CN would be more appropriately reported relative to the Snohomish County certificate, not this proposed Pierce County project. The department concludes that this comment is hearsay as presented in comment by Continuum, since there is no documentation to substantiate such a claim.

Additional comment was provided by Providence as to whether Pennant intends to provide pediatric hospice services. Providence argued that Pennant has not definitively stated whether it will provide hospice services to pediatric patients. However, Pennant has stated that it intends to serve all planning area residents. Additionally, as noted by Pennant and Providence, Pennant's non-discrimination language in its draft Admission Criteria and Process and draft Charity Care policies specifically includes "*age*" as a protected category.

In conclusion, the department finds that Pennant's draft Admission Criteria and Process Policy and draft Charity Care Policy demonstrate Pennant's intention that all residents of the service area will be accepted for services. If this project is approved, the department would attach conditions to the

[19] https://www.doh.wa.gov/LicensesPermitsandCertificates/FileComplaintAboutProviderorFacility

[20] https://www.doh.wa.gov/LicensesPermitsandCertificates/FacilitiesNewReneworUpdate/CertificateofNeed/FrequentlyAskedQuestions

approval requiring submission of final executed policies. With agreement to these conditions, the department concludes that **this sub-criterion is met**.

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence Hospice provided copies of the following policies that would be used by the hospice agency. [source: Application, Exhibits 10, 11, 12, and 13]

Admission Criteria and Process Policy – Executed

Stated purpose: *To establish a standard and a process by which a patient may be evaluated and accepted for admission for hospice services*.

The policy also outlines the admission criteria to be accepted for hospice services and provides the following non-discrimination language: *Patients will be accepted for care without discrimination of race, religion, age, gender, sexual orientation, disability (mental or physical) or place of national origin.* The policy further states: *While patients are accepted for services solely based on their hospice care needs, the patient's ability to pay for services will be evaluated for state or federal assistance programs, charity care, private insurance or private pay*.

Charity Care Policy – Executed

Stated purpose: *…to outline financial assistance as it pertains to Home and Community Care (HCC) and to also incorporate state specific guidelines.*

The policy provides a definition of 'charity care' to be *healthcare provided for free or at reduced cost to low income patients. Charity Care is a provision of health and social services with no expectation of compensation from any source—either third party insurance or private pay*. The policy also provides the charity care eligibility requirements, evaluation process, and procedures for obtain charity care.

Patient Family Bill of Rights and Responsibilities Policy – Executed

Stated purpose: *To provide information to patients, families, and their caregivers that describe their rights and responsibilities related to their care and how to communicate with their care team and Providence Hospice as outlined in WAC 246-335-075 and CFR 418.52*.

The policy also outlines the roles and responsibilities for both the patient/family and the hospice agency.

Non-Discrimination Policy – Executed

Stated purpose: *To establish PSJH's System-level policy and procedures prohibiting discrimination against individuals accessing any Health Program and/or Activity (defined below) provided by PSJH, designating caregivers responsible for implementation and monitoring of this policy, and establishing the internal grievance procedure for complaints alleging discrimination related to a PSJH Program or Activity. In addition to this policy, PSJH is committed to nondiscrimination in employment and in the provision of benefits to caregivers of PSJH, and in the provision of coverage through PHP. These commitments are more fully outlined in PSJH's applicable Human Resources policies and benefit plan documents, or in the applicable PHP policies. This policy is not intended to replace, substitute or modify: (1) PSJH's and Affiliates' policies that prohibit discrimination in*

employment and provide for an internal grievance procedure for employment-related disputes; (2) any grievance procedure set forth in the applicable summary plan description for individuals participating in a PSJH benefit plan; or (3) PHP's policies governing nondiscrimination and associated grievance procedures in its health-related insurance activities. For information on the latter policies and grievance procedures, please see the links provided at the end of the Reference section below.

The policy provides specific definitions used in the document and includes the following non-discrimination language.
Consistent with PSJH's Mission and Core Values, it is the policy of PSJH to not discriminate against, exclude, or treat differently any individuals accessing any PSJH Program or Activity on any basis prohibited by local, state or federal laws, including but not limited to on the basis of race, color, religious creed (including religious dress and grooming practices), national origin (including certain language use restrictions), ancestry, disability (mental and physical including HIV and AIDS), medical condition (including cancer and genetic characteristics), marital status, age, sex (including pregnancy, childbirth, breastfeeding and related medical conditions, gender, gender identity, gender expression and sexual orientation, genetic information (including family medical history), or military/veteran status as those terms are defined under federal and state laws and rules. Discrimination will not be tolerated.

PSJH applies all appropriate federal and/or state protections for religious freedom and conscience. It is also PSJH's policy to provide free auxiliary aids and language assistance services to individuals with Disabilities, or Limited English Proficiency, or non-English speaking who are accessing PSJH Programs or Activities. Such services may include providing Qualified Bilingual/Multilingual Staff, Qualified Interpreters, and Qualified Translation free of charge as needed or appropriate.

PSJH has established applicable grievance procedures for individuals accessing any PSJH Program or Activity, which provides for prompt and equitable resolution of complaints alleging violations of applicable federal or state laws that prohibit discrimination, including but not limited to Sections 504 and 508 of the Rehabilitation Act of 1973, the Americans With Disabilities Act (ADA) and Title VI of the Civil Rights Act of 1964, Section 1557 of the Affordable Care Act (42 U.S.C. 18116), and its implementing regulations at 45 CFR part 92 (collectively refer red to below as "Section 1557"). Any person who believes that someone accessing a PSJH Program or Activity has been subjected to discrimination on the basis of race, color, religious creed (including religious dress and grooming practices), national origin (including certain language use restrictions), ancestry, disability (mental and physical including HIV and AIDS), medical condition (including cancer and genetic characteristics), marital status, age, sex (including pregnancy, childbirth, breastfeeding and related medical conditions, gender, gender identity, gender expression and sexual orientation, genetic information (including family medical history), or military/veteran status may file a grievance under this procedure. It is against the law for PSJH to retaliate against anyone who opposes discrimination, files a grievance, or participates in the investigation of a grievance. Human Resources also maintains a policy on this topic.

Providence Hospice provided the projected payer mix for its hospice agency in King County with the proposed services in Pierce County. [source: Application, pdf39]

Applicant's Table

Table 15. Providence Hospice of Seattle Projected Payer Mix

Payer Mix	Projected	
	% of Gross Revenue	% by Patient
Medicare	81.4%	88.9%
Medicaid	11.4%	2.9%
Commercial	4.1%	4.7%
Other (includes government & Tri	2.8%	3.2%
Self-Pay	0.3%	0.3%
Total	**100.0%**	**100.0%**

Source: Providence Hospice of Seattle

Providence states that the projected percentages shown in the table above are based on historical year 2020 percentages and provided the following table to show its historical payer mix for years 2017 through 2020. [source: Application, pdf39]

Applicant's Table 16

Payer Mix	FY 2017		FY 2018		FY 2019		Annualized 2020	
	% of Gross Revenue	% by Patient	% of Gross Revenue	% by Patient	% of Gross Revenue	% by Patient	% of Gross Revenue	% by Patient
Medicare	86.6%	88.2%	82.1%	88.3%	81.1%	88.2%	81.4%	88.9%
Medicaid	5.2%	3.7%	10.2%	3.9%	11.4%	4.0%	11.4%	2.9%
Commercial	3.9%	3.5%	3.1%	3.0%	3.5%	3.3%	4.1%	4.7%
Other (includes gov't & Tricare)	3.1%	3.3%	3.7%	4.0%	3.6%	3.9%	2.8%	3.2%
Self-Pay	1.2%	1.3%	0.9%	0.8%	0.4%	0.6%	0.3%	0.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Providence Hospice of Seattle

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.
The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, pdf16]
"We confirm that the proposed agency will be available and accessible to the entirety of Pierce County. Providence Hospice commits that it will serve the entire geography of the Pierce County planning area."

Providence provided the following statements regarding hours of operation and patient access to services outside of the hours of operation. [source: Application, pdf46-47]
"The intended hours of operation will be from 8:00 a.m. - 4:30 p.m. daily for regular office hours, with 24/7 access to nursing and other hospice services, including nursing visits.

Providence Hospice has three shifts of staff who work 24 hours a day. During the hours of 4:30 p.m. – 8:00 a.m., patients and families who call the main number speak with a Providence Hospice nurse who triages the call, either helping the patient/family over the phone or by sending a nurse to the patient/family based on their needs. We contract with Total Triage/Care XM for back-up service. If

all our nurses are on calls or making visits, a Total Triage/Care XM nurse will assist the patient or family over the phone and escalate the situation to our nursing staff if further assistance or a visit is needed. We also have social worker, chaplain, adult physician, pediatric physician, and administrator on-call services during this time."

Public Comment

During the review of these six projects, the department received much public comment related to this sub-criterion. There were 63 separate letters of support that focused specifically on Providence Hospice of Seattle. Of these 63 letters, 51 letters of support were provided by an entity with a direct relationship to the Providence health system.[21] These letters focused on Providence's ability to coordinate needed services with existing providers, patients, families, and other entities necessary for full service hospice program. While these letters of support are not repeated below, they are considered in this review.

Of the remaining 12 letters of support, four were provided by individuals whose family member had received hospice services through Providence. These four letters provided supportive comments related to their individual experiences with Providence hospice and a loved one. While these letters are also considered in this review, they are not repeated below because of the delicate and personal information provided in the letters.

The remaining eight letters of support were provided by an entity with no direct relationship to Providence. Those entities are identified below.

Signature on Letter	**Entity Representing**
Ann Anderson, RN CHPPN Palliative Program	Seattle Children's Hospital
Ross M. Hays MD, Professor (pediatric)	Seattle Children's Hospital
Brian D. Wong, MD & CEO	The Bedside Trust
John M. Reid, President	The Reid Group
Chase Farmer, Division President	Medical Solutions
Joel Gallion, President & Peter Norman, Chief Executive	Bellevue Healthcare
Cynthia Dold, Associate VP Clinical Operations	UW Medicine
Jorge Madrazo, VP of Community Relations	Sea Mar Community Health Center

Excerpts from some of these six letters of support are below. Again, while all 63 letters are not restated below, all are considered in this review.

Ann Anderson-Seattle Children's Hospital

"I am writing today to express my strong support of the Providence Hospice of Seattle certificate of need application (#21-52) to extend operations into Pierce County, WA. My hope is that their presence in Pierce County would benefit children that deserve and need good quality pediatric hospice support. As a pediatric palliative care nurse in King County for the last sixteen years, I have seen varying availability of hospice support for children in Pierce County. When I was a community-

[21] In this evaluation, a direct relationship means a healthcare facility that is part of the Providence health system, volunteers working for Providence, persons associated with the Providence Foundation, or persons associated the regional Providence entity.

based hospice nurse, I took care of children who had to spend their last days away from their home in Pierce County because there wasn't a hospice willing to support them in their own community."

For a couple of years, MultiCare Hospice ramped up their pediatric hospice program, then abruptly shut it down again.

I work as the nurse coordinator with the Palliative Care Program at Seattle Children's Hospital. Recently we have been able to refer to MultiCare and Franciscan Hospices, and they are doing good work, but these are not pediatric programs. Providence Hospice of Seattle has a proven track record for compassionately serving children and their families with hospice. Often teams at Seattle Children's Hospital want to refer a child who is not yet eligible for hospice to home based pediatric palliative care in Pierce County. That level of care is not offered there, and my hope is if Providence Hospice of Seattle were to provide care in Pierce County that pediatric patients there could receive that much needed care."

Ross M. Hays MD, Seattle Children's Hospital

"I am the director of the pediatric palliative care program at Seattle Children's Hospital. I am also the hospice medical director for the Stepping Stones program, a dedicated pediatric hospice and community based palliative care program sponsored by Providence Hospice of Seattle. At Seattle Children's, we encounter children with serious life limiting illnesses from throughout the Puget Sound region. We have excellent community hospice care for those children in King, Snohomish and Thurston counties provided through the Providence Health and Service system. We have no dedicated community hospice care for children in Pierce county. Children from Pierce county who require hospice are often forced to establish temporary residence in King county for them to obtain specialized pediatric care. Occasionally, they receive hospice care in Pierce county from an adult hospice agency which is ill equipped to address the special needs of children and their families. Neither option is acceptable.

Providence Health and Services has nearly sixteen years of experience providing specialized pediatric hospice care. They have the accumulated knowledge, resources, and talent to provide this service in Pierce county. No other hospice program has the expertise to adequately support children and their families. I urge you to consider the special needs of vulnerable children and their families in the decision you make regarding this hospice certificate of need."

Joel Gallion, President & Peter Norman, Chief Executive, Bellevue Healthcare

"Bellevue Healthcare has been a partner with Providence for 20 years serving the Hospice population. Time and again we see Providence provide exemplary services while accepting any patient – regardless of ability to pay. While there are many hospice agencies who are solely focused on cost containment, Providence always goes above what is required and provides patient centric care so that they can live their last days with dignity.

Providence is a long-term, known and dependable care partner in the greater Pacific Northwest. Beyond providing hospice care, it is an organization committed to a holistic approach, offering a comprehensive care model including physical, emotional, and spiritual care. The grief counseling and resources Providence provides families and loved ones are second to none, including Camp Erin and other grief programs for children. Providence also provides a comprehensive pediatric

palliative and hospice program which is unique in the markets they serve and will be a big asset for Pierce County families.

Providence is the ideal choice for the certificate of need as it already has the local infrastructure needed to serve deserving patients. As the Pierce County population continues to grow, Providence's proven ability to scale services in all of their markets sets them apart from other agencies."

Rebuttal Comments
Providence Hospice of Seattle did not provide rebuttal comments to the letters of support referenced above.

Department Evaluation
The Admission Criteria and Process Policy outlines the criteria for admission to Providence Hospice. These criteria are consistent with what the department would expect. The process section of the policy describes the process Providence Hospice would use to admit a patient to its hospice agency and outlines rights and responsibilities for both Providence and the patient.

The Non-Discrimination Policy includes language to ensure all patients would be admitted for treatment without discrimination.

Providence Hospice anticipates its Medicare and Medicaid revenues for the proposed hospice agency will be approximately 92.8% of its total revenues. Providence Hospice does not expect any change in its Medicare and Medicaid revenues over time. Additionally, the financial data provided in the application shows that Medicare and Medicaid revenue is expected.

Providence Hospice also provided a copy of its executed charity care policy that would be used at the hospice agency. The policy provides the circumstances that a patient may qualify for charity care and outlines the process to be used to obtain charity care. Additionally, the pro forma financial statements provided in the application show a charity care line item.

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

AccentCare, Inc./Seasons
AccentCare, Inc./Seasons provided copies of the following policies that are currently used by their operational agencies and would also be used by the proposed Pierce agency. [source: Application, Exhibit 7 &14 and March 30, 2021, screening responses, Attachment 7]

- Admission Criteria (policy #208)
- Admission Process (policy#209), including referrals
- Charity care policy and the Application for Financial Assistance
- Patient Rights and Responsibilities (policy #101)
- Notice of Privacy Practices (policy #908)
- Non-Discrimination & Grievance Procedure (policy #105)
- Availability of Services (policy #204)
- Standards of Practice (policy #206)
- Informed Consent (policy #210)

- Patient Discharge (policy #218)
- Communication with Sensory Impaired or Limited English Proficient Persons (policy #227)
- Hospice Care to Residents in a Facility (policy #233)
- Emergency Management Program (policy #703)
- Physician Aid-In-Dying
- Aide Plan of Care: Coordination, Documentation & Supervision 2112

Focusing on Admission Criteria, Charity Care, and Patient/Family Rights and Responsibilities policies and Non-Discrimination & Grievance Procedure/Policy, the department notes that these four documents include all required information for Certificate of Need purposes.

For its proposed Pierce County hospice agency, the applicant stated it would be available for both Medicare and Medicaid patients and provided its projected payer mix for hospice services. [source: Application, pdf 68]

Applicant's Table

Payor	Percent of Gross Revenue	Percent of Patient Days
Medicare & Medicare Managed Care	91.0%	91.0%
Medicaid & Medicaid Managed Care	1.0%	1.0%
Health Options (BHP)	2.0%	2.0%
Charity Care	0.0%	1.0%
Private Pay	2.5%	1.5%
Third Party Insurance	3.0%	3.0%
Other (Champus, VA)	0.5%	0.5%
Total Gross Patient Service Revenues	**100.0%**	**100.0%**

Noting that the table above identifies 'charity care' as a payer, the department requested clarification on that line item. AccentCare, Inc./Seasons provided the following responses. [source: March 30, 2021, screening response, pdf 8]
"The payor mix shown in Table 25 on page 69 is based on the information in Exhibit 16, although it combines Medicare (at 27.3% of patient days) and Medicare Managed Care (63.7% of patient days) as shown in Exhibit 16, Workpaper 3, page 486, for a combined 91.0%. The percent of Gross Revenue shown in Table 25 is calculated from the revenues shown in Exhibit 16, page 484. Charity care is a deduction of private pay revenue, and therefore represents 1% of patient days, but 0% of Gross Revenue.

The payor mix is based on the experience of the applicant in other service areas. Hospice services are overwhelmingly accessed by elderly patients who are Medicare beneficiaries. The 90 percent Medicare payor distribution reflects this fact. The Applicant has projected that Medicare recipients will, in the majority of cases, adopt a Medicare supplement program. In the pro formas, these payors are assumed to negotiate reductions in net payments with providers. To this extent, the assumption that Medicare Managed Care payors will make up the bulk of this results in a somewhat lower net reimbursement."

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.
The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, pdf16]
"The proposed agency will establish its office proximate to the most populous areas of Pierce County to ensure availability and accessibility to the entire geography of the county. Enrolled patients receive hospice services in their own homes. However, when necessary, a patient may require inpatient respite or general inpatient services, which are temporary and typically less than one week, at a facility under contract. Therefore, the location of the business office is the repository for medical records, staff training and staff conferences for the purpose of care team meetings. All care staff are dispatched generally from their homes to provide in-home care to patients. All staff use computer technology to communicate with the office as well as each other, and the call center.

The figure that follows shows the location of the home office on a map with a 30 and 45 minute drive time contour around it. The contours establish the feasibility of staff being able to access the home office for meetings, in-service training, care team conferences and medical records. The location allows an access point to the majority of the population, as indicated in the map. Specifically, the map shows the projected 2026 population by Zip Code. The 30-minute drive-time contour captures 87.5% of the total population, while the 45-minute drive-time contour captures 93.7%, documenting accessibility of the proposed program."

Clarifying the information provided above, the applicant provided the following statements in its screening responses. [source: March 30, 2021, screening response, pdf 7]
"Seasons Pierce confirms that there are no limitations on servicing the full geography of Pierce County. The purpose of the map found on page 16 of the application is to demonstrate that the office location is easily accessible to a majority of the population and therefore fosters efficient operations. For example, the drive-time contours show that 87.5% of the population is within 30 minutes travel time of the office location and 93.7% are within a 45-minute travel time. As stated on page 15 of the application, this provides a main business office location central to the most populous area of Pierce County to serve as a repository for medical records, staff training, and meetings. The hospice will serve all residents of Pierce County in its entirety."

AccentCare, Inc/Seasons provided the following statements regarding hours of operation and patient access to services outside of the hours of operation. [source: Application, pdf83]
"Seasons Pierce County's hours of operation are 24 hours a day, seven days a week. The administrative office will be open Monday-Friday 8:30-5:00 p.m. with the clinical team working and available 24 hours a day, seven days a week. Seasons' call center and clinical team respond to patient/family and referral source needs 24 hours a day, seven days a week, year round, even during times of administrative office closings due to inclement weather or emergencies."

Public Comment
During the review of these six projects, the department received much public comment related to this sub-criterion. Comments submitted specifically for AccentCare, Inc./Seasons focused on patient access for specific end of life directives.[22] These letters of support specifically stated support for

[22] More extensive information on the end of life directives topic is included under WAC 246-310-230(4).

both Envision Hospice of Washington and AccentCare, Inc./Seasons. Below is a small excerpt of the comments provided that conclude support of this project.

Carollynn Zimmers, DVM-Support
"When a person is dying, they become vulnerable and decision making may become difficult. Transparency and access to answers is essential. I am asking that Seasons and Envision be given priority because they support DWD and they are transparent with their policy."

Susan Young-Support
"The Envision and Seasons applications provide necessary duplication of existing capacity because, as Table 1 shows, at least 70% of that capacity is operated by hospices that do not treat patient dignity as a higher priority than religious doctrine. With regard to the "Need" and "Structure and Process of Care" Criteria as discussed above, Envision and Seasons' applications each meet a satisfactory number of those."

Department Evaluation
The admission policy provided by the applicant describes the process AccentCare, Inc./Seasons would use to admit a patient to its hospice agency and outlines rights and responsibilities for both the agency and the patient. The policy includes language to ensure all patients would be admitted for treatment without discrimination.

AccentCare, Inc./Seasons anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 92% of its total revenues. The applicant does not expect a significant change in its Medicare and Medicaid revenues over time. Additionally, the financial data provided in the application shows that Medicare and Medicaid revenue is expected.

AccentCare, Inc./Seasons also provided a copy of it proposed charity policy that would be used at the hospice agency. The policy provides the circumstances that a patient may qualify for charity care. Additionally, the pro forma financial statements provided in the application show a charity care line item as a deduction from revenue.

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

Signature Group, LLC
In response to this sub-criterion, Signature Group, LLC provided a copy of the following policies. [source: Application, Exhibits 7, 8, 9, 10, and 11]
- Admission Criteria and Process Policy
- Intake Process
- Charity Care Policy
- Patient Bill of Rights
- Nondiscrimination Policy and Grievance Process
- Availability of Services Policy
- Discharge Policy

Signature Group, LLC provided the following clarifications regarding all policies provided in the application. [source: March 31, 2021, screening response, pdf5]
"All the policies included in the application are currently in use at all existing Signature Hospice agencies. All policies in use at Signature are based on Federal and State rules and regulations and are in compliance with ACHC. Our policies are reviewed annually by Policy Committees and Governing Body and were reviewed most recently in October 2020. No policies were developed specifically for this application."

The applicant provided a table showing it projected payer mix for the Pierce County hospice services. The table and specific clarifications regarding payer mix are below. [source: March 31, 2021, screening response, pdf3-4]

Department's Table 9
Signature Pierce County Projected Payer Mix

Payer	Percentage Gross Revenue	Percentage By Patient
Medicare and Medicare Managed Care	95.0%	94.0%
Medicaid	4.0%	4.0%
Commercial, private, veterans etc.	1.0%	2.0%
Total	**100.0%**	**100.0%**

"Other Payers" is defined as Commercial Payers. Commercial payers include but are not limited to: VA, Triwest, Blue Cross, Kaiser, Premera, and UHC. Commercial Payers, as seen in Table 18, represent a small percentage of our revenue projections for Signature Hospice Pierce, LLC. The VA encourages its users to enroll in Medicare when eligible. 51% of Veterans, enrolled in the VA, use Medicare to cover medical expenses."

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.
The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, pdf8 & 16]
"The proposed agency will be available and accessible to the entire county population of Pierce, Washington."

Signature Group, LLC provided the following statements regarding hours of operation and patient access to services outside of the hours of operation. [source: Application, pdf39]
"Signature Hospice Pierce, LLC will offer a 24/7 clinical operation with business operating hours from 8am – 5pm Monday - Friday. Services that will be provided 24/7 include physician, nursing, pharmacy, and patient referrals. Other services will be available 24/7 as reasonable and necessary to meet the patient and family needs. Providing services outside of business operating hours will be accomplished through a combination of an experienced internal Hospice RN Triage Team and agency level staff to provide in-person patient visits as needed to ensure optimal symptom management, crisis care and emotional/spiritual support for the patient and family."

Public Comment

Continuum Care of Pierce-Oppose

"... while Signature provided a very brief and high-level discussion about the diversity of Pierce County and health disparities of various populations, it failed to specifically address how it will serve these groups. It assumed only 1% for charity care and 4% for Medicaid; suggesting that it either does not understand these populations or that it does not really intend to actively engage and outreach."

Signature Group Rebuttal Comments

In response to the comments provided by Continuum Care of Pierce County, Signature Group provided the following statements.

"Signature maintains its 1% charity care and 4% Medicaid payor mix assumptions, which are consistent with our genuine efforts to serve underserved communities. Medicare will be the hospice payor for dual eligible beneficiaries; thus the 4% payor mix is not indicative of the volume of low-income persons and/or individuals from underserved groups that will be receiving hospice care from Signature.

A key initiative of Signature Healthcare at Home's Diversity, Equity, Inclusion and Belonging (DEIB) Committee is ensuring culturally competent care delivery. We use multi modal education mediums to ensure resonance with all types of learners. These include a health equity speaker series for anecdotal and inspirational learners; post speaker Q&A for individuals who learn via collaboration and engagement with others; study guides, key terms, and resources lists for more information on the key topics; and self-paced training options with our Learning Management System.

Signature Hospice Pierce will weave equity and inclusion into our strategic growth plan by building relationships with individuals and institutions who have the trust and respect of underserved communities. In addition to outreaching to the traditional physician/facility referral sources, our efforts will be expanded to include community advocates/leaders, alternative health practitioners, faith leaders, individuals and organizations who work with persons experiencing homelessness, etc. Signature Hospice Pierce will engage local leaders within underserved population to further educate our team on culturally competent care delivery, and act as ambassadors back to the community they represent.

One of Signature's 2021 DEIB goals is for 100% of agency leadership throughout the state of Washington to have received a Certificate of Completion from Yale School of Management's "Fostering Inclusion & Diversity" program. Signature Healthcare at Home has invested in this program for our leadership to develop the skills to build inclusive and diverse teams that are more collaborative, innovative, and effective.

Another 2021 DEIB initiative is the launch of employee resource groups, or affinity groups, for teammates with common interests, a shared background, or experience. ERGs can be powerful ways to illuminate opportunities for us to further outreach and serve the underserved communities in the planning area."

Department Evaluation

The Admission Policy provided by the applicant describes the process Signature Hospice would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination. While the policy does not specifically state that pediatric patients would be served at the agency, it does not definitively exclude them.

The Admission and Charity Care policies are typically used in conjunction; therefore, the Charity Care Policy does not specifically include non-discrimination language to ensure all patients eligible for hospice services could be served by the new agency. The Charity Care Policy provides the process to obtain charity care. The policy provides the circumstances that a patient may qualify for charity care. Additionally, the pro forma financial statements provided in the application show a charity care line item as a deduction from revenue.

Signature Hospice anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 99.0% of its total revenues. While Signature Hospice's payer mix for combined Medicare and Medicaid is consistent with past hospice applications reviewed by the department, Continuum Care of Pierce expressed concerns about the projected payer mix. The concerns questioned whether the percentage of 1.0% for commercial/other payers could be consistent with the sub-criterion. Signature Hospice provided rebuttal statements, but did not address this specific topic. Though the 1.0% commercial does not represent a large number of patients, between Medicare, Medicaid, and commercial payers, it appears Signature will be available to the majority of payer types.

Additionally, Signature Hospice's financial data provided in the application shows that Medicare and Medicaid revenue is expected and identifies charity care as a deduction from revenue as required. While Continuum Care of Pierce's concerns are noted, the department does not have a set payer mix percentage that must be met by an applicant.

The documents provided in the application referenced as the Intake Process also provide information necessary to review this project.

The department must also take into consideration the conclusions reached under WAC 246-310-210(1) above. In that section, Signature Group, LLC was unable to demonstrate that it would serve pediatric patients. Information and documents provided under this sub-criterion does not change this conclusion. For this reason, the department notes that the policies specific for hospice services appear appropriate, however, Signature Group's application **does not meet this sub-criterion**.

WAC 246-310-290(13)

Consistent with WAC 246-310-290(13), each of the six applicants provided statements within their respective applications confirming that the proposed Medicare and Medicaid hospice services would be available to residents of Pierce County in its entirety.

(3) The applicant has substantiated any of the following special needs and circumstances the proposed project is to serve.

(a) The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their

services or resources, or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas.

(b) The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.

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

(4) The project will not have an adverse effect on health professional schools and training programs. The assessment of the conformance of a project with this criterion shall include consideration of:

(a) The effect of the means proposed for the delivery of health services on the clinical needs of health professional training programs in the area in which the services are to be provided.

(b) If proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools serving the area will have access to the services for training purposes.

(5) The project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization or proposed health maintenance organization and the services proposed are not available from nonhealth maintenance organization providers or other health maintenance organizations in a reasonable and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.

Department Evaluation

This sub-criterion under WAC 246-310-210(3), (4), and (5) is not applicable for these six applications.

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

Based on the source information reviewed, the department determines the following applicants **met the applicable financial feasibility criteria in WAC 246-310-220:**

- Continuum Care of Pierce LLC
- Envision Hospice of Washington, LLC
- Providence Health & Services-Washington dba Providence Hospice of Seattle
- AccentCare, Inc./Seasons

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable financial feasibility of care criteria in WAC 246-310-220:**

- The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County
- Signature Group, LLC

(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.

To evaluate this sub-criterion, the department reviews the assumptions provided by an applicant, projected revenue and expense (income) statements, and projected balance sheets. The assumptions are the foundation for the 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.[23]

The purpose of the balance sheet is to review the financial status of company at a specific point in time. The balance sheet shows what the company 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.

As a part of this Certificate of Need review, the department must determine that an approvable project is financially feasible – not just as a stand-alone entity in a new county - but also as an addition to its own existing operations. To complete its review, the department requested each applicant provide projected financial information for the parent corporation if the proposed agency would be operated under the parent.

Continuum Care of Pierce LLC

Continuum does not currently operate in Pierce County. However, its members do own hospice agencies already licensed to operate in Thurston and Snohomish counties.

Continuum provided the following assumptions used to determine the projected number of patients and visits for the proposed Pierce County agency:

"***ALOS****: Continuum assumed the actual start-up length of stay of Continuum Snohomish which was 32.15 in the first 6 months of operation. This ALOS is comparable to the Member's experiences in other start-ups. For each subsequent year, the Washington State average from the CN Program's methodology has been assumed (62.66).*

Admissions*: Continuum will provide hospice care to any Pierce County resident that is eligible and is requesting services. The unmet ADC in Pierce County, per the CN Program's methodology is 87 in 2022, increasing to 228 in 2025. We have assumed a relatively modest share of that unmet need. In addition, this application details our commitment and intent to serve the traditionally underserved*." [source: Application, pdf13-14]

[23] One purpose behind the income statement is to allow key decision makers to evaluate the company's current situation and make changes as needed. Creditors use these statements to make a decision on loans it might make to the company. Stock investors use these statements to determine whether the company represents a good investment.

Applicant's Table

Line Item	Assumption
Admissions	½ yr 1 - Prior to Certification, assuming 9 admissions from March 1 – June 20, 2021 to meet Certification needs.
Average LOS	½ yr 1 – Used 32.15 which is reflective of Continuum's experience in Snohomish. Also assumed 32.15 for Precertification period.
Average Daily Census	½ yr 1 – For certain expenses used an ADC of 9.01 to include precertification period and ½ year agency was certified. (289.35 precertification days + 1350 days for half year)/182 days. Per Table 1 in the application, first year shows ADC of 7.42 which is based on patient days after Medicare certification. Years 2 to 4 are calculated using Total Days/365 day year.
Total Days	½ yr 1 – as indicated above includes precertification days related to specific expenses. Otherwise used Admissions X ALOS

[source: March 31, 2021, screening response, Attachment 2]

"*Continuum has reviewed the CN Program's methodology and agrees that the 2022 unmet ADC is 67. While Continuum recognizes that its 'share' of the unmet ADC is higher than indicated in the application, Continuum will also be targeting the underserved and these patients are not included in the unmet ADC. Continuum has extrapolated the data by increasing the unmet ADC each year by the difference between 2021 and 2022. This information is included in Table 2:*" [source: March 31, 2021, screening response, pdf5]

Applicant's Table

Table 2
Pierce County Unmet ADC, 2020-2025

	2020	2021	2022	2023	2024	2025
	From CN Program Methodology			Extrapolated		
Unmet ADC	14	40	67	94	121	148
Difference			27	27	27	27

Source: Applicant

[source: March 31, 2021, screening response, pdf5]

Based on the preceding assumptions, Continuum provided the following projections for utilization of the hospice agency. [source: Application, pdf13]

Department's Table 10
Continuum's Projected Utilization for Pierce County Operations

	2022 Partial Year (6-months)	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Admissions	42	231	316	413
Market Share of Pierce County Unmet Admits	11%	42%	45%	48%
Total Days	1,350	14,474	19,801	25,879
Average Length of Stay	32.14	62.66	62.66	62.66
Average Daily Census	7.4	39.7	54.2	70.9

If this project is approved, the new hospice agency would be operated separately from any other entity and it would purchase administrative services from Affinity Health Management. The proposed hospice is not a subsidiary or under the control of any parent entity, nor is it an expansion of any agency's existing services. Therefore, Continuum appropriately provided projected financial statements for this project as a stand-alone agency.

Continuum also provided the following statements and assumptions used to project its pro forma financials:
"*Table 4 provides the annual depreciation expense which is reported on the revenue and expense statement. The annual depreciation expense is reported in the amortization line item and includes the amounts as follows:*" [source: March 31, 2021, screening response, pdf6]

Applicant's Table

Table 4
Annual Depreciation Expense (Amortization Line item), 2022-2025

Line Item	2022 (6 months only)	2023	2024	2025
Amortization (from Revenue and Expense Statement)	$3,627(A)	$7,253(B)	$7,253 (C)	$7,253 (D)
Accumulated Depreciation (from Balance Sheet)	$3,627	$10,880 (A + B)	$18,133 (B+C)	$25,387[2] (C + D)

Source: Applicant

[source: March 31, 2021, screening response, pdf6]

"*In addition, and as noted in the financial assumptions, Continuum has assumed costs for a precertification period (start up; 4 months prior to certification in July 2022). These costs are included in the half year 2022 financials and are therefore expensed.*" [source: March 31, 2021, screening response, pdf6]

"*Cert Date Anticipated July 1, 2022*" [source: March 31, 2021, screening response, Attachment 2]

Applicant's Tables

Revenue Rates:

Level of Care	2021 Medicare Rates	2021 Medicaid Rates
1-60 days	218.46	218.74
61+	172.67	172.89
Cont HC (per hr)	65.44	65.46
Respite	496.11	522.22
GIP	1,139.57	1,139.57
R&B Rate	277.23	

Line Item	Assumption
PreCertification Period	Time prior to Medicare Certification where hospice is required to provide services to patients for survey purposes. No revenue is generated during this time period, only expenses. For expense purposes Continuum assumed total days of 289.35. For expense calculations where indicated, Continuum used 9.01 census (ADC) to account for pre-certification period and the ½ year from certification. (289.35+1350)/182 days = 9.01
Rounding	For reporting of numbers, Continuum used hundredth place rounding function in excel. So when manually calculating using numbers reflective to the hundredths (i.e. 0.0X) place, there may be immaterial differences in the results due to this rounding.
Contractual Adjustments	Approximately 3.5% of total gross revenue.
Charity/Indigent Care	3% of total gross revenue
Bad Debt	2% of total operating revenue reduced by charity care.
Salaries and Benefits	Based on FTE and staffing, plus estimated $14,000 per year for employee incentives and sign on bonuses. Benefits are assumed to be 20% of salaries. ½ Yr 1 includes pre- certification staffing expenses. Nurse & HHA reflect 10 salary months. MT, MSW & Chaplain utilize 9.01 census/case load times ½ year salary. $10,000 was included for employee incentives and sign on bonuses. Benefits assumed to be 20% of salaries

Applicant's Tables continued

Line Item	Assumption
Medical Director	Based on medical director contract ($4,000/month) + estimated physician services fees of .0007 of Operating Revenue. ½ Yr 1 assumes 10 months contract rate and 6 months of physician service fees. Yr 2 to 4 include contract rate and physician services fees of .0007 of Operating Revenue.
Contracted Services	For PT/OT/SP/RT/Nurse/dietician/IV services; assumed to be $0.45/per patient day (PPD). Continuum has not previously experienced contracting for Nurse services as we utilize part time staff; however, we have contracts in place for contingency. ½ Yr 1 includes precertification days
Pharmacy	Assumed to be $8.59/PPD, ½ Yr 1 includes precertification days of 289.35 for startup + 1,350 days for f ½ Yr 1., Yr 2 – 4 calculated based on 8.59/PPD
DME	Assumed to be $7.58/PPD ½ Yr 1 includes precertification days of 289.35 for startup+ 1,350 days for f ½ Yr 1.. , Yr 2 – 4 calculated based on 7.58
Medical Supplies	Assumed to be $2.11/PPD ½ Yr 1 includes precertification days of 289.35 for startup + 1,350 days for f ½ Yr 1.. , Yr 2 – 4 calculated based on 2.11
Other Direct Expenses	Assumed to be $10.70 per patient per month (includes ambulance, chemotherapy, imaging, lab, radiation, transport) ½ Yr 1 calculated using ADC of 9.01 for precertification expenses X 6 months.
General Inpatient Costs	Assumed GIP expense at 80% of the GIP rate, or $911.66 PPD. Assumed no GIP costs prior to certification
Inpatient Respite Costs	Pass thru cost. Assumed no Respite costs prior to certification
5% room and board expense for Medicaid patients in nursing homes receiving routine care	15% of total patient days will be eligible for room and board pass through for 2022 (assume no expense prior to certification), 20% for 2023, 25% for 2024 and 30% for 2025 will be Room and Board. Room and Board rate assumed to be $277.23 and is based on the State of Washington, DSHS/Aging and Disability Services Administration Current Rate Report Run Date: 12/14/2020 using Pierce County average nursing home Medicaid rate. Assumes Medicaid reimburses 95% of the rate. Assume no increase in the rate. Assumed no R&B expense prior to certification.
Mileage	Assumed an average of 218.5 miles (per patient per month served at the rate of $0.545/mile. ½ yr 1 includes additional 6 months at $750 per month estimate for prelicensure, pre certification.

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Applicant's Tables continued

Line Item	Assumption
Admissions	½ yr 1 - Prior to Certification, assuming 9 admissions from March 1 – June 20, 2021 to meet Certification needs.
Average LOS	½ yr 1 – Used 32.15 which is reflective of Continuum's experience in Snohomish. Also assumed 32.15 for Precertification period.
Average Daily Census	½ yr 1 – For certain expenses used an ADC of 9.01 to include precertification period and ½ year agency was certified. (289.35 precertification days + 1350 days for half year)/182 days. Per Table 1 in the application, first year shows ADC of 7.42 which is based on patient days after Medicare certification. Years 2 to 4 are calculated using Total Days/365 day year.
Total Days	½ yr 1 – as indicated above includes precertification days related to specific expenses. Otherwise used Admissions X ALOS
Administrative & Facility Costs	Non direct clinical staff including but not limited to Volunteer Coordinator, Bereavement Coordinator, Clinical Director, Office Management, Administrator, Intake/Med Records, Team Coordinator, Marketing, Clinical Manager. Benefits are estimated at 20% of salary. A
Rent	½ yr 1 includes Pre-opening rent and operating expenses for 4 month of 2021 as separately identified plus full 2022 rent expense per contract, Assuming rent start on September 1, 2021. Specific detail by month and year is included with these assumptions.
Advertising	Assumed to be $23.70 per patient per month. ½ yr 1 is 23.70 X 9.01 * 6 months to include precertification expenses
Amortization	Capital cost amortization of $108,800 for 15 years – ½ yr 1 is using ½ year convention
Bank Service Charges	Assumed to be $0.09 per patient per month ½ yr 1 is $.09 X 9.01 * 6 months to include precertification expenses
Payroll Services	Assumed to be $6.07 per patient per month ½ yr 1 is 6.07 X 9.01 * 6 months to include precertification expenses
Background Screening	Assumed to be $13.28 per patient per month ½ yr 1 is 13.28 X 9.01 * 6 months plus $400 to include pre licensure & precertification expenses
Business licenses and permits	Assumed to be $7.64 per patient per month ½ yr 1 is 7.64 X 9.01 * 6 months to include precertification expenses

Applicant's Tables continued

Line Item	Assumption
Computer / Internet	Assumed to be $12.92 per patient per month ½ yr 1 is 12.92 X 9.01 * 6 months to include precertification expenses
Dues/Subscriptions	Assumed to be $7.65 per patient per month ½ yr 1 is 7.65 X 9.01 * 6 months to include precertification expenses
Insurance	Based upon current experiences and experiences in Snohomish County with State Workers Compensation.
Contracted Administrative services	Continuum will use Affinity Health Management (vendor) to provide accounting and other overhead services. The agreement included in Attachment 6 details the fee schedule. Initial ½ year 1 includes all precertification administrative services costs per contract, and each year thereafter it is based on contracted fees.
Operating Costs (lease)	8.31% of total building is basis lease uses for operating costs. Assume operating expenses increase by 6% annually based on cost CAP in contract. No additional utility meters and none anticipated. Additional Maintenance and repairs assumed under Repairs/Maintenance/Janitorial. ½ yr 1 includes precertification costs. Assuming lease start on September 1, 2021. ½ yr 1 operating costs for 2021 are separately identified under Pre-Opening rent and Operating Costs.
Legal, Professional Services	Assumed to be $12.38 per patient per month (1/2 yr 1 includes $10,000 plus ($12.38X9.01X6 months). All years have additional $10,000 estimate for additional recruitment fees.
Office Expenses & Supplies	Assumed to be $47.01 per patient per month. ½ yr 1 includes 47.01 X 9.01 X 6 months which include precertification expenses.
Repairs, Maintenance, Janitorial	Assumed to be $2.06 per patient per month plus additional $100 per week to cover cleaning, sanitizing and items excluded from leases. Note: Staff do perform daily and as needed cleaning of the office. ½ Yr 1 2.06 per patient X 9.01X6 plus 100 per week for 10 months (cleaning/sanitizing prior to this is minimal and performed by staff, no additional costs anticipated and otherwise would be included in miscellaneous if occurred).
Software	Assumed licensure fees of $45/month per user (user determined by ADC/2.4), plus additional $12,000 (Years 2-4) to software costs. ½ Year 1 assumed $10,000 plus (9.01/2.41)X45X6 months) to cover precertification period.
Taxes and Permits	Assumed to be .018 X Total Revenue
Phone	Assumed to be $62.61 per patient per month ½ yr 1 is 9.01 X 62.61 X 6 months to include precertification costs.

Applicant's Tables continued

Line Item	Assumption
Travel	Assumed to be $12.38 per patient per month ½ yr 1 is 9.01 X 12.38 X 6 months to include precertification costs.
Uniforms	Assumed to be $2.30 per patient per month ½ yr 1 is 9.01 X 12.38 X 6 months. + estimated $500 initial purchase to include precertification costs.
Miscellaneous	Estimated 1% of indirect costs (Advertising, Bank charges, Payroll Services, Background Screening, Business Licenses and Permits, Computer & Internet, Dues & Subscriptions, Insurance, Legal & Professional. Office Expenses & Supplies, Rent, Operating Expenses, Repairs/Maintenance/Janitorial, software, Taxes, Phone, Travel, and Uniforms). To cover unplanned expenses, and atypical expenses, such as but not limited to After Hours maintenance fees, additional fees and expenses related to COVID, overages on utilities, increases in or new taxes and licensing fees, Meals/Snacks, seminar. etc.

"*As was discussed with CN Program staff on March 24 and March 30, 2021, Continuum has revised its original assumption and assumed a blended rate for routine home care for all patients. For each year, Continuum has assumed that 65% will have a length of stay less than 60 days and 35% of patients will have a length of stay greater than 60; with an average length of stay for all patients of 62.66. This results in a blended rate for routine home care of $202.43 (Medicare) and $202.69 (Medicaid). Continuum assumed the Medicare blended rate for all other payers.*

Continuum uses data from the NHPCO and the experience of its members to determine the blended rate for patients.

Yes, the CN Program is correct, the Medicare and Medicaid rates provided under the 1-60 days and 61+ categories are for routine home care.

As was discussed with CN Program staff on March 24, 2021, Continuum has assumed that it will have an ADC of 9.01 for 2022. This includes the patients that are required to be served prior to certification (estimated patient days of 289.35 or an ADC of 1.6 assuming 6 months of operation). This census + the 7.4 ADC assumed for the 6 month period from July 1, 2022 through December 31, 2022 = 9.01. The 9.01 census is used to estimate the total expenses for the 2022 half year, and the 7.4 census is used to estimate the revenue for the 2022 half year. The contracted services are estimated as follows and are consistent with the assumptions:

Assumption: $0.45 per patient day x (289.35 days for the pre certification patients + 1,350 days for the patients in the half year 2022) = $130.21 (pre certification) +$607.50 (first half 2022) = $737.71; rounded in the pro forma to $738.

The patient month = ADC x # of months in a year. For the half year 2022, the number of months is 6 and for years 2023-2025, the number of months is 12. As was discussed with CN Program staff on March 24, 2021, the ADC for the first 6 month period for expenses is 9.01.

As was discussed with CN Program staff on March 24, 2021, Continuum has assumed a census of 9.01 for all expenses incurred during the startup period (prior to certification) and through the half year (July 1, 2022 through December 31, 2022). But, it has only assumed a census of 7.4 for the revenue to be generated during the same time period. Therefore, the census is not decreasing. The total census of patients (ADC) cared for during 2022 will be 9.01. The ADC is not expected to decline post certification.

The patient days referenced in Q24 are for both the pre-certification period (289.35 patient days) + the ½ year 2022 post certification (1,350 patient days). (289.35 days + 1,350 days)/182 days = 9.01 ADC.

Yes, for the purposes of determining the ADC for the half year 2022, Continuum has assumed 289.35 days for the pre-certification period (no revenue is received) and 1350 days for the July -December 2022 (total days = 1,639.35). This number is divided by 182 to determine the ADC for the first six months (which is 9.01).

For estimation/budget purposes Continuum uses patient volume to relate most expenses. Given that bank charges are assessed on a monthly basis, Continuum used the average number of patients per month for this statistic.

This was discussed in the TA on 3/30/2021 with Jennifer Kido, who indicated she understood that we use this methodology for budgetary purposes, and that overall Bank Service Charges are considered an immaterial expenditure." [source: March 31, 2021, screening response, pdf11-14]

"*Member's Contributions: This amount is a cumulative amount. Accordingly, the $1.3M was the initial contribution and is not changed for the subsequent years. It is a 'balance' of Member's Contributions; we are not adding $1.3M of contributions per year.*" [source: March 31, 2021, screening response, pdf16]

"*Section 3.2. of the medical director agreement states:*

> *For Patient Care Services & Non-Hospice Palliative Care Services rendered by Physician to Hospice patients covered by Medicare and/or Medicaid, Hospice shall reimburse Physician at a rate equal to 80% of the Medicare or Medicaid rate received by Hospice.*

Continuum's experience in other markets was used to determine the factor of the operating revenue (0.0007,) which was used to estimate the additional compensation for medically necessary visits. These visits are not included in the hospice per diem but had the physician not been contracted with the hospice they would have been able to bill for their services.

Medical Director Compensation = (Contract Monthly Rate X #months)+ (Operating Revenue X 0.0007)" [source: March 31, 2021, screening response, pdf17]

Following is a summary of the pro forma revenue and expense statement for Continuum's proposed agency. In the summary, "*Net Revenue*" represents revenue minus contractual adjustments, charity care, and bad debt; while "*Total Expenses*" represents all anticipated operational costs, leaving "*Net*

Profit / (Loss)" to represent the difference between revenues and expenses for Continuum's Pierce County proposed agency. [source: March 31, 2021 screening response, Attachment 2]

Department's Table 11
Continuum's Pierce County Revenue and Expense Statement Summary

	2022 (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Net Revenue	$279,857	$2,999,949	$4,103,972	$5,363,736
Total Expenses	$1,055,242	$2,844,629	$3,670,660	$4,777,451
Net Profit / (Loss)	**($775,385)**	**$155,320**	**$433,312**	**$586,285**

Continuum also provided projected balance sheets for the proposed Pierce County hospice agency. A three-year summary is shown in the following table. [source: March 31, 2021, screening response, Attachment 2]

Department's Table 12
Continuum's Pierce County Balance Statement Summary

ASSETS	**2022** (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Current Assets	$538,136	$873,234	$1,389,458	$2,079,534
Property and Equipment	$105,173	$97,920	$90,667	$83,413
Other Assets	$5,853	$5,853	$5,853	$5,853
Total Assets	**$649,162**	**$977,007**	**$1,485,978**	**$2,168,800**

LIABILITIES	**2022** (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Current Liabilities	$125,382	$298,393	$376,422	$472,503
Long-Term Debt	$0	$0	$0	$0
Equity	$523,781	$678,614	$1,109,556	$1,696,297
Total Liabilities, Long-Term Debt, and Equity	**$649,163**	**$977,007**	**$1,485,978**	**$2,168,800**

Continuum provided the additional following information regarding the finances of the proposed Pierce County agency: [source: Application, pdf28]
"*No audited financial statements exist for Continuum and there is no parent entity. As noted in response to Question #13, the managing members will be contributing the financial resources necessary to establish the proposed agency*."

Public Comment
Samuel Zack, University Place Rehabilitation Center of University Place – Support
"*University Place Rehabilitation Center of University Place provides services focused on returning our residents to optimal health and independently living their lives. We also offer dignified care, symptom management, and physical, emotional, and spiritual comfort to individuals suffering from life-threatening illnesses. Our team collaborates with the resident, the family, the physician, and the hospice provider to maximize quality of life (if the patient elects the Medicare hospital benefit and if*

we can get them enrolled in hospice timely). We do this by developing a plan of care based on the resident's diagnosis, symptoms, and other individualized needs.

Among other services, the hospice care we provide includes nursing and medical care, pain assessment and treatment, social services, family support and spiritual counseling. While our services are comprehensive, our strongest preference is to have the resident enrolled in a Medicare certified hospice agency, and then partner with that agency in the care of the resident. While Pierce County has good hospice providers, the delays in care initiation experienced are stressful to the residents or family, as well as to our staff.

I understand that Continuum of Pierce LLC has applied for a certificate of need to allow it to serve Pierce County. We have direct experience with the members of Continuum, and we have watched closely their start-up experience in Snohomish County. We are consistently impressed with their responsiveness, skill, partnership, and quality. We would welcome them to Pierce County. I also know that Continuum has unique expertise in programming and outreaching to traditionally underserved populations. By virtue of our location in South Tacoma, our staff is highly diverse. I hear all too frequently that the families of our staff needing hospice are very reluctant to accept care because of misgivings and mistrust about the system. The unwillingness to accept hospice in the last weeks or months of life takes a toll on families. We know that the efforts of Continuum's members have made a difference in other markets. Letters of support from providers such as Harborview, and Alameda Alliance for Health, Highland Hospital, Stanford Health Care in the Alameda County region of Northern California document the differences they are making. The ability to better support these communities and increase acceptance and use of hospice further sets Continuum apart from other applicants. It will make a difference in our community."

Envision Hospice of Washington – Oppose [source: pdf18-19]
"*In reviewing the Continuum application, the Program will be required to determine if the model of care represents a reasonable approach from a program and financial standpoint. Table 1 compares total physician services, Medical Director support provided in the six hospice applications for Pierce County. As Table 1 shows, there is variance among hospices about what the level pf physician services should be. For example, Envision Hospice physician services requires approximately .16 hours per hospice day while Providence of Seattle Hospice requires .045 hours per hospice day for Pierce County. The Continuum application continuously declines to .024 hours per hospice day for Pierce, the lowest level of Medical Director support per hospice day of all 6 applicants. The pro forma shows a very small adjustment related to hospice day volume but it is insufficient to counteract the increases in volume without a direct increase in Medical Director hours. In the Continuum situation, an FTE allocation was not provided but a fixed compensation of $4,000 per month plus a very small volume adjustment was provided. No hourly rate was provided. For purposes of comparison, Envision assumed that Continuum could compensate an independent contractor physician for $120 per hour, the same rate as Seasons but lower than the $150 per hour rate identified by Signature and the $190 rate identified by Cornerstone*."

Providence Hospice of Seattle – Oppose [source: pdf28-31]
"***1. Continuum's application does not satisfy WAC 246-310-220(1).***

The issues discussed below relate to errors, ambiguities, and/or unanswered questions relating to Continuum's pro forma financial statements and supporting documentation. These issues establish that Continuum's application does not satisfy WAC 246-310-220(1).

a. There are several expense line items which do not correlate with Continuum's stated assumptions for those line items.

The assumptions relating to three expense line items do not match the expense figures for the line items contained in Continuum's pro forma financial statement.

First, for the expense line item 'Mileage,' Continuum's stated assumption is: 'Assumed an average of 218.5 miles (per patient per month served at the rate of $0.545/mile. ½ yr 1 includes additional 6 months at $750 per month estimate for prelicensure, precertification.' For 2022, this results in expenses of $9,786, which is $896 more than the associated expense in the Continuum pro forma statement.

Second, for the expense line item 'Software,' Continuum's stated assumption is: 'Assumed licensure fees of $45/month per user (user determined by ADC/2.4), plus additional $12,000 (Years 2-4) to software costs. ½ Year 1 assumed $10,000 plus (9.01/2.41)X45X6 months) to cover precertification period.' Applying this assumption results in Software expenses of $11,009 in 2022, $10,151 in 2023, $11,151 in 2024, and $14,574 in 2025. In contrast, the expense figures for Software in Continuum's pro forma financial statement are $11,011 in 2022, $20,895 in 2023, $24,168 in 2024, and $27,903 in 2025, reflecting an annual difference of between $10,000 to $15,000 over the first three full years of operation.

Third, the salary and benefits as calculated from Continuum's staffing schedule differ from the amounts set forth in the pro forma financial statement. The calculated amounts based upon the schedule compared to the amounts contained in the pro forma statement are shown in the following table.

Commenter's Table

Table 3: Continuum Salary Calculations and Comparison to Pro Forma Amounts

	2022	2023	2024	2025
Calculated Amounts				
Salaries	$649,126	$1,463,898	$1,875,311	$2,476,540
Payroll taxes and Benefits	$129,825	$292,780	$375,062	$495,308
Pro Forma amounts				
Salaries	$647,901	$1,476,872	$1,890,343	$2,489,832
Payroll taxes and Benefits	$92,283	$295,374	$378,069	$497,966
Differences				
Salaries	$1,225	($12,974)	($15,032)	($13,292)
Payroll taxes and Benefits	$37,542	($2,594)	($3,007)	($2,658)

Source: Continuum Screening, p. 21

As shown in the table, the salary and benefit amounts implied by the Continuum staffing schedule differ from those presented in its pro forma financial statement. For 2022, these differences are positive (increased expenses), while over the period from 2023 to 2025 the differences are negative (decreased expenses). We are unsure if these differences arise from eliminated decimal points in the FTE counts, or for other reasons.

Although these three items do not involve large dollar amounts, they raise doubts about the overall accuracy and reliability of Continuum's pro forma financial statement and supporting documentation.

b. <u>There are expense line items which are not consistent across all years of Continuum's pro forma financial statements.</u>

In addition to the issues identified above, Continuum has not provided sufficient information to verify expenses related to the Insurance line item, and has provided an ambiguous explanation of which start-up and pre-operational costs are included in expense line items in 2022, the first year of operation. There is also a question as to whether the revenues and expenses related to pre-certification patients are included in the pro forma financial statement.

First, with regard to the Insurance line item, Continuum has not provided a sufficient explanation of how it calculated the costs associated with Insurance. In its assumptions it simply states: 'Based upon current experiences and experiences in Snohomish County with State Workers Compensation.' However, it does not provide any further information (e.g., a formula) as to how its 'experiences' were quantified into line item expense figures for each year. Thus, it is not possible to verify the reliability of the Insurance expenses. This raises a serious concern, since the Insurance expenses are large: $68,918 in 2025, for example.

Second, with respect to start-up costs, Continuum has 'consolidated' its start-up costs with its 2022 expenses. Therefore, it is unclear what is a start-up cost which will be funded by the members of Continuum (thus matching the 'Start-Up Costs' line item amount of $39,930 in the pro forma balance sheet), and which will be paid for as 'expenses' in 2022 through normal operations. Importantly, for example, the start-up costs should include the pre-opening expenses identified in the Continuum lease, but it is not clear whether these expenses are included in the 'Start-Up Costs' identified in the balance sheet to be funded by the members of Continuum or in 2022 expenses to be paid for through operations.

Third, Continuum assumes it will treat 9 patients prior to certification on July 1, 2022, but it is not clear whether Continuum has accounted for the revenue and/or expenses associated with these patients in the pro forma financial statement.

c. <u>Continuum's stated revenue rates do not match its revenue calculations.</u>

Continuum assumes gross revenue per patient day in 2025 equal to about $226 for Medicare patients, $225 for Medicaid patients, $223 for Commercial/VA/TriCare patients, and $245 for Self-Pay/Private/Other patients. These amounts are presumably based on Continuum's stated Medicare and Medicaid revenue rates, but do not match. Furthermore, Continuum does not provide its

assumed reimbursement rates for Commercial/VA/TriCare patients or Self-Pay/Private/Other patients, which, as shown above, differ. Continuum's assumptions and the implied average daily rates are shown in the table below.

Commenter's Table

Table 4: Continuum Revenue Rates and Distribution of Patient Days by Care Type

Continuum Revenue Calculations	Distribution	Medicare	Medicaid
Routine Care, All	97.3%		
ALOS 1 to 60 days (65% of Routine Care)	63.2%	$218.46	$218.74
ALOS 61+ days (35% of Routine Care)	34.1%	$172.67	$172.89
Continuous Care	0.4%	$523.52	$523.68
Respite	0.3%	$496.11	$522.22
GIP	2.0%	$1,139.57	$1,139.57
Average Rate		**$223.34**	**$223.67**

Sources: Distribution by care type from Continuum Screening, p. 20. Medicare and Medicaid reimbursement by care type from Continuum Screening p. 23

Notes: Continuous care daily rates based on an assumption of 8 hours of continuous care to match the minimum amounts. Increasing the assumption to 24 hours of continuous care provided results in an Average Daily Rate of $227.53 for Medicare and $227.86 for Medicaid.

From the table, the reimbursement rates implied by Continuum's stated assumptions equal $223.34 for Medicare patients and $223.67 for Medicaid patients. For Medicare and Medicaid, the relatively small difference in reimbursement (about $223 versus $226) nevertheless represents about $62,000 less in Medicare revenue and $3,400 less in Medicaid revenue in 2025. For Self-Pay/Private/Other patients and Commercial/VA/TriCare patients, the reimbursement differences result respectively in revenue differences of a negative $8,000 and positive $300. Continuum thus bases its revenue calculations on unstated assumptions related to reimbursement. Calculating Continuum's gross revenue based on its stated assumptions results in revenue calculations approximately $73,000 lower in 2025 than those presented in Continuum's pro forma financial statement.

d. <u>Continuum's application does not satisfy WAC 246-310-220(1).</u>

The errors, ambiguities, and/or unanswered questions discussed above relating to Continuum's financial statements and supporting documentation establish that the application does not satisfy WAC 246-310-220(1)."

<u>Signature Group – Oppose</u> [source: pdf3-4]

"*Continuum's projected admissions increased the most significantly of all the applicants from the first year of operation to the second, even when considering that year one (2022) is operational for just half of the year. Continuum anticipates having 42 admissions in their first six months of operation in 2022, which then increase to 231 in 2023, to 316 in 2024, and finally to 413 in 2025. While the admission changes in the later years are more consistent with other applicants, the increase from 42 admission to 231 is quite significant. The percent change from year one to year two is a 175% increase (considering a 6-month year one). The other applicants' admissions from*

year one to year two increase between 49 and 85%. Without an infrastructure already in place, it is unlikely Continuum will meet their admissions projections. Additionally, Continuum did not name any facilities currently operating in or near Pierce County (such as ALF's, SNF's, hospitals ect.) that they can partner with once they are up and running to justify the substantial increase in admissions. Because of these factors, Continuum's projected admissions are unlikely to be met.

Additionally, there appears to be a lack of data to back up several claims made by Continuum. On page 10 of their screening response, it is stated that the mixed payor rates were re-created based off NHPCO and member experience. This response did not include any further resources or data to demonstrate the accuracy of those rates. If patient days and rates are not correct, then the revenue projections will also be incorrect, and Continuum cannot be deemed financially feasible per WAC 246-310-220. Signature would like Continuum to provide the data and sources that they used to obtain their new patient rates from their screening response.

Another claim that Continuum made, with a lack of data to support, was their ALOS for the first year of operation in 2022. Continuum projects an ALOS of 32.15 in 2022. In their assumptions Continuum references that this number is derived from their operating experience in their Snohomish agency however, no further supporting data was provided to justify the difference of the ALOS from the States ALOS projections. Please provide clarification as to how this value was derived.

Finally, Signature identified issues with some of Continuum's line-item expenses. For the items in question Continuum expense assumptions state that a per patient per month rate is used to calculate the anticipated cost. These expense items are not dependent on the number of patients served but are simply associated with the cost of operating a hospice service no matter if one patient or 100 patients are served. For example, the line item titled 'Business Licenses and Permits' is calculated as a per patient per month rate, based on the assumptions provided by Continuum. The assumptions for this item states that the anticipated expense is calculated as '$7.64 per patient per month.' This causes Continuum's expenses to dramatically increase each year as they experience an increase in admissions. Business licenses and permits are flat rate expenses which are not solely dependent on the number of patients served. Several other line items that Signature believes should not have a per patient per month rate as stated in Continuum's assumptions include: 'Advertising,' 'Bank Service Charges,' 'Payroll Services,' 'Computers / Internet,' and 'Repairs, Maintenance, Janitorial.' In Signatures experience, these expenses are not dependent on a per patient per month rate and should not be calculated as such. Having so many anticipated expenses incorrectly calculated leads Signature to further question the financial feasibility of the hospice project proposed by Continuum."

<u>The Pennant Group/Symbol – Oppose</u> [source: pdf3]
"*Continuum has projected an unmet need 87 for 2022, which is 20 higher than the unmet need of 67 that the methodology provided. We are struggling to follow the method used to arrive at the higher unmet need number. Continuum does claim to agree with the unmet need of 67 based on the following comment in their screening response: 'Continuum has reviewed the CN Program's methodology and agrees that the 2022 unmet ADC is 67. While Continuum recognizes that its 'share' of the unmet ADC is higher than indicated in the application, Continuum will also be targeting the underserved and these patients are not included in the unmet ADC.' By taking this position, in order to meet the cost containment criterion, Continuum would need to revise its pro forma to either reflect the unmet need of 67 or leave the unmet need at 87 in their pro forma calculations.*

In addition, Continuum uses an average length of stay of 32.15 in 2022 instead of the 62.66 that the need methodology provided. It is not feasible to predict that the average length of stay will be shorter during startup period of a new hospice agency in Pierce County. It is impossible to know how long a patient will live or when they will discharge once they are admitted to a hospice agency. It is also not possible to assume the average length of stay will increase over time. Changing the average length of stay number also changes the numeric need in the County. By using an average length of stay of 32.15, and not the Department's correctly calculated 62.66, Continuum's projections are inaccurate, which would make the Department unable to conclude that Continuum has met the CN criteria.

Continuum included a section in its pro forma income statement titled, 'License to Cert.' What seems to be missing is all the operating costs during this period. It does discuss some, but not all these costs in the assumptions section. Without capturing all the operating costs in the income statement, Continuum is unable to show it has met the financial feasibility criterion.

Further, it appears Continuum did not account for the initial state license or the bi-annual renewal fee in its pro forma financials. Without accounting for these costs, financial feasibility cannot be determined.

Finally, Continuum shows pre-opening rent of $15,663 in 2022 and rent of $35,352 in 2022 for a total of $51,015 of rent expense in 2022. This seems like to be a mistake in the pro forma, and therefor financial feasibility cannot be determined"

Continuum Care of Pierce Rebuttal Comment [source: pdf6 and 8-19]
"***C. Continuum has provided copies of all required financial information. There are no audited financials for Continuum of Pierce LLC.***
Exhibit 8 of Continuum's CN filing included a letter from our CFO dated January 28, 2021. The letter was addressed to Eric Hernandez, Program Manager and read:

> *The managing members of Continuum Care of Pierce LLC. have sufficient capital available to fund these costs and these funds have been included in the pro forma balance sheet submitted with this application in the line item as 'member contributions.*
>
> *Also, please note that in past CN filings Continuum has either set-aside funds in a separate bank account for the above reference needs, or indicated that we are prepared to do so, if requested by Certificate of Need Program staff. Because this has not been a factor considered by the Program in past CN analyses, we have not established the separate account prior to filing this application. Please advise if this is an expectation. We are also prepared to provide a letter from our bank confirming availability of the funds if requested.*

The Program confirmed that no audited financials were required in its February 26, 2021, screening questions. Specifically, Question number 8 reads:

> *The department understands that no audited financial statements exist for Continuum and that there is no parent entity. However, since the project is completely reliant on Continuum's*

reserves from managing members the department now requests any form of confirmation from a third party which substantiates Continuum's financial status. This could be in the form of a letter from a bank confirming available funds. Please make sure the amount available is at least as much as is committed to the project (estimated capital expense, start-up costs, and member contributions), that the confirmation is recent, and that it does not include account numbers or private information.

In response, Continuum provided (as Attachment 1 to the screening response) the requested bank letter confirming the necessary available funds.

…

E. Providence attempts to 'nit-pick' our pro forma. Our assumptions and expenses 'match' and the Program will determine that the Continuum application satisfies all financial feasibility criteria.

As noted in the Background section of this rebuttal, in preparing the application, Continuum held two lengthy Technical Assistance conferences with the Program. During these conferences, (held on January 26 and January 28, 2021) the Program confirmed that how Continuum was approaching underlying assumptions and underserved admissions was reasonable. There was also conversation with Program representatives regarding the 'nit-picking' that happened in the 2020 cycle. In June 2021, our consultant sent an email to Eric Hernandez, Program Manager memorializing the conversations. The email read in part:

On January 26, the Program agreed that the 'line should not move' on CN requirements, and specifically pro formas and payer mix. This was in response to Continuum's request to understand why the Program used 'nit-pick' comments that competitors raised in public comment that are not part of the CN guidelines and not part of any certificate of need application question, rule or statute and was not asked in screening… (continuum) told that the way that Continuum provided the data in 2020 was acceptable, and that there would be no 'nit-picking' in the 2021 cycle.

While we are confident that the comments raised by Providence are 'nit-picks' we offer the following to assure the record is complete.

1. Mileage:

As was discussed with CN Program staff on March 24, 2021, and confirmed again in our screening response, Continuum has assumed that it will have an ADC of 9.01 for 2022. This includes the patients that are required to be served prior to certification (estimated patient days of 289.35 or an ADC of 1.59 assuming 6 months of operation). This census + the 7.42 ADC assumed for the 6-month period from July 1, 2022, through December 31, 2022, = 9.01.

The 9.01 census is used to estimate the total expenses for the 2022 half year, and the 7.42 census is used to estimate the revenue for the 2022 half year (because we will receive no revenue for the 1.59 ADC).

Specific to the mileage line item that Providence calls into question, we included below the specific formulas used in our proforma for the mileage line item in 2022. Our pro forma is consistent with

these assumptions and the response to the Department's question on page 12 of our screening response, Question 22:

> *Revised mileage calculations are included in Attachment 5. As noted in the revised financial assumptions, Continuum has assumed an average of 218.5 miles per month per patient. In addition, for the ½ year 2022, Continuum also assumed an additional 750 miles per month for the first 6 months.*

The specific formulas for the mileage line time for each year are:

2022: (6*9.01*218.5*0.545) + (750*6*0.545)

6=6 months of operation (July 1, 2022 – December 31, 2022
9.01=ADC used to estimate expense
218.5=average miles
0.545=per mile cost
750=per month estimate for prelicensure/precertification
6=6 months
0.545=per mile cost

2023: 39.66*12*218.5*0.545

39.66=ADC
12=12 months of operation (July 1, 2022 – December 31, 2022
218.5=average miles
0.545=per mile cost

2024: 54.25*12*218.5*0.545

54.25=ADC
12=12 months of operation (July 1, 2022 – December 31, 2022
218.5=average miles
0.545=per mile cost

2025: 70.90*12*218.5*0.545

70.90=ADC
12=12 months of operation (July 1, 2022 – December 31, 2022
218.5=average miles
0.545=per mile cost

There is no discrepancy, and these dollar amounts match the pro forma.

2. Software:

Providence calls into question our software assumptions and pro forma expenses. Their comments are inaccurate. The software assumptions provided in our March 31 screening were:

> *Assumed licensure fees of $45/month per user (user determined by ADC/2.4), plus additional $12,000 (Years 2-4) to software costs. ½ Year 1 assumed $10,000 plus (9.01/2.41)X45X6 months) to cover precertification period.*

Consistent with these assumptions, the formulas below were used in the pro forma financials:

2022: $10,000 + ((9.01/2.41)*$45*6) = $11,011
2023: $12,000 + ((39.66/2.41)*$45*12) = $20,895

2024=$12,000 + ((54.25/2.41)*$45*12) = $24,168
2025=$12,000 + ((70.90/2.41)*$45*12) = $27,903

There is no discrepancy, and these dollars match the pro forma.

3. Salary and Benefits:

In another veiled attempt to get Continuum inappropriately eliminated as a competitor, Providence inaccurately calls into question our staffing costs in the pro forma. They provided a table in which they provide their calculations of staffing and benefits and then compare it to our pro forma. However, they incorrectly calculated the staffing costs/benefits.

Had they fully read the staffing assumptions on page 23 of our March 31 screening they would have found very minor and immaterial variance solely to rounding. Instead, they left out of their calculations significant assumptions, including: $10,000 employee incentives and sign on bonus estimates built into 2022 projections, $14,000 in employee incentives and sign on bonus estimates built into the 2023-2025 projections, and the phased-in staffing assumptions for 2022.

These assumptions were all clearly delineated on page 23 of our screening in the line item titled 'Salaries and Benefits'.

The minor remaining variance (after adjusting for the appropriate assumptions) would solely be a function of rounding. Continuum's proforma is built from projected ADC (which is commonly something less than a whole number (for example 31.3) and staffing which is calculated based on ADC is also typically something different than an exact 1.0 FTE. Because Excel's calculations often extend beyond two decimal places, when manually calculating, the totals may differ slightly, but the difference is not material. The table below depicts FTE staffing and compares it to underlying data contained in the pro forma financial excel source document.

Commenter's Table

Position	2025 Table 8 FTE	2025 Actual FTEs Excel Applied to Formulas
RN	7.09	7.090021918
Music	1.42	1.418004384
HHA	7.09	7.090021918
MSW	2.84	2.836008767
Chaplin	2.84	2.836008767

Providence states that the difference between our proforma and its calculation is $16,000 in 2025, however the difference between the pro forma and their calculation is less than $1,000 when taking into account the appropriate assumptions – and the difference is solely related to the variance between the actual FTE calculated by excel and the rounding of FTEs we used in Table 8.

4. Insurance Line Item

Again, in an effort to nit-pick, Providence questions the assumptions for the insurance line item in our pro forma. Continuum provided this assumption in our certificate of need application, and the Program did not request any additional information in its screening questions. This suggests (per our previous TA calls with Program staff) that they found the assumption sufficient.

With that said, and consistent with our assumption the insurance expense includes Worker's Comp. This expense is graduated year over year and is based upon Full Time Equivalents for specific job classifications as compared to hours worked. We included an estimate for On Call staff as well. Our estimate is based on actual experience, including Snohomish County, and Washington specific worker's compensation rates. There are no concerns, and our costs are reasonable.

5. Start-Up Costs

Providence also claims that our start-up costs are unclear. As clarified in our March 31 screening response, the balance sheet line items (for property and equipment), which were listed as 'start up' refer to items in the project's capital expenditure. Table 3 in our screening response (and repeated below) ties the amounts on the balance sheet to the capital expenditure (see Table 5 of the application). The capital expenditure has been capitalized consistent with GAAP (and is therefore, depreciated each year). The balance sheet also reports the accumulated depreciation amount.

Commenter's Table

Table 3 (from Continuum Screening Response)
Total Property and Equipment (From Balance Sheet)

Capital Expenditure	Total Amount	Line Item on Balance Sheet
Software, including sales tax	$19,500	Start Up
Legal/ Consulting	$20,430	Start Up
Subtotal	**$39,930**	**Start Up**
Leasehold Improvements, Signage, including sales tax	$39,970	Leasehold Improvements
Office Equipment and Computers/Communication Devices for Clinical Staff, including sales tax	$28,900	Furniture and Equipment
Total	**$108,800**	

Source: Applicant

Table 4 provides the annual depreciation expense which is reported on the revenue and expense statement provided with the screening response. The annual depreciation expense is reported in the amortization line item and includes the amounts as follows:

Commenter's Table

Table 4 (from Continuum screening response)
Annual Depreciation Expense (Amortization Line item), 2022-2025

Line Item	2022 (6 months only)	2023	2024	2025
Amortization (from Revenue and Expense Statement)	$3,627(A)	$7,253(B)	$7,253 (C)	$7,253 (D)
Accumulated Depreciation (from Balance Sheet)	$3,627	$10,880 (A + B)	$18,133 (B+C)	$25,387[5] (C + D)

Source: Applicant

In addition, and as noted in the financial assumptions, Continuum has assumed costs for a precertification period (our start-up which is estimated at 4 months prior to certification in July 2022). These costs are included in the half year 2022 financials and are expensed. Further details regarding our assumptions related to 2022 are included above.

Continuum's startup costs are appropriately accounted for.

6. ***Revenue Calculations:***

Despite what Providence suggests, Continuum's revenues do 'match' the revenue calculations. Providence has created a blended rate which inaccurately assumes the steps taken by Continuum to calculate revenue. They don't make sense, and we are unable to duplicate them. They also do not assume SIA (Service Intensity Add-on) payments in their calculations.

The reality is that revenue numbers are related to Total Days of Care. Total days of care are equal to Admissions times the Average length of Stay. When calculating total days of care for 2025 (413 Admissions X 62.66 ALOS). This is further broken down by Level of Care. Each payor also has a mix of Level of Care Days. Each Payor has a specific number of days based on the LOC. Level of Care Days are then multiplied times the specific payor rate. The exception is for Routine Home Care Days. For Medicare and Medicaid this is split between a high and low rate of 65% and 35% respectfully.

In addition to the Level of Care Rates, Continuum assumes that 1% of all Medicare Routine Home Care Days Revenue is the estimated SIA payment received by Medicare.

Continuum utilizes formulas in an Excel workbook to calculate Revenue. These formulas do not round decimal places when calculating which can result in rounding differences.

Rates used are Medicare Rates from 2021 and Medicaid rates from 2021. Hospice revenue by payor is based on the following:

- *Medicare: (% of GIP * days * Rate) = (% of Respite * days * Rate) + (% of Continuous * estimated hours * Rate)+(% of Routine*days*.65* high rate) +(% of Routine*days*.35*low rate) + SIA assumption*
- *Medicare rates are used for Commercial*
- *95% of the Medicare High Rate is used for All other.*
- *Medicaid is done similarly to Medicare*
- *SIA is 1% of Medicare RHC Revenue (only Medicare)*

A large portion of the 2025 miscalculation by Providence is missing the SIA calculation of $43,683, and inaccurately taking a complex calculation and creating a blended rate.

How we calculated revenue was discussed in the two TA calls with the Program on January 2 and 28. Specifically we discussed that in its analysis of the 2020 CN applications, the Program incorrectly concluded that Continuum's payer mix could not be substantiated (the Program included this under WAC 246-310-210). As was discussed, there was sufficient information in the record for the Program to confirm the accuracy of the payer mix. On the January 26 call, we asked Mr.

Hernandez explicitly about payer mix and the Program stated that the way that Continuum provided the data in 2020 was acceptable, and that there would be no 'nit-picking' in the 2021 cycle. On the January 28 call, and related to pro formas the only ask was that Continuum explain all assumptions and address whatever deficiencies the Program noted re: financial pro formas in the 2020 review (i.e.: payer mix). The Program also agreed that there is more than one method for an agency to determines its payor mix, and even the Medicare and Medicaid rates, and for CN purposes the importance is in documenting its assumptions.

III. RESPONSE TO ENVISION COMMENTS

Envision' s written public comments focus, in large part, on its certificate of need history in Washington. According to Envision. (p 6) it is currently serving Pierce County from its Thurston County agency and runs a census of approximately 5 patients. As noted on page 4 of Continuum's public comment, Envision noted that it has served a total of 100 admissions in King, Snohomish and Thurston Counties. In contrast, Continuum's ADC (not admissions) in Snohomish alone exceeds 115. Continuum is also serving Pierce County under the Governor's Proclamation and exceeds the census of Envision.

…

B. Continuum's Medical Director FTE and hours align with CMS requirements and have proven to assure quality for our agencies.

Envision's only comment on the Continuum application relates to our budgeted FTE for medical directorship. Continuum appreciates Envision providing the 418.102 Condition of Participation: Medical Director. This CFR outlines the requirements and duties of the Medical Director, and our agreement demonstrates that Continuum will meet each of these requirements. In fact, the FTE level outlined for Pierce is the same level that Continuum Care of Snohomish has in place for the current ADC of 115, and the same model that has been employed in other agencies currently or previously owned by Continuum's members, with high quality results and ratings.

IV. RESPONSE TO SIGNATURE PUBLIC COMMENT

After providing a comparison of the six applicants in terms of capital expenditure/start-up, startup timeline and admissions, Signature provided less than one page of public comment on the Continuum proposal. Our rebuttal is below.

A. Continuum's admissions are based on actual experience, including experience in Snohomish County. The estimates are reliable.

According to Signature's Competitive Overview table, four of the applicants propose to open in January of 2022, while Continuum and Seasons both propose a July 2022 opening date. Signature agrees that Continuum's 2024 census is reasonable, yet it questions our growth in our early months and years. Signature's table demonstrates that Continuum conservatively projected the lowest 2022 admissions of any of the applicants. Table 1 below converts Continuum's admissions to Average Daily Census (ADC). Based on actual experience in Snohomish County, Continuum assumed the actual start-up length of stay for the first six months is 32.15 days. The Program has previously found that an applicant's experience in Washington is a reasonable and acceptable assumption. This ALOS is comparable to the Member's experiences in other start-ups as well. For each subsequent year, the Washington State average from the CN Program's methodology has been assumed (62.66).

Commenter's Table

Table 1
Continuum Projected Admission, Days and ADC and WAC hospice methodology Step 8 Unmet ADC (Posted October 30, 2020)

Year	Admissions	Days	ADC	Step 8, DOH Projected
2022	42	1,350	7.4[6]	14
2023	231	14,474	39.7	40
2024	316	19,801	54.2	67
2025	413	25,879	70.9	NA

Signature suggests that Continuum does not have the infrastructure in place to grow in the early years. This is not true; we have ready access to expertise and infrastructure through Affinity Management, our Administrative Services Organization. Continuum not only included a copy of contract for Contracted Administrative Services which details the services provided, but also separated it on a line item in the Pro-Forma Our Snohomish start-up confirms our ability and infrastructure.

We have also already developed strong relationships with a number of SNFs and community organizations that are eagerly awaiting our CN approval in Pierce; and in fact, these entities are already referring to us as we operate under the Governor's Proclamation 20-36 in Pierce. We are confident in our ADC based on our experience in Snohomish. Despite commencing Snohomish in the very early days of the Stay-at-Home Order and after opening in March of 2020, Continuum Care of Snohomish's ADC was 62 in January of 2021 and is now in excess of 115. Continuum's programming and operations in Pierce County will be similar, suggesting, and again, that we have been conservative.

B. Continuum's underlying assumptions were vetted with CN staff during the two TA sessions and are based on actual Washington experience as well as data from the NHPCO.

Signature incorrectly states that Continuum did not provide the data to back up several 'claims', specifically they call into question their mixed payor rates. The assumption provided in our screening response (Question 17) is accurate. Continuum did use data from the NHPCO (publicly available), and its own experience – including experience specific to its Washington operations to determine the blended rate. To clarify the record, the specific NHPCO report relied upon was the NHPCO Facts and Figures 2020 Edition Published August 20, 2020. This NHPCO data demonstrates that 66.2% of patients fell between 1-60 days of care in 2018. Continuum's direct experience in onboarding patients quickly, led them to adjust this down to 65% for its assumptions in order to be conservative.

Signature also questions Continuum using the shorter partial year ADC and requests justification for that assumption. Because we will only be open six months, and because most patients will likely enroll in Q4, they will not have the same length of time to achieve the 60+ day LOS that those agencies that will be open for 12 months can realize. Again, this is based on our actual experience.

C. Our line-item expenses are documented and reasonable as are our per patient per month assumptions.

We appreciate Signature's attempt at questioning expenses related to operations by assuming that they do not correlate to volume. Their explanation of how they apply expenses to their own proforma only creates more questions surrounding the validity of their own projected costs. Breaking this down by Business Licenses & Permits – Continuum includes all licensing costs under this category which includes access licensing fees for staff. As the census increases, so do staff, which also increases these costs. Advertising is related to census, as it is related to recruitment of staff and promotional ads in various media outlets. Bank Service Charges increase as ADC increases due to the amount of ACH fees, and other bank charges impacted frequency of payments made to vendors and even payroll. Again, as census increases so do the number of invoices, as well as staff so utilizing census to estimate costs are reasonable. Furthermore, Computers/Internet and repairs, maintenance, and janitorial also increase in needs as well as utilization as the census grows, and the staffing increases. More computers are needed, Internet band width/data needs change, as well as internet fax capabilities need to be adjusted. With more patients, staff and equipment comes more needs for repairs and maintenance on equipment. Continuum further questions Signature's experience in the Financial Feasibility of their Pro- Forma if there is no correlation to these expenditures based upon growth in census.

V. Response to Symbol Comments

Symbol provided only one page of comment on the Continuum application, and it is really an exercise in 'nit-picking'. Our responses are as follows:

A. Continuum's need estimates are consistent with the projected unmet need, and our accounting for our partial year 1 census is consistent with guidance provided to us during our TA conferences with the Program. It also reflects our actual Snohomish County year 1 experience.

Symbol suggests that Continuum believes the need produced by the hospice projection methodology is 87, not 67. Continuum is well aware that the methodology produces an unmet ADC of 67 in 2022. We had a typographical error in our application that we corrected in screening. That said, our 'share of the unmet need is higher than indicated in the application, but still reasonable. Below is our verbatim screening response.

Q: An assumption on page 13 states that 'The unmet ADC in Pierce County, per the CN Program's methodology is 87 in 2022, increasing to 228 in 2025.' However, the department's methodology calculates an ADC of unmet need in Pierce County of 67 in 2022 and does not extend through predictions through 2025. Please clarify or correct. If specific calculations were used to extrapolate the department's methodology, please provide.

A- Continuum has reviewed the CN Program's methodology and agrees that the 2022 unmet ADC is 67. While Continuum recognizes that its 'share' of the unmet ADC is higher than indicated in the application, Continuum will also be targeting the underserved and these patients are not included in the unmet ADC. Continuum has extrapolated the data by increasing the unmet ADC each year by the difference between 2021 and 2022. This information is included in Table 2:

Commenter's Table

Table 2
Pierce County Unmet ADC, 2020-2025

	2020	2021	2022	2023	2024	2025
	From CN Program Methodology			Extrapolated		
Unmet ADC	14	40	67	94	121	148
Difference			27	27	27	27

Source: Applicant

For reasons unclear to Continuum, Symbol states that 'in order to meet the cost containment criterion, Continuum would need to revise its pro forma to either reflect the unmet need of 67 or leave the unmet need at 87 in their pro forma calculations'. Our pro forma never contained the 87, it was simply a typographical error related to the Department's methodology, not our projections or pro forma. This comment is without merit.

Please refer to our response to comments raised by Signature, regarding our partial year 1 assumed length of stay of 32.15 days raised again by Symbol. We did not change the ALOS for the methodology or for the County, we simply assumed that because we were operational for only one-half year, and because the majority of our admissions are likely to come in Q4, we will not have patients on service long enough to achieve the 62.66 ALOS in 2022 (though many of these patients will carry over into 2023), and their stay, while covering 2 different pro forma years, will likely achieve the 62.66 actual Washington length of stay. Our projections are not inaccurate.

B. Continuum's start-up costs are fully accounted for, our state license fees are included, and our pre-opening rent expenses are documented and accurate.

While Symbol tries to question whether Continuum has accounted for all start-up costs, Continuum (as we have stated above related to other public comment attempting to 'nit-pick' our pro forma), we have been clear, direct and consistent regarding how we account for our pre-certification costs and have actually provided a much more detailed analysis than other applicants. Our detailed assumptions provide additional assurance to the Program that we have accounted appropriately for all costs. As was discussed with CN Program staff on March 24, 2021, and confirmed again in our screening response, Continuum has assumed that it will have an ADC of 9.01 for 2022. This includes the patients that are required to be served prior to certification (estimated patient days of 289.35 or an ADC of 1.59 assuming 6 months of operation). This census + the 7.42 ADC assumed for the 6-month period from July 1, 2022, through December 31, 2022, = 9.01.

The 9.01 census is used to estimate the total expenses for the 2022 half year and includes all operating costs, and the 7.42 census is used to estimate the revenue for the 2022 half year.

We have also had multiple TAs with the CN program where we have reviewed our assumptions related to our start-up year and how we are differentiating expenses and revenue for the specific purpose of capturing all costs and demonstrating financial feasibility.

Symbol additionally suggests that Continuum did not account for the initial state license or the bi-annual renewal fee in its pro forma financials. As described above, these costs are included in the line item Business Licenses and Permits.

Symbol also inaccurately calls into question Continuum's pre-opening and partial year rent expenses and suggests our pro forma in 2022 may be in error. There is no error. Instead, the assumptions and expenses are clearly delineated in the pro forma, assumptions and rent/lease property schedule included in Attachment A of our Screening Response.

The $15,663 is specifically for the pre-opening rent and operating expenses for 4 months of 2021. These expenses can be identified on page 28 of our March 31 screening response and include:

Commenter's Table

Date	Item	Amount
September – December 2021	Rent	$2926.50/month for 4 months = $11,706
September – December 2021	Operating Expense	$989.24/month for 4 months = $3,956.96
TOTAL	**PRE-OPENING RENT AND OPERATING EXPENSES**	**$15,662.96 – rounded to $15,663 in pro forma**

The $35,352 is for the full year 2022 rent expenses which can also be identified on page 28 of our March 31 screening response and include: rent of $2,926.50 per month for 12 months for a total of $35,352.12.

Operating expenses for 2022 (and 2023-2025) are included under the line item operating costs in the pro forma and for 2022 include $1,048.59 per month for 12 months for a total of $12,583.13 (rounded to $12,583 in the pro forma).

All of these assumptions are clearly outlined and consistent with the pro forma."

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Continuum based its projected utilization of the new hospice agency on specific factors:

- Admissions assumed at 9 for precertification 6 months. With increases through full year three to approximately 48% of the anticipated unmet need.[24]
- Average annual length of stay at 62.66 days for full years, and 32.15 for 6 months.
- Average daily census starting at 7.4 for precertification 6 months; increasing to 70.9 in full year 2025.
- Additional patients from underserved populations that are not counted in the department's methodology's average daily census are included.

[24] Calculated by using the department's hospice need methodology and extrapolating it to 2025.

- Percentages of Pierce County's unmet market share[25] of approximately 42% in Year 1, 45% in Year 2, and 48% in Year 3.

In public comment Signature criticized Continuum's projected admissions, arguing Continuum "*increased the most significantly of all the applicants…*" Signature also stated that without any existing infrastructure or named partners from whom they will get referrals, "*Continuum's projected admissions are unlikely to be met.*" Continuum provided rebuttal to these comments asserting that its admits are based on actual Washington State experience of an agency owned and operated by its members and provided a table that compares Continuum's projections to the numeric need in Pierce County. To further its case, Continuum states that it has existing expertise and infrastructure through Affinity Management, which provides some of the hospice's administrative services. Continuum also provided a copy of an executed agreement with Affinity Management for such services; and has budgeted for the expense in its pro forma. Finally, Continuum notes that it has developed strong ties to Pierce County referral sources as it has been operating under the Governor's Proclamation 20-36 in Perce County. The department notes that, in addition to these statements, Continuum provided public comment in support of its project from a Pierce County rehabilitation facility, quoted earlier under this sub-criterion. The department finds Continuum's explanation reasonable and Signature's comments on this topic for Continuum unpersuasive.

Pennant questioned whether Continuum's overstatement of the department's methodology would impact its pro forma calculations. Continuum stated in response to screening, that Continuum overstated its market share; and that its projections do not exceed the department's projected need. Although Continuum's answer to this question in screening was not clear, the department concludes it is not a reason to disregard the rest of Continuum's pro forma.

Pennant further questioned Continuum's use of 32.15 for its ALOS for its partial year 2022, arguing that assuming an increase in ALOS over time is not reasonable. Continuum stated in rebuttal that Pennant does not recognize that Continuum is planning its operations on a partial year, therefore many of its fourth quarter 2022 patients will carry over to the next calendar year. This explanation is reasonable.

Pro Forma Financial Statements

The applicant provided pro forma financial statements, including revenue and expense statements and balance sheets. These financial statements allow the department to evaluate the financial viability of the proposed hospice agency. Given that this agency would be operated independently from any parent corporation, Continuum did not provide any additional financial statements.

Providence provided comment related assumptions that it believes do not match expense figures for several of Continuum's expense line items. Continuum provided detailed formulas and calculations in rebuttal that assisted the department in replicating its complex calculations. Each critiqued line item is analyzed briefly in the table on the following page.

[25] Calculated by using the department's hospice need methodology and extrapolating it to 2025.

Department's Table 13
Analysis of Providence's Comments on
Continuum's Assumptions and Expense Line Items' Calculations

Line Item	Timeframe	Continuum	Providence	Department
Mileage	*Assumed an average of 218.5 miles (per patient per month served at the rate of $0.545/mile. ½ yr 1 includes additional 6 months at $750 per month estimate for prelicensure, precertification.* [source: Continuum's March 31, 2021, screening, Attachment 2]			
	Partial Yr 2022	**8,890**	9,786	8,890
	CY 2023 (Yr 1)	56,668	No issue	-
	CY 2024 (Yr 2)	77,520	No issue	-
	CY 2025 (Yr 3)	101,316	No issue	-
Software	*Assumed licensure fees of $45/month per user (user determined by ADC/2.4), plus additional $12,000 (Years 2- 4) to software costs. ½ Year 1 assumed $10,000 plus (9.01/2.41)X45X6 months) to cover precertification period.* [source: Continuum's March 31, 2021, screening, Attachment 2]			
	Partial Yr 2022	11,011	11,009	11,009
	CY 2023 (Yr 1)	20,895	10,151	20,885
	CY 2024 (Yr 2)	24,168	11,151	24,155
	CY 2025 (Yr 3)	27,903	14,574	27,887
Salaries and Benefits	*Based on FTE and staffing, plus estimated $14,000 per year for employee incentives and sign on bonuses. Benefits are assumed to be 20% of salaries.* *½ Yr 1 includes pre- certification staffing expenses. Nurse & HHA reflect 10 salary months. MT, MSW & Chaplain utilize 9.01 census/case load times ½ year salary. $10,000 was included for employee incentives and sign on bonuses. Benefits assumed to be 20% of salaries* [source: Continuum's March 31, 2021, screening, Attachment 2]			
	Partial Yr 2022	740,183	778,951	719,921
	CY 2023 (Yr 1)	1,772,247	1,756,678	1,770,677
	CY 2024 (Yr 2)	2,268,411	2,250,373	2,264,373
	CY 2025 (Yr 3)	2,987,799	2,971,848	2,985,848

Providence's comments on Continuum's Mileage expense focus on a mismatch in a partial year that is not used to indicate the agency's financial feasibility. Partial years can be used to examine the reasonableness of future amounts or to analyze trends. The discrepancy noted by Providence was clearly rebutted by Continuum, and the department was able to calculate an exact match to Continuum's figure using its assumptions.

It is unclear what formula was used by Providence in its comments on Continuum's Software expense, but using the applicant's assumptions, the department's calculations match Continuum's within a reasonable rounding error.

Regarding Providence's comments on Continuum's Salaries and Benefits expenses, it appears that Providence did not include the estimated $14,000 annual cost, which Continuum states as part of its assumption is budgeted for "*employee incentives and sign on bonuses*". Since the payroll taxes and

benefits are assumed as a percentage of the salaries, it follows that changes to the "*Salaries*" expenses' calculation would change the "*Benefits*" amounts. Although neither the Providence nor department calculations are an exact match to Continuum's, Continuum provided a reasonable rationale for the differences. These differences amount to 2.7% for partial year 2022, 0.09% for year 2023, 0.18% for year 2024, and 0.07% for year 2025 of the total cost in Continuum's pro forma.

Several competing applicants provided comments related to perceived issues with Continuum's financial statements and/or assumptions. Following is a table that compares these comments to Continuum's information.

Department's Table 14
Analysis of Comments on Continuum's Assumptions and Expense Line Items

Item	Comment Summarized	Continuum's Rebuttal Summarized	Department's Evaluation
Insurance	No formula was provided, thus the significant expense is not verifiable. [Providence]	Expense is based on the stated assumption and increased year over year based on FTE job type relative to hours worked, including on-call staff. All assumptions originate from Snohomish experience.	The level of detail that Providence requests is more than is required of an applicant for this line item.
Start-Up Costs	Not separable from initial period's losses. Not clear who will pay for start-up and expenses. [Providence]	Provided a table from its screening response that outlines how Continuum quantified its capital expense and start-up costs.	Continuum included its start-up costs in its capital expenditure and accounted for the costs in its balance sheets.
Pre-Cert Patients'	Unclear whether the nine assumed pre-certification patients are accounted for in revenues and/or expenses. [Providence]	In its rebuttal response to Pennant, Continuum confirmed that pre-certification patients are included in projected revenues and expenses.	This was confirmed by the department.
Payer Mix Rates	Missing source data for assumptions. [Signature]	Assumptions are detailed in response to screening and sources cited. Continuum further detailed the report's name and publication date in its rebuttal.	Continuum's assumptions submitted in response to screening and further detailed in rebuttal are reasonable.

Item	Comment Summarized	Continuum's Rebuttal Summarized	Department's Evaluation
ALOS	Missing source data for assumptions on partial year 2022. [Signature]	Assumptions are detailed in response to screening.	Continuum's assumptions submitted in response to screening are reasonable.
Per Patient Month Assumptions	Some of the expense line items should not be calculated/impacted by the number of patients, rather are flat rates for the cost of business. [Signature]	Continuum explained how its operations tie specific line items to its projected volumes; and provided examples.	Continuum's explanation of how these expenses correlate to patient volumes for its operations is reasonable.
Partial Year 2022 (Pre-certification)	All revenues and expenses are missing for this period. [Pennant]	Revenues and expenses are included under partial year 2022. See assumption details.	Continuum's rebuttal accurately resolves this issue.
WA State Licensure Fees	Missing from statement. [Pennant]	Accounted for under "*Business License and Permits*"	Since different agencies represent and assume costs differently, this confusion is understandable. Although Continuum does not separately identify the exact amount required by the in-home services licensing rule for initial licensure and renewal, the amount in the line item it specified is enough to cover that fee.
Pre-Opening Rent with Operating Costs	When combined with 2022 costs for rent, this appears to be a mistake. [Pennant]	Continuum provided a summary in rebuttal of its lengthy assumptions provided in response to screening.	The department was able to match the costs assumed for Continuum's "*Pre-Opening Rent with Operating Costs*" and "*Rent*"

Revenue Rates

Providence commented, in part, that using Continuum's stated assumptions, calculated revenue is approximately $73,000 less than is presented for year 2025. Continuum rebutted this information stating that Providence is using a blended rate that does not match Continuum's projections; and does not account for Medicare's service industry add-on assumption. In rebuttal, Continuum provided an additional level of detail clarifying its assumptions. However, because these revenue projections are estimates, the department concludes this granular level of detail for an assumption is not necessary for any applicant to provide when a higher-level calculation will suffice. In addition,

Providence stated in its response to screening question three "*we recognize there are multiple valid approaches to forecasting revenue, we believe a volume-based approach by payor for an agency with significant historical experience like Providence Hospice is superior to using level-of-care rates and percentages.*" [source: Providence March 31, 2021, screening response, pdf4] The department will defer to the hospice industry experts and will not speculate on which method of calculating projected revenues is more reliable.

Lease

The hospice agency's office will be located in Gig Harbor within Pierce County. Continuum provided an executed copy of the lease agreement and addendum for the space. The lease commenced September 1, 2021 and has an initial term of 36 months. Continuum included an addendum that allows Continuum to extend the lease an additional three years. These documents include all costs associated with the initial term and additional term. Documentation provided substantiate all lease costs identified in the pro forma revenue and expense statement. [source: Application, Exhibit 7]

Medical Director

The applicant states that the medical director is to be compensated at $4,000 monthly, with additional compensation based on operating revenues. Continuum provided an executed Medical Director Services Agreement that includes an effective date of January 28, 2021. The agreement's associated "*[c]ompensation begins after the approved Certificate of Need and licensure*" and has an initial term of one year that renews annually unless terminated. Further, the agreement substantiates rates identified in the pro forma revenue and expense statement. [source: Application, Exhibit 6]

In public comment, Envision examines the rates for which each applicant expects its medical directors to charge the hospice agency. Envision notes that Continuum's medical director hour per day rate is lower than all other applicants. In response to this comment Continuum states that its budgeted Medical Director amount is in line with that of its members' other Washington state agency; and has resulted in "*high quality results and ratings*". Based on this rebuttal the department does not find Envision's critique compelling.

Based on the information provided, public comment, and rebuttal comment, department concludes that the financial information provided reasonably projects the revenues and expenses presented by the applicant. As a result, the department concludes that this Pierce County project, **meets this sub-criterion**.

Envision Hospice of Washington, LLC

Envision is an existing hospice agency in Washington State approved to serve Medicare and Medicaid patients who reside in Thurston, Snohomish, King, or Kitsap counties. Additionally, it is approved to serve Medicare and Medicaid home health patients that reside in King or Pierce counties; as well as State licensed-only to provide home health services to home health patients that reside in Thurston or Snohomish counties.

If approved, Envision plans to co-locate its operations with its affiliated home health agency's offices in Tacoma, within Pierce County. [source: Application, pdf8]

Envision provided the following assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice agency.
"*Number of Admissions: Review of existing utilization in opened hospice agencies including the impact of Covid-19 on the business plan included in the response to Question 4 in this section and Appendix N for Pierce County. A similar assessment was developed for each service area. A central premise is that the Program will continue to regulate capacity using the current methodology.*

Average Length of Stay: While average length of stay is longer nationally and statewide, Envision for conservative financial feasibility reasons is maintaining average length of stay during the start-up and early expansion phases for each hospice service area at 60 days, which is currently 2.66 days length of stay shorter than the statewide average used by the Program.

Patient Days and Average Daily Census are both products of simple algebraic equations, e.g., Patient days divided by 365 days equals Average Daily Census." [source: Application, pdf17]

"*The total number of Pierce County admissions as of March 31, 2021 is provided below and is generated by a query of our admissions data based for patients residing in and admitted from Pierce County. However, the Pierce County patient base is currently included as an exception to certificate of need requirements, so a formal cohort has not been set up for a Pierce County unit (the purpose of this certificate of need). As a result, the average daily census for Pierce residents is an estimate*." [source: April 26, 2021, screening response, pdf3]

Applicant's Table

Pierce County	**2019**	**2020**	**2021**
Total number of admissions	N.A.	20	12 YTD
Average Length of Stay		24.95	40.47
Total patient days		524	688
Average Daily Census		Rough estimate 6	Rough estimate 8

[source: April 26, 2021, screening response, pdf3]

"*Services in Snohomish County have commenced*.

Covid-19 related constraints both affected existing management staff and severely limited outreach to existing agencies serving terminally ill patients as well as community organizations that supported individuals and families. This was not a unique situation for either established or new-start-up healthcare providers. Envision, like many new-start agencies were affected. Estimating increased admissions in King County, Thurston County and Snohomish in 2021 to 276 patients from 100 hospice admissions in 2020 is a very conservative volume estimate for several reasons:

(1) The administrative staffing for hospice services is in place;
(2) Covid-19 vaccinations for all adult residents who want to be vaccinated will occur by midyear;
(3) Snohomish county services have been operationalized;
(4) *Annualizing Envision 2021 Year to Date admissions easily exceeds the very conservative 2021 volume estimate*."
[source: April 26, 2021, screening response, pdf4]

Based on the listed assumptions, Envision provided the following projections for utilization of the hospice agency. [source: Application, pdf17]

Department's Table 15
Envision's Projected Utilization for All Counties

	CY 2021	**CY 2022** (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Admissions	276	507	648	815
Total Days	16,535	30,441	38,909	48,910
Average Length of Stay	60	60	60	60
Average Daily Census	45.3	83.4	106.6	134.0

Department's Table 16
Envision's Projected Utilization for Pierce County

	CY 2022[26] (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Admissions	183	274	365
Market Share of Pierce County Unmet Admits	47%	50%	52%
Total Days	10,950	16,425	21,900
Average Length of Stay	60	60	60
Average Daily Census	30.0	45.0	60.0

If this project is approved, the hospice agency would be operated under Envision Hospice of Washington, LLC. To assist in this evaluation, the applicant provided pro forma financial statements for several combinations of this project, with and without existing operations of its affiliates. The pro forma statements provided are listed below.

- Pierce County alone,
- Existing operations alone, and
- Existing operations with Pierce County.

Envision also provided the following information and assumptions used to project the pro forma statements.

"*Revenue*

Medicaid	*includes Health Options*
Commercial/ Other Revenue	*includes, Commercial, BHP, TriCare, CHAMPUS*
Deductions from Revenue	
Contractual Allowances	*2% of Gross Revenue*
Bad Debt	*1% of Gross Revenue*
Adjustment for Charity Care	*2% after Contractual and Bad Debt*
Payroll Taxes & Benefits	*30% of Salaries*
Contracted Labor Costs	
Physical Therapy	*$0.09 per DOC*

[26] This project is expected to commence by January 2022, thus no partial year is included here.

Occupational Therapy	*$0.03 per DOC*
Speech/Language	*$0.02 per DOC*
Dietary Counseling	*$0.02 per DOC*
Patient Care Costs	
Physician Consulting Fees	*1% of net revenue*
Pharmacy/IV's	*$4.78 per DOC*
DME Costs	*$4.60 per DOC*
Medical Supplies	*$1.66 per DOC*
Lab Costs	*$0.10 per DOC*
Chemotherapy	*$0.10 per DOC*
Radiation Therapy	*$0.10 per DOC*
Imaging Services	*$0.08 per DOC*
Ambulance Costs	*$0.35 per DOC*
General Inpatient Care Costs	*$825 facility contracted GIP care rate x 1% of DOC*
Inpatient Respite Care Costs	*$385 facility contracted Inpatient Respite care rate x 0.5% of DOC*
Net SNF Medicaid Costs	*DOC x $12/day average x 5% for 2022, 10% for 2023, 15% for 2024*
Mileage	*$2.89 per DOC*
Administrative Costs	
Payroll Taxes & Benefits	*30% of Administrative Salaries*
B&O Taxes	*1.5% of Gross Revenue*
Mileage	*$0.38 per DOC*
Advertising	*$2,000 per month*
Travel – admin	*$20,000 per year first year and $10,000 therafter* [sic]
Legal & Professional	*$1,000 per month*
Consulting Fees	*$250 per month*
Software Costs	*$1,000 per month*
Computer @ Software Maintenance	*$833 per month*
Office Rent	*See Allocation Table*
Repairs/Maintenance	*$150 per month*
Cleaning	*$50 per month*
Insurance	*$250 per month*
Office Supplies	*$250 per month*
Equipment Rental	*$167 per month*
Postage	*$50 per month*
Telephones/Pagers	*$1,200 per month*
Purchased Services/Utilities	*$500 per month*
Books & Reference Materials	*$100 per month*
Printing	*$120 per month*
Licenses & Certification	*Per Renewal Fee table*
Education & Training	*$2,000 per month including palliative care, cultural competence, volunteer program*
Dues & Subscriptions	*$200 per month*
Corporate Allocation	*5% of Net Revenue, includes Payroll, Billing, IT, HR, etc.*"

[source: Application, Appendix J]

Applicant's Table

Please see allocation table below showing the existing and anticipated allocation upon Pierce Hospice CN approval:

Existing Allocation of Rents			
Location	**Amount**	**Existing HH**	
Tacoma/Pierce	$ 7,317.00	100%	$ 7,317.00

Proforma Allocation with Pierce					
Location	**Amount**	**Existing HH**		**Pierce Hosp**	
Tacoma/Pierce	$ 7,317.00	80%	$ 5,853.60	20%	$1,463.40

[source: April 26, 2021, screening response, pdf11]

Applicant's Table

Revenue Assumptions & Staffing Summary, Envision Hospice, Pierce County Only

	2022	2023	2024	
Admissions (Unduplicated Patien	183	274	365	See Narrative: Need Question #4
Patient Days at ALOS 60	10,950	16,425	21,900	ALOS assumption based on WA average
AVERAGE DAILY CENSUS (ADC)	**30.0**	**45.0**	**60.0**	DOC/365
DAYS OF CARE (DOC)				
Routine Home Care	10,676	16,014	21,353	97.5% based on Utah & WA averages from CMS
General Inpatient Care	110	164	219	1.0% based on Utah & WA averages from CMS
Continuous Care	110	164	219	1.0% based on Utah & WA averages from CMS
Inpatient Respite Care	55	82	110	0.5% based on Utah & WA averages from CMS
TOTAL	**10,950**	**16,425**	**21,900**	**100%**
Per Diem Rates				
Routine Home Care	$ 207.01	$ 207.01	$ 207.01	blend of 75% of days at high rate and 25% at low rate
General Inpatient Care	$ 1,139.57	$ 1,139.57	$ 1,139.57	CMS 2021 Pierce County hospice rate
Continuous Care	$ 523.52	$ 523.52	$ 523.52	CMS 2021 Pierce County hospice rate x 8 hr. minimum
Inpatient Respite Care	$ 496.11	$ 496.11	$ 496.11	CMS 2021 Pierce County hospice rate
Gross Revenue by Type of Care				
Routine Home Care	$ 2,210,117	$ 3,315,176	$ 4,420,234	Days of Care x Per Diem Rates
General Inpatient Care	$ 124,783	$ 187,174	$ 249,566	Days of Care x Per Diem Rates
Continuous Care	$ 57,325	$ 85,988	$ 114,651	Days of Care x Per Diem Rates
Inpatient Respite Care	$ 27,162	$ 40,743	$ 54,324	Days of Care x Per Diem Rates
TOTAL	**$ 2,419,388**	**$ 3,629,081**	**$ 4,838,775**	
Payer Mix				
Medicare Fee For Service	50%	50%	50%	Based on Utah & WA Experience
Medicare Managed Care	35%	35%	35%	Based on Utah & WA Experience
Medicaid	10%	10%	10%	Based on Utah & WA Experience
Commercial /Other	5%	5%	5%	Based on Utah & WA Experience
TOTAL	100%	100%	100%	
Gross Revenue per Payer				
Medicare Fee For Service	$ 1,209,694	$ 1,814,541	$ 2,419,388	Gross Revenue Total x % Payer Mix
Medicare Managed Care	$ 846,786	$ 1,270,178	$ 1,693,571	Gross Revenue Total x % Payer Mix
Medicaid	$ 241,939	$ 362,908	$ 483,878	Gross Revenue Total x % Payer Mix
Commercial	$ 120,969	$ 181,454	$ 241,939	Gross Revenue Total x % Payer Mix

STAFFING SUMMARY - PIERCE

STAFFING INPUT - BY FTE'S		**2022**	**2023**	**2024**	
CLINICAL OPERATIONS	Salary				
Medical Director/Physician(s)	205,000	0.83	1.25	1.67	Physician FTE for every 36 ADC
Bereavement	60,000	-	0.30	1.00	Done by spiritual counselor until ADC reaches 40
Spiritual Counselor	60,000	0.81	1.22	1.62	1 per 37 ADC; does bereavement until ADC reaches 40
Volunteer coordinator	42,000	0.40	0.56	0.75	1 per 80 ADC; starts at minimum of .4 when MSW gets to .75
Manager of Patient Services	95,000	0.50	0.75	1.00	Done by admin until 20 ADC; starts at .5 ; .75 at 40 ADC; 1.0 at 50 ADC
RN's	90,000	3.00	4.50	6.00	1 per 10 ADC
Medical Social Worker	80,000	1.00	1.29	1.71	1 per 35 ADC, minimum of 1; does vol coord until reaching .75
HHA's	30,160	3.00	4.50	6.00	1 HHA per 10 ADC
TOTAL		**9.54**	**14.36**	**19.75**	
ADMINISTRATIVE					
Administrator/Director	120,000	0.75	1.25	1.75	Combines regional and county level admin: Regional is .25/County is .50 2021, 1 2022, 1.50 2023
Admin Asst./Medical Records	52,000	1.00	1.25	1.75	
Facility Liaison/Community Outrea	65,000	2.00	2.50	3.00	
QAPI Coordinator	95,000	0.50	1.00	1.00	Administrator does until ADC of 30
TOTAL		**4.25**	**6.00**	**7.50**	
TOTAL FTE'S		**13.79**	**20.36**	**27.25**	

APPENDIX J 192

[source: Application, Appendix J]

Envision also provided further clarification on specific line items. [source: April 26, 2021, screening response, pdf12-13]
"*We assume an average length of stay of 60 days. By default, means that some of the patients will be on service more than 60 days and some will be less than 60 days, so a portion of the reimbursement will be at the higher rate for the first 60 days and the remainder will be at the lower rate for days beyond 60. Based on experience we have projected that 75% of the days will be at the higher rate (the first 60 days on service) and 25% will be at the lower rate (after 60 days on service) to arrive at a blended reimbursement rate for the financial projections.*

The costs of the 'Area Director' are accounted for in the Administrative staffing summary with row labeled 'Administrator/Director.'

WAC 246-335-990 states (1) 'Initial license. An applicant shall submit to the department an initial twelve-month license fee of three thousand two hundred eighty-three dollars for each service category (home care, home health, hospice)...' and (3) 'Renewal license. A licensee shall submit to the department a twenty-four month renewal fee for home care, home health and hospice agencies, based on the number of full-time equivalents (FTEs)...'

The department has requested that the financial projections be submitted as a stand-alone, as well as with existing operations. As such, for Pierce as a stand-alone, Envision has projected Pierce to have an 'Initial license' fee of $3,283 for the first 12 months, and in year two, a 'Renewal license' fee based on FTEs of $2,383 for the next 24 months as per the table in WAC 246-335-990.

Section 8 of the lease spells out that electricity is the only separately metered utility to be paid by the Tenant and the proforma financials include $500/month for 'Purchased Services/Utilities.' Envision is unaware of any other additional costs referenced by the department in this question as the lease is otherwise all-inclusive.

P.199 shows the ADC projections of the existing operations without Pierce. The table on P. 18 shows the ADC projections of the existing operations combined with the proposed Pierce project. For reference, the Pierce stand-alone ADC projections are in Appendix J P.195. Combining the numbers from P.195 with P.199 yields the numbers in the table on P.18."

In both the Pierce County-only and existing operations with Pierce County operations "*Net Revenue*" represents gross revenue minus contractual deductions, bad debt, and charity care; while "*Total Expenses*" represents all costs of operation. Leaving "*Net Profit / (Loss)*" to represent the difference between revenues and expenses. Following is a summary of the projected revenue and expense statement for Envision's Pierce County proposed agency. [source: Application, Appendix J]

Department's Table 17
Envision's Pierce County Revenue and Expense Statement Summary

	CY 2022 (Year 1)	CY 2023 (Year 2)	CY 2024 (Year 3)
Net Revenue	$2,299,870	$3,449,804	$4,599,740
Total Expenses	$1,978,216	$2,876,822	$3,791,242
Net Profit / (Loss)	**$321,654**	**$572,983**	**$808,497**

Note that amounts may not match those of the applicant's exactly due to rounding.

Envision also provided the combined projected revenue and expense statement for Envision's existing operations including its Pierce County proposed agency. [source: Application, Appendix L]

Department's Table 18
Envision's Existing Operations with Pierce County
Revenue and Expense Statement Summary

	CY 2022 (Year 1)	CY 2023 (Year 2)	CY 2024 (Year 3)
Net Revenue	$10,746,002	$12,646,506	$14,978,923
Total Expenses	$9,241,613	$10,682,886	$12,540,020
Net Profit / (Loss)	**$1,504,389**	**$1,963,620**	**$2,438,903**

Note that amounts may not match those of the applicant's exactly due to rounding.

Since this proposal is an expansion of an existing agency, following is a summary of the projected balance statement for Envision's existing operations combined with its Pierce County proposed agency. [source: Application, Appendix L]

Department's Table 19
Envision's Existing Operations with Pierce County
Balance Statement Summary

ASSETS	CY 2022 (Year 1)	CY 2023 (Year 2)	CY 2024 (Year 3)
Current Assets	$3,574,385	$4,118,488	$4,857,342
Property and Equipment	$36,300	$27,085	$17,871
Other Assets	$0	$0	$0
Total Assets	**$3,610,685**	**$4,145,573**	**$4,875,213**

LIABILITIES	CY 2022 (Year 1)	CY 2023 (Year 2)	CY 2024 (Year 3)
Current Liabilities	$456,640	$527,907	$618,640
Long-Term Debt	$0	$0	$0
Equity	$3,154,045	$3,617,667	$4,256,574
Total Liabilities, Long-Term Debt, and Equity	**$3,610,685**	**$4,145,574**	**$4,875,214**

Note that amounts may not match those of the applicant's exactly due to rounding.

Public Comment

Continuum Care of Pierce – Oppose [source: pdf6-7]

"*ii.* ***Deficiencies that render the project inconsistent with rule***

According to its 2020 Pierce County Analysis, the Program bases its evaluation of financial feasibility on the reasonableness of the utilization assumptions. It stated in the 2020 Analysis that it must be able to conclude that the utilization assumptions can be achieved. As the above demonstrates, Envision's actual volumes are significantly lower than what it outlined in its applications. This calls into question the overall financial feasibility of the Pierce County project; especially since Envision operates in each County as a single agency.

In screening Envision noted that:

> *Covid-19 related constraints both affected existing management staff and severely limited outreach to existing agencies serving terminally ill patients as well as community organizations that support individuals and families. This was not a unique situation for either established or new-start-up health care providers. Envision, like many health new-start-agencies were affected. Estimating increased admissions in King County, Thurston County and Snohomish in 2021 to 276 from 100 hospice admissions in 2020 is a very conservative volume estimate:*

The 276 admissions now estimated for the above three counties (although Envision has indicated that it is already operating in Kitsap County as well but did not provide any volume estimates for Kitsap) is significantly lower than the 2021 admissions estimated in their individual applications (which totaled more than 650 for the three counties). These dramatically lower than previously estimated volumes raise concerns for several reasons: because Envision has not been able to achieve the volumes estimated for their other agencies, Pierce County's are also not likely achievable and hence, financial feasibility cannot be determined and further because the pro forma is for all Counties in which it is approved, the reasonableness of the expenses and revenues cannot be confirmed."

Continuum Care of Pierce Rebuttal Comment [source: pdf6 and 8-19]

"*A. Envision is under resourced to launch its CN approved projects, and its actual performance greatly lags its CN projections.*

In addition to Thurston, Envision notes that it was CN approved in 2019 to serve Snohomish and King Counties, and in 2020 to serve Kitsap County. Page 7 of Envision's public comment states

'with recent CON approval to add Snohomish, King and Kitsap Counties to its hospice service area, Envision's hospice services in those counties are now operational.'

Continuum does not believe this statement to be true or accurate. Our public comment demonstrates that Envision is not serving Snohomish. We have made numerous phone calls to Envision Snohomish (the call gets routed to a non-Snohomish County location) in the past few weeks, and we are repeatedly told that they 'are not currently serving' Snohomish County. The written public comment and rebuttal recently submitted by the 2021 review cycle in Snohomish also confirmed that Envision is not serving Snohomish. In fact, Providence and Signature's public comment in this Pierce matter, also state that Envision has no census in Snohomish.

Continuum also contacted on two different after-hour occasions Envision's Kitsap County phone contact. In neither instance was the phone answered, and in fact the phone line was not an admissions line, rather it rang directly to the cell phone of an administrator that did not answer.

Providence (page 14) also noted that Envision's actual patient volumes have been 'far below the volumes projections contained in its CN applications'. Per Providence, the inability of Envision to reach census levels calls into question the accuracy and reliability of the volume projections for Pierce. Continuum concurs."

Providence Hospice of Seattle – Oppose [source: pdf15-18 and 22-23]
"***1. Envision's actual patient volumes for its recently-approved hospice programs have been far below the volume projections contained in its CN applications for those programs. This calls into question the accuracy and reliability of the volume projections in its Pierce County application.***

The financial feasibility of Envision's proposed Pierce County program is directly dependent upon the reasonableness of Envision's patient volume projections. However, as discussed below, the actual patient volume performance for Envision's two hospice programs recently in operation in Thurston County and King County raises serious concerns about the ability of Envision to develop accurate and reliable patient volume projections for its pro forma financial statements, which provide the basis for the Department's financial feasibility analysis under WAC 246-310-220(1).

Envision's actual patient volumes in its recently-opened hospice programs in Thurston County and King County demonstrate that it has failed to meet the highly aggressive patient volume projections contained in its CN applications for those programs. The table below provides both the projected and the actual patient volumes for each of the programs, as well as for the Snohomish County program, which, as noted above, recently commenced operations.

Commenter's Table

Table 1: Envision Utilization Projections Against Actuals for Thurston, Snohomish, and King Counties

Envision Utilization Projections vs Actuals	2018	2019	2020
Thurston County			
ADC - Projected	14.8	32.9	41.1
ADC - Actual		2.2	3.0
Snohomish County			
ADC - Projected			18.7
ADC - Actual			0.0
King County			
ADC - Projected			18
ADC - Actual			9.6
Sources:			
Thurston - Department Eval of CN18-07, p. 42 Table 4			
Snohomish - Envision CN19-56, p. 24			
King - Envision CN19-43, p. 24			
For actuals: Envision Application, p. 17			

In each county, Envision has failed to meet its utilization projections. Envision's Thurston County hospice program was approved in September of 2018 and opened in 2019. Since then, it has had an ADC of 2.2 in 2019 and 3.0 in 2020. These ADC figures are far below the projected ADCs of 6.9 in 2018, 24.7 in 2019, and 30.6 in 2020 contained in Envision's Thurston County CN application. This failure to meet its projections has also occurred with respect to Envision's King County hospice program. Envision's King County program was approved in November of 2019 and opened in 2020. In 2020, the program had an ADC of 9.6. This figure is well below the projected ADC of 18.0 contained in Envision's King County CN application.

With respect to its proposed Pierce County program, Envision has projected an aggressive growth in utilization over the first three years of operation, with an ADC of 30 in 2022, 45 in 2023, and 60 in 2024. This growth forecast, like Envision's previous patient volume projections in other counties, is extremely aggressive, and conflicts with Envision's actual historical experience. The financial projections contained in Envision's pro forma financial statements rely upon it meeting its patient volume projections. However, its actual experience in Washington raises serious questions regarding its ability to do so. If Envision's proposed Pierce County program matches the actual performance experience of Envision's King County program, which thus far has performed the best of any of Envision's recently-opened programs, then the Pierce County program can expect an ADC of approximately half of its projected ADC. Based on Envision's pro forma financial statements, such a utilization rate would result in over $300,000 in losses in 2022, another $330,000 in losses in 2023, and $345,000 in losses in 2024.

Accordingly, there are significant questions regarding the accuracy and reliability of the patient volume projections contained in Envision's Pierce County application. This in turn raises serious concerns regarding the financial feasibility of the proposed program."

"***1. The information provided by Envision regarding the costs related to its internal corporate allocations is contradictory and unclear.***

With respect to the 'Corporate Allocation' line item for the proposed Pierce County hospice program, Envision assumes that the annual expense amount will be equal to 5% of net revenue, with the allocated services consisting of 'Payroll, Billing, IT, HR Etc.' This expense amount equals $229,987 in 2024, the third full year of operation. However, historically Envision has allocated a flat $60,000 per year to its Corporate Allocation line item. Envision does not provide an explanation for the difference in the historical versus the projected calculation of allocated costs. Nor does it provide an explanation for the large difference between the projected expense of $229,987 in 2024 for the Pierce Program versus the historical allocation expense of $60,000 per year.

2. Envision has assumed that it will have no start-up or pre- operational costs. This assumption is not credible.

Envision assumes no start-up or pre-operational expenses. Given that Envision anticipates serving an additional 183 patients representing 10,950 patient days in 2022 (its first year of operation), this is not credible. Envision states: 'the addition of the Pierce service area will not require any additional management staff, office space or other expense as Envision Hospice of Washington, LLC is currently licensed and operating in the adjacent King and Thurston areas.' However, Envision

projects 13.79 additional FTEs in 2022, including 3 RNs, 3 Hospice Aides, and 2 Facility Liaison/Community Outreach FTEs. Envision has provided no explanation for how it plans to meet these staffing levels immediately upon opening without incurring any preoperational expenses other than the statement that it has so far been successful in recruiting and retaining clinical staff.

3. The issues relating to internal corporate allocations and the lack of start-up and preoperational costs establish that Envision's application does not satisfy WAC 246-310-220(1).

The two issues discussed above are not minor issues: they raise substantive unanswered questions about the overall accuracy and reliability of both Envision's pro forma financial statements and the assumptions upon which the statements are based. The issues are sufficient in and of themselves to support the conclusion that Envision has failed to demonstrate that '[t]he immediate and long-range capital and operating costs of the project can be met.'

Signature Group – Oppose [source: pdf4-6]
'*Additionally, Signature would like to question Envision's 'rough estimates' of their ADC for the services already being provided in Pierce County. Signature would argue that with 20 admissions in 2020 and 12 YTD in 2021, Envision should be able to manually track and provide the actual ADC of the patients that that they have served in Pierce County. Instead, the 'rough estimate of 6 in 2020' and 'rough estimate of 8 in 2021 YTD,' as provided on page three in the supplemental response, leave a lot to be questioned as to how these ADC's were obtained based on the metrics provided in the table on the same page of the supplemental response. Using the same formulas that Envision used in their applications proforma, the total patient days would be 499 (20 admissions x ALOS of 24.95). Dividing 499 by 365 days equals an ADC of 1.37 (or using their patient days of 524, the ADC would be 1.43 patients). In 2021, the total patient days would be 485.64 days, instead of the 688 listed on the table. Dividing the 485.64 days by 365 would result in an ADC of 1.33. Even using Envisions patient days of 688 and dividing it by 365 would equal an ADC of 1.88. None of these ADCs are remotely close to the rough estimates listed in the table, which leaves Signature to wonder if there are more patients being served than reported or if this calculation was a mathematical error.*

Envision's Thurston County CN was awarded in 2018, and the agency began seeing patients in 2019. However, only 24 patients were admitted in 2019 and in 2020. Additionally, Snohomish County and King County CN's were awarded in 2019, yet only the King County operation began seeing patients in 2020 with 76 admissions (page 17 of the application). Snohomish county did not see any patients in 2020 but Envision lists Snohomish County as 'Operational in 2020' in their application (page 29). Upon reviewing the application and the supplemental concurrent response, Signature could not find any data that showed the patient data (admissions, ADC, patient days, ALOS) for Snohomish County. We are hoping that Envision will provide this data in the Public Comment Rebuttal, as well as give an update on the status of the Kitsap County start up and when they expect to start seeing patients.

*Gathering the admission data across all current hospice entities and the proposed project in Pierce County from the **current** review cycle and application allowed Signature to create the chart below:*

	Current	Projected			
	2020	**2021**	**2022**	**2023**	**2024**
ALL CURRENT	*100*	*276*	*324*	*374*	*450*
Thurston	24				
King	76				
Snohomish	Unknown				
Kitsap	NA				
Pierce Only	*NA*	*NA*	*183*	*274*	*365*
TOTAL	100	276	507	648	815
Pierce County % of Total	NA	NA	36.1%	42.3%	44.8%

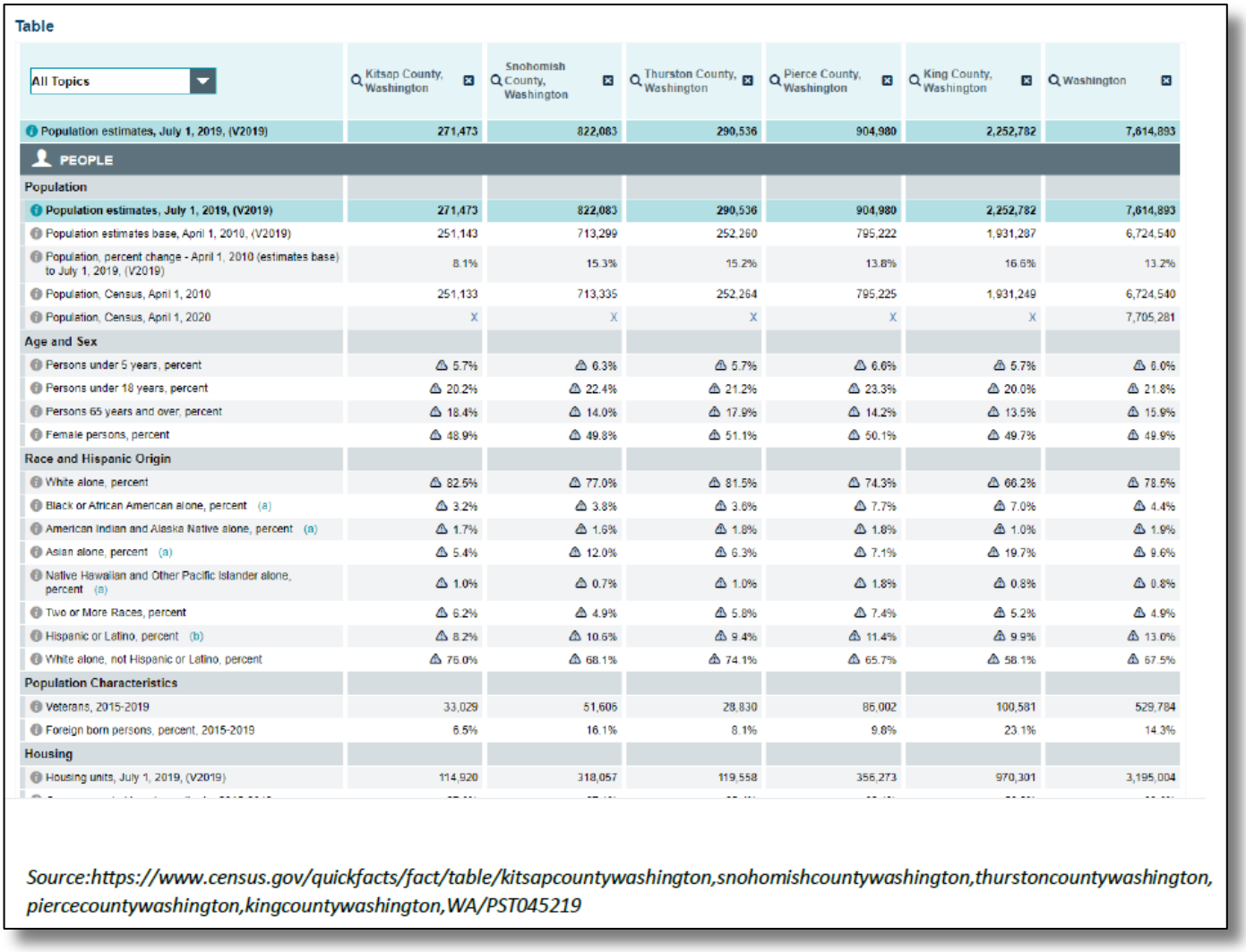
Signature also looked at Envision's previously awarded applications to determine their original admissions predictions shown in the table below:

	2020	**2021**	**2022**	**2023**
Thurston*	**Information not available online anymore*			
King	109.5	219	292	NA
Snohomish	114	219	273	NA
Kitsap	NA	116	170	219
Total	**223.5**	**554**	**735**	**219**

All four of Envision's current entities started within the last 3 years, calling into question the validity of the projections for Pierce County. As the data in the table directly above shows, Envision originally projected a total of 735 admissions in 2022 (without factoring in Thurston County). They are currently projecting 324 admissions for all 4 counties in 2022 in the Pierce County CN application. This is only 44% of their original projections. To project that a single, newly started agency in Pierce County will make up 36% of ALL admissions across 5 counties in its first operation year is very bold. To end the projections in 2024 with Pierce County maintaining 45% of all admissions across 5 counties is even bolder.

With historical proof to show that Envision is not capable of meeting their original projections, Signature would encourage the DOH to choose a different applicant who might be able to prove otherwise.

Additionally, King County has a population of 2.2 million as of 2019, according to the census.gov website, while Pierce County is less than half of that population at 904,980 people. Snohomish has the closest population size to Pierce at 822,083 people. Envision has yet to prove that they are capable of meeting admissions projections in larger counties making the Pierce County projections overly optimistic." [**emphasis** in original]



Table

All Topics	Kitsap County, Washington	Snohomish County, Washington	Thurston County, Washington	Pierce County, Washington	King County, Washington	Washington
Population estimates, July 1, 2019, (V2019)	271,473	822,083	290,536	904,980	2,252,782	7,614,893
PEOPLE						
Population						
Population estimates, July 1, 2019, (V2019)	271,473	822,083	290,536	904,980	2,252,782	7,614,893
Population estimates base, April 1, 2010, (V2019)	251,143	713,299	252,260	795,222	1,931,287	6,724,540
Population, percent change - April 1, 2010 (estimates base) to July 1, 2019, (V2019)	8.1%	15.3%	15.2%	13.8%	16.6%	13.2%
Population, Census, April 1, 2010	251,133	713,335	252,264	795,225	1,931,249	6,724,540
Population, Census, April 1, 2020	X	X	X	X	X	7,705,281
Age and Sex						
Persons under 5 years, percent	5.7%	6.3%	5.7%	6.6%	5.7%	6.0%
Persons under 18 years, percent	20.2%	22.4%	21.2%	23.3%	20.0%	21.8%
Persons 65 years and over, percent	18.4%	14.0%	17.9%	14.2%	13.5%	15.9%
Female persons, percent	48.9%	49.8%	51.1%	50.1%	49.7%	49.9%
Race and Hispanic Origin						
White alone, percent	82.5%	77.0%	81.5%	74.3%	66.2%	78.5%
Black or African American alone, percent (a)	3.2%	3.8%	3.6%	7.7%	7.0%	4.4%
American Indian and Alaska Native alone, percent (a)	1.7%	1.6%	1.8%	1.8%	1.0%	1.9%
Asian alone, percent (a)	5.4%	12.0%	6.3%	7.1%	19.7%	9.6%
Native Hawaiian and Other Pacific Islander alone, percent (a)	1.0%	0.7%	1.0%	1.8%	0.8%	0.8%
Two or More Races, percent	6.2%	4.9%	5.8%	7.4%	5.2%	4.9%
Hispanic or Latino, percent (b)	8.2%	10.6%	9.4%	11.4%	9.9%	13.0%
White alone, not Hispanic or Latino, percent	76.0%	68.1%	74.1%	65.7%	58.1%	67.5%
Population Characteristics						
Veterans, 2015-2019	33,029	51,605	28,830	86,002	100,581	529,784
Foreign born persons, percent, 2015-2019	6.5%	16.1%	8.1%	9.8%	23.1%	14.3%
Housing						
Housing units, July 1, 2019, (V2019)	114,920	318,057	119,558	356,273	970,301	3,195,004

Source:https://www.census.gov/quickfacts/fact/table/kitsapcountywashington,snohomishcountywashington,thurstoncountywashington,piercecountywashington,kingcountywashington,WA/PST045219

The Pennant Group/Symbol – Oppose [source: pdf4]

"*Envision did not show the percentages of shared costs and staffing that the Pierce service area expansion will be responsible for compared to its Thurston operation. The CN Department cannot determine financial feasibility without these percentages.*

Additionally, Envision did not account correctly for the initial state license and the bi-annual state license renewal for the Pierce service area expansion. The initial state license shown in the income statement for 2022 was already paid by the Thurston agency, the Pierce service area expansion does not pay this fee. Based on this, financial feasibility cannot be determined.

Finally, Envision attempted, unsuccessfully, to explain why their payer mix percentages of gross revenue are the same as those for by patient. As the CN Department points out, it is highly unusual and unlikely that these will be the same. The CN Department analysts are left with highly unusual and unlikely gross revenue percentages to determine financial feasibility, which results in the inability to determine financial feasibility."

Envision Hospice of Washington Rebuttal Comment [source: pdf2-6, pdf8-14, pdf17-20, and pdf23-28]
"*The two inaccurate assertions in testimony by other applicants could be characterized as disingenuous if their intent was to mislead the Program into reaching incorrect conclusions about the Envision application are the following: (1) Delays by Envision in implementing the Envision Hospice of Washington, LLC certificate of need for Thurston County and (2) Failure to achieve utilization levels in Calendar Year 2019 and Calendar Year 2020 invalidate Envision's utilization forecasts and pro forma feasibility for this separate CoN application to add Pierce County to the four-county service area of the Envision Hospice of Washington, LLC agency. Envision chooses to assume that these assertions represent an inaccurate understanding of the WAC rules related to the approval of a CoN application, in spite of the record even though Providence knew full well that COVID-19 had adversely affected its own CoN for hospice services. Throughout the application process, Envision has consistently demonstrated that its financial feasibility is robust, reliable and Program approvable. The applicants that attacked our financial feasibility made an attempted to distort and confuse the Program analysts by misdescribing Envision's financial feasibility – it was a fallacious effort to damage Envision's honest and transparent application. Envision's application is in lockstep with the Program's expectations and is approvable.*

Certificate of Need Implementation: *Envision Hospice of Washington, LLC was awarded a series of certificates of need for four separate projects; Thurston County, King County, Kitsap County and Snohomish County. All four certificates of need have been implemented:*

- *Thurston - May 16, 2019*
- *King - September 2, 2020*
- *Snohomish - February 19, 2021*
- *Kitsap - March 24, 2021*

Applicants have 2 years to implement CoN approved projects with one 6-month extension under certain circumstances. Two applications took 5 months from approval to implementation and two projects took 8 months from approval to implementation. Attachment 1 summarizes the overall implementation schedules for the four approved certificates of need. ***Conclusion: Envision implemented all four projects meeting all State conditions with 3 projects implemented during the COVID-19 pandemic in a timely fashion.***

CMS Certification: *For the Thurston County CoN project and the three related county service area extensions, Envision Hospice of Washington, LLC needed to obtain CMS certification to participate in the Medicare program. Otherwise, Medicare and Medicaid patients would be served with no reimbursement to the hospice agency. Envision was licensed by the State on June 6, 2019. The first patient was admitted on July 3, 2019. Envision had admitted sufficient patients by August 2019 to request a certification survey. The actual ACHC survey process was completed on January 28, 2020. With CMS delays as noted in Attachment 3, Envision was informed that it was certified and could bill CMS for Medicare patients on June 1, 2021. COVID-19 delayed what is normally a 5 - 6 month certification process from the scheduled decision date to a 20-month process.*

On June 1, 2020, CMS authorized Envision to participate in reimbursement for Medicare patients (see Attachment 2), as such, Envision (following CMS rules and regulations) immediately initiated hospice outreach services. While CMS reimbursement for services could be submitted for services provided from January 31, 2020, but again, due to CMS rules and regulations, Envision (like all other hospice providers) to waits for formalized authorization before commencing outreach and

services. ***Naturally, utilization was below utilization projections in all four CoNs associated with individual county service areas because Envision was not certified as eligible to participate in the Medicare program and could not proceed with planned outreach.***

Reliability of the Envision Pierce County Utilization Forecasts: *From a CoN rules standpoint, there is no relationship between the four previous CoN applications by Envision Hospice of Washington, LLC as it relates to the reliability of the utilization forecast supporting the Envision Pierce County pro forma. In this instance, the utilization forecasts for the Pierce County pro forma in this Pierce CoN are the same forecasts that the Program found reasonable in the CN Application #20-36 Envision Hospice of Washington, October 20, 2020, staff analysis:*

> *'Department Evaluation: The department considers the rationale and assumptions relied upon by Envision to propose the establishment of an additional Medicare and Medicaid hospice agency to serve the residents of Pierce County to be reasonable. The applicant relied on the department's in combination with its own numeric methodology to comply with this sub-criterion and included a discussion of specific populations that it believes are currently underserved in Pierce County.*
> *The approval of an additional provider in the planning area will result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that Envision provided reasonable rationale to support its project and the statements in the application support need for this project.* ***The department concludes that this sub-criterion is met.***

The Program will of course review what has changed since that staff analysis completed in the most dire period of the COVID-19 pandemic in Washington State to date. There have been changes:

- *The 2020/21 Pierce County Need, as measured by average daily census has increased from 60 patients in the 2019/20 state need analysis to 67 patients, an impressive 12% increase in year-to-year Need.*
- *Kaiser Health Plan has acknowledged that it cannot meet its members' hospice need without assistance from outside agencies (see Attachment 1).*
- *Hospice wait times have increased as reported by several applicants.*
- *Envision responded to Governor Inslee's COVID request by serving 39 Pierce County hospice patients from April 2020 through June 2021. Also, it is very significant that in first half of 2021, Envision had 19 hospice admissions! During that period, Envision did not conduct outreach. This high number of new patients during a non-outreach period, reveals that Pierce County is facing a critically consequential shortage of hospice providers.*
- *Neither Providence Hospice of Seattle nor Continuum Hospice in Snohomish County responded to the Governor's call for help in Pierce County. Signature and Cornerstone without Washington hospices were unable to respond. As explained above, Envision responded. Envision steadfastly responded to Pierce's hospice need by providing committed, loyal, professional and compassionate care to dying hospice patients and their families during this extremely stressful time.*
- *Envision steadfastly responded to Pierce's hospice need by providing committed, loyal, professional and compassionate care to dying hospice patients and their families during this extremely stressful time.*

- *Envision's community efforts in Pierce County prove that Envision (with its strong home health agency presence) can readily meet its utilization forecasts for Pierce County when it is approved. Given our response so far, when Envision is allowed to initiate normal outreach activities we expect a strong and positive county-wide response.*

The Program previously found that the utilization forecast and business plan in the application were reasonable. No new 'errors' in methodology have been identified in testimony.

Financial Feasibility of the Envision Pierce County Certificate of Need Application: *While other applicants have challenged the Pierce County utilization forecasts that have already been evaluated as reasonable by the Program in the staff analysis of CN#20-36, no specific errors in methodology has been identified. Applicants raised unsupported challenges to the overall financial feasibility of the project based on the COVID-19 impact on overall Envision of Washington Combined Home Health and Hospice of Washington operations. Appendix Q provides the historical financials for the combined Home Health and Hospice of Washington for 2018 through 2020; it shows that from a financial standpoint, Envision weathered 2020 with substantial net income. Appendix K provides a forward projection for 2021 through 2024, again showing healthy profits. Appendix L provides the 'with and without Pierce Hospice project.'*

Again, all pro formas demonstrate that the Envision CoN to add Pierce County to the service area for the Envision Hospice of Washington home health agency is financially feasible. The COVID-19 impact presents a 'proof of concept' test of the Envision business plan and model of care and demonstrates that the Envision approach provides resiliency in the face of catastrophic events. Again, the pro forma demonstrates that Pierce Envision Hospice, Envision Hospice of Washington and Envision Home Health agencies are currently, and will continue to be, financially feasible.

Other minor line item challenges by applicants to the Envision Pierce County hospice pro forma are addressed in specific rebuttal comments in the Rebuttal section of the Envision response and in Table 2 in C. Other challenges to Envisions policies are also addressed in the Rebuttal section" [**emphasis** in original]

"*Unfortunately, further commentary is needed specific to the Envision application to alert the Program to the more subtle weaponizing of the English language to prejudice the Program in evaluating the strengths of the Envision application. Providence Seattle repeatedly refers to the Envision application as being expansionary and aggressive. However, a general response is in order which is that characterizing other applicants with these terms is not rules-based and should be dismissed by the Program out of hand. How this Providence strategy applies to Providence can lead the Program to reject the Providence Seattle application out of hand as demonstrating clear evidence that Providence Seattle has no intent to assure under WAC 246-210-230 (4) that '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.'*

A. *The overly optimistic expansionary business model being pursued by Envision raises serious concerns regarding the financial feasibility of its proposed Pierce County hospice program.*

The Providence Seattle overheated complaint that the financial feasibility of the proposed addition of the Pierce County hospice service area to the existing four-county Envision Hospice of Washington, LLC is 'overly optimistic' is blatantly incorrect. Instead, it more accurately applies to the Providence Seattle Pierce County utilization projections.

First, there is a need for clarity in the use of terms. 'Expansionary business model' in common parlance refers to macroeconomic policy by governments that seek to encourage economic growth. Expansionary policy can consist of either monetary policy or fiscal policy (or a combination of the two). It is part of the general policy prescription of Keynesian economics, to be used during economic slowdowns and recessions in order to moderate the downside of economic cycles. As to expansion, Envision has focused on the Puget Sound counties while not filing in Clark County or Greys Harbor County. Providence proposed and was approved to expand to Clark County.

Envision is neither a governmental entity nor a large, multi-state conglomerate that expends large sums of money normally through deficit funding to stimulate growth. Envision would agree with Providence Hospice of Seattle that if expenditures are unreimbursed and result in large operating losses, it would raise concerns about the financial feasibility of any proposed Pierce County hospice program. The application record shows the ***opposite****!*

In regard to the Providence assertion that Envision has an 'overly optimistic' business plan, CN 20-36 presented utilization forecasts showing 2021 (Year 1, 2022 (Year 2) and 2023 (Year 3) average daily census of 30 patients, 45 patients and 60 patients, respectively. These volumes in turn generated the remainder of the pro forma. The Program reviewed these projections as noted below:

> *'Department Evaluation: The department considers the rationale and assumptions relied upon by Envision to propose the establishment of an additional Medicare and Medicaid hospice agency to serve the residents of Pierce County to be reasonable. The applicant relied on the department's in combination with its own numeric methodology to comply with this sub-criterion and included a discussion of specific populations that it believes are currently underserved in Pierce County.*
>
> *The approval of an additional provider in the planning area will result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that Envision provided reasonable rationale to support its project and the statements in the application support need for this project.* ***The department concludes that this sub-criterion is met.***

In this application CN 21-48, Envision uses the same admissions, length of stay and average daily census that it used in its 20-36 application where the department concluded that the Envision approach met the sub criterion as reasonable to generate its pro forma: even though the projected Need increased from an Average Daily Census of 60 hospice patients to 67 patients in the current review cycle. This increase in Need which converts to utilization represents an 12% increase in utilization. Envision has chosen to remain conservative while Washington State re-emerges from this

pandemic that has adversely affected every phase of personal and business life. As a result, our previous Program-approved utilization approach is not 'overly optimistic' but is reasonable and is conservative.

…

1. Envision's actual patient volumes for its recently-approved hospice programs have been far below the volume projections contained in its CN applications for those programs. This calls into question the accuracy and reliability of the volume projections in its Pierce County application.

It is unreasonable (if not ludicrous) to take Providence's complaint seriously given Providence's own track record. First Providence Health and Services – Oregon, d/b/a Providence Hospice was ***delayed for one full year before they implemented their certificate of need in February 2021****. First, Providence Health and Services – Oregon, d/b/a Providence Hospice was delayed for one full year before it implemented its CoN in February 2021. Presumably, the delay of an already certified hospice in Clark County was due to COVID-19. In terms of Providence Seattle, the 2020/21 hospice need methodology documents that Providence Seattle reported 25 Snohomish County hospice patients in 2017, 24 hospice patients in 2018 and 15 hospice patients in 2019. Envision did not submit testimony that questioned the accuracy and reliability of the Providence Pierce County utilization projections based on the Providence experience in two other counties because it is irrelevant to the utilization projections for an applicant proposing to offer services in Pierce County.*

Providence then submitted 'Table 1' at page 17 of its testimony ostensibly relating to the four counties wherein Envision has received approval to operate hospice services as extensions of the approved Envision Hospice of Washington, LLC that was initially approved on September 14, 2018. Generally, every cell reference in this Table is incorrect. Envision has already responded to this specific line of arguments in the Introduction Section. In summary, Providence offer no critique of the extensive business planning that Envision provided in support of its already Program accepted utilization forecasts and methodology.

In response to non-rules-based observations that Envision's past forecasts were overly optimistic, Envision submits the following: At the outset it is important to note that applicants have 2 years to implement an approved CoN application but Envision persisted in implementing the project as quickly as possible. A brief listing of key milestones in implementing a single hospice agency covering four separate, approved county service areas follows. The original plan called for the last quarter of 2018 to be a partial year of operation devoted to agency preparation and CMS certification with 2019 being the first full year of operation for Thurston County. However, the initial CoN approval of the project was delayed as was the certification of the overall Envision Hospice of Washington, LLC agency. Then COVID 19 hit. Still, the process needed to represent an orderly roll out in extraordinary, pandemic times of a complex project.

In the original planning and CoN process covering several years, Envision never intended to roll out 4 county service area operations simultaneously – no serious provider would undertake that approach. During the years when Envision submitted and received approvals for a new, Medicare and Medicaid certified hospice agency to serve four counties, neither the Program nor Envision factored the COVID-19 pandemic into its utilization assessments. But, this 100-year event happened.

Envision's certification was delayed, as were Medicare payments but even with these challenges Envision is carefully and effectively rolling out 4 projects! However, like many providers during COVID, Envision experienced challenges far beyond the norm. But instead of pulling back critically important hospice support in the communities we serve, we doubled-down all aspects of providing excellent healthcare. As a result, not only did we serve dying hospice patients and assisted their families, but we gained tremendous understanding about our own committed employees, our business model and service delivery plan was put through a major test and thrived. Throughout COVID we were (and continue to be) humbled by our dedicated, professional staff. Although COVID-19 and its impact on the healthcare system are not over, we know in absolute terms that Envision thrives in the best possible ways. Our 'new normal' is maintaining employee enthusiasm, continuing using our highly effective business model and of course providing quality hospice care in Washington State.

Envision appreciates that all six applicants are determined to find a way forward for approving their projects, which includes challenging the Envision project. A reasoned assessment will show that the ***Envision Pierce County Business Plan Goals and Strategies in Appendix N, and*** *the selected utilization projections, which have already been found reliable by the Program, are still reliable. As part of each applicants' interpretive approach, Envision's utilization in other counties has been presented inaccurately.*

The solution is to assess volume using survey data, which has now been submitted for 2020 to support the 2021/22 hospice need methodology. Envision acknowledges that COVID-19 has affected our hospice program roll out in 2020 and 2021 like it has affected every other healthcare program in the State as documented on the next page. This does not change the fact that presenting utilization from other counties in the review of Pierce County utilization is irrelevant by rule to the Program review of the Envision Pierce County pro forma. The Program has previously approved Envision's Pierce County utilization methodology as well as the 2020/21 Need methodology.

1. For Envision Hospice of Washington, LLC the project was completed in July 2019 with the first patient admitted on July 3, 2019. It took nearly 2 months to admit the 5 patients required for requesting certification. After that time period was completed, Envision maintained an average daily census of at least 3 patients as it waited for a survey that is not pre-scheduled by the ACHC.

2. The CMS certification survey was completed on January 20, 2020, and ACHC informed Envision of approved accreditation for the hospice with a recommendation to CMS of initial deemed status on February 6, 2020, with an effective date of January 31, 2020.

3. Due to COVID-19, CMS delayed certifications for new agencies and did not notify Envision that it was authorized to start billing Medicare claims until May 11, 2020. Attachment 2 provides a copy of the certification notice which set the effective date for claims to January 31, 2020. Attachment 3 confirms the reason for delay. With this information, Envision moved from maintaining its agency at minimum levels to moving forward with full operations in July 2020, which represents a partial year of operation. 2021 represents the first full year of operation for Thurston County.

4. Due to the COVID-19, CMS delayed certifications for new agencies (Attachment 3), receipt of the May 11, 2020, notice to Envision Hospice of Washington, LLC was simultaneous with the receipt

from the Department on May 11, 2020, that as of May 4, 2020, that all CoN conditions had been met. The first King County patient was admitted on May 11, 2021, so 2020 was a partial year of operation for hospice services in King County. 2021 now represents the first full year of operation.

5. Due to the COVID-19, CMS delayed certifications for new agencies delayed Envision in commencing the project in Kitsap County until 2021. The Department provided notice on March 24, 2021, that all CoN conditions had been met. Kitsap County is now ready to admit hospice patients. 2021 will be a partial year with the first full year of operation being 2022.

6. Due to the COVID-19, CMS delayed certifications for new agencies delayed Envision in commencing the project in Snohomish County until February 2021. 2021 will represent a partial year of operation, while 2022 will represent the first full year of operation in Snohomish County. Envision is prepared to admit hospice patients and plans to be available for all Snohomish County patients in September 2021.

7. Envision responded to Governor Inslee's Proclamation 2036 admitting its first hospice patient on April 20, 2020 . During 2020, Envision admitted 20 patients. From January to June 2021, Envision admitted 19 Pierce County hospice patients on a limited outreach basis. A total of 24 Pierce County patients have been served during the first 6 months of 2021.

While Providence criticizes Envision, Providence has also struggled with COVID-19 in implementing its hospice program in Clark County. The Providence Health and Services – Oregon Hospice Clark County CoN completion was delayed by a full year to February 2021 according to Karen Nidermayer, CoN Program analyst.

Providence Health and Services - Washington, like many other healthcare entities, struggled before and during COVID-19 as noted in a case study by i4PC, a Seattle, Washington think tank that includes Providence as a member.

> *'With the onset of the COVID-19 pandemic, the family of organizations that make up the Providence healthcare system faced a severe shortage of healthcare workers. Long before the pandemic hit, myriad forces had been at work that portended a crisis-level talent shortage in healthcare. Specifically, enrollment of students in nursing schools had been nowhere near the rate needed to meet current and future needs. Compounding this, nursing schools across the country were struggling to expand capacity to meet the rising demand for care in view of the national move toward healthcare reforms.'*

As noted, the COVID-19 has caused delays in startup for all four county operations for Envision. Appendix L, pages 203 and 204, presents the expected utilization of hospice services for the existing four approved hospice counties under Envision Hospice and shows that Envision is resilient and shows that Envision combined Home Health and Hospice services will generate a 14% EBITDA in both 2021 and 2022. In summary, Envision has demonstrated its capabilities under emergency COVID-19 conditions, Proclamation 20:36, to respond to patient demand in Pierce County using a timely and seamless process since it is already serving Pierce County patients.

C. Envision's application does not satisfy the financial feasibility sub-criterion set forth `in WAC 246-310-220(1).

1. The information provided by Envision regarding the costs related to its internal corporate allocations is contradictory and unclear.

Providence does not dispute the 5% corporate allocation directly because its 'allocated systems costs' for similar services represent 7% of net revenues. Envision notes that Providence Hospice of Seattle does not identify what services are actually covered by their 7% allocation, which is a significant lack of documentation that could easily lead to denial of their application for a totally missing description of corporate allocations. Why? Because Providence is totally missing the description of important and relevant corporate allocations! So, the reasonableness of the change in methodology is not under dispute, only the difference between applications for different geographic regions that Providence wishes to use to disqualify the Envision application. Envision does not think that modifying an expense assumption to present a more conservative view of the business operation would ever be criticized by the Program. However, with an abundance of caution, Envision is presenting the core rationale for why the corporate allocation was increased. In prior applications, Envision had estimated a flat amount of $5,000 per month for a corporate overhead allocation. Actual experience now shows that an allocation of 5% of gross revenues is more appropriate as it grows in line with resources allocated from corporate to an agency as the patent census grows.

In recent applications, Envision has set the corporate allocation at 5% of net revenue or $60,000 annually, whichever was lower. Based on COVID-19 and the changes in the hospice services environment in Washington State, a $60,000 allocation for corporate overhead is no longer a reasonable assumption. Several major changes have taken place in the environment. Here are three major examples explain the Envision commitment to a greater level of corporate support for all of our direct care operations.

The impact of COVID-19 has affected all healthcare providers in the recruitment of key administrative staff. For Envision, this has required a change to a national recruitment strategy to obtain qualified hospice leaders. It is not just COVID-19, the new certificate of need hospice methodology has resulted in a substantial growth in new agencies serving all counties in Washington State, which has placed a great pressure on the pool of local experienced leadership staff that is available in Washington State. This was not the case when Envision originally employed key staff for home health agencies. After Envision lost three key administrative staff hires during 2020 that were related to COVID-19, it was clear that a greater corporate investment would be required for the recruitment of key leadership. It is not just COVID-19, the new certificate of need hospice methodology has resulted in a substantial growth in new agencies serving all counties in Washington State, which has placed a great pressure on the pool of local experienced leadership staff that is available in Washington State.

Rapid growth for Envision because of its record of excellence in service has resulted in Envision being approved to serve four counties. The logical and important next step is for Envision to be approved to serve Pierce County, a keystone county service area in terms of Envision's overall care plan. This significant commitment to an agency presence in the Puget Sound area will dramatically improve care resources particularly for difficult to treat communities such as congregate living

facilities where Envision's medical group can support primary care physicians in supporting hospice patients throughout a geographically defined region. Supporting the development of this energetic and needed agency requires a greater level of corporate support.

Finally, corporate support services costs are 'step-related' meaning that 1 – 5 agencies can rely on a variety of management information systems to support operations, but these same corporate systems cannot support the scale of an operation of 6 – 15 agencies. And then there are emerging challenges such as international hacking that require a substantial cyber security investment to assure a resiliency in day-to-day operations as well as maintaining the confidentiality of our patients' medical records.

2. Envision has assumed that it will have no start-up or pre-operational costs. This assumption is not credible.

Envision has not assumed that it has no start-up or pre-operational expenses, it does not have start-up or pre-operational costs occurring before Pierce County operations would commence. In addition, Envision has already initiated hospice services consistent with Governor Inslee's proclamation and has been serving a limited number of patients from Pierce County that have referred by local agencies. Envision fully expects to be operational by January 2022.

Envision has reviewed the start up costs identified by Providence Seattle Hospice in its application and simply does not have pre-opening costs in the areas listed below because Envision will simultaneously serve patients upon certificate of need approval and if Envision is allowed to continue to admit hospice patients during this emergency period the transition will be fully seamless. In reviewing the list below, Envision's normal budget will handle these recurring costs. As noted below, Envision is not facing a large expenditure related to its legacy Epic system and that cost forms the bulk of Providence's substantial start up costs.

Legal Regulatory: Updating contracts at $1,000 per month covers regulatory review
Medical supplies: $1.66 per Days of Care
Office supplies: $200 per month
Printing: $125 per month
Advertising: $2,000 per month
Computer Corporate allocation with 5% of net revenue,
Programing: Minor support at $833 per month
Equipment: Minor equipment of $7,000.
Licensing Licensed employees pay their own licensing fees
(clinicians)
Envision notes that its equipment capital expenditure is $7,000, which will occur simultaneously with the addition of new staff during normal operations. In an abundance of caution, we will elaborate on the differences between Providence and Envision. Envision start-up expenditures are incurred as normal, volume-related expenses that occur through operations on a month-by-month basis throughout the first year of operation and thus, are part of the first year operating budget. The major cost identified by Providence Hospice of Seattle was $16,000 for reprogramming the legacy Epic management information system for accounting reports apparently linking all components of the Providence system, which for Providence does seem to be a legitimate start-up cost. Envision

operates under a simpler organization structure so this computer programing requirement simply does not apply to Envision. Many other start-up items identified by Providence in their proposal seem to reflect normal month-to-month expenses.

One exception for Providence is their identification of equipment expenditures, the $1,500 for a computer and peripherals seems to technically be considered as a capital expenditure based on our understanding of Providence's accounting policies. Again, Envision has $7,000 in equipment costs.

3. The issues relating to internal corporate allocations and the lack of start-up and preoperational costs establish that Envision's application does not satisfy WAC 246- 310-220(1).

Our full response to the Providence Hospice of Seattle critique of the Envision corporate allocation of expenses and the Envision approach to start-up costs demonstrates that Envision satisfies WAC 246-310-220 (1)." [**emphasis** in original]

"*2. Financial feasibility of the Envision Tacoma Expansion Based on COVID-19 Impact on Utilization*

Envision Response: *There are two elements to be considered in Continuum's testimony about the financial feasibility of the Pierce County hospice service area addition to the Envision Hospice of Washington, LLC agency. First is the Pierce County pro forma that relies on the utilization projections and proceeds through detailed revenue and expense categories to complete a county-based pro forma. Continuum only raised concerns about utilization, it did not criticize line item revenues and expenses. The Pierce County pro forma is then rolled up into the overall Envision home health and hospice pro forma which included historical and projected revenues and expenses.*

It is obvious why Continuum did not raise concerns about the consolidated pro forma presented in Appendix Q, because Appendix Q documents that even under the incredible system stresses on Envision caused by the COVID-19 pandemic, Envision's historical performance through 2020 documents that Envision has the depth and resiliency to whether a pandemic. Appendix Q (page 274) shows a 2020 EBITDA of $ 447,601 or 9% for Envision Home Health and Hospice of Washington. Appendix K shows net income of 15% or $1,612,531 in 2024. (page 198)."

"*Envision also notes that utilization evidence produced during this COVID-19 pandemic verifies the utilization projections prepared by Envision: Briefly those are the following:*

- *The 2020/21 Pierce County average daily census Need has increased from 60 patients in the 2019/20 state need analysis to 67 patients, a 12% increase in year-to-year Need.*
- *Kaiser Health Plan has acknowledged that it cannot meet its members' hospice need without assistance from outside agencies (see Attachment 1).*
- *Hospice wait times have increased as reported by several applicants.*
- *Envision has responded to Governor Inslee's request and has served 24 Pierce County hospice patients with 19 new admits in the first half year of 2021 without conducting regular, planned outreach activities.*
- *Neither Providence Hospice of Seattle nor Continuum Hospice in Snohomish County elected to answer the Governor's call for in Pierce County. Signature and Cornerstone without Washington hospices were unable to respond. Envision did respond.*

- *Envision's community efforts in Pierce County clearly document that Envision with its strong home health agency presence can readily meet its utilization forecasts for Pierce County when it is approved and initiates normal outreach activities in Pierce County.*

Returning to Signature's Question 3: Envision reviewed the operating position of each of the four approved counties and the expected hospice patient volume and for the four counties other than Pierce County in Appendix L, pages 203 and 204. Using the very conservative projections of existing Envision home health and hospice agencies combined with Envision hospice in Pierce County generates profits as follows:
2021: 1,057,589
2022: 1,504,389
2023: 1,963,623
2024: 2,438,906
...

Envision Response to Issue 1: *Envision did show the percentages of shared costs and staffing that the Pierce service area expansion will be responsible for compared to its Thurston operation.*

Cornerstone states that because Envision did not show the percentages of shared costs and staffing the Program cannot determine financial feasibility without these percentages. However, Envision did provide detailed percentages of shared costs and staffing for the Pierce County Pro Forma in Appendix L, pages 202 – 205 covering all shared cost items and staffing. ***Since Envision did provide detailed assumptions, we assume that Cornerstone would support the financial feasibility of the Envision project.***

Envision Response to Issue 2: *Envision did account correctly for the initial state license and the bi-annual state license renewal for the Pierce service area expansion. In screening responses of March 31, 2021,* ***Envision responded to Question 32:***

> ***'****The expense line for 'Licenses & Certification' lists an assumption of 'Per Renewal Fee table. This fee table is for a 24-month renewal cycle, WAC 246-335-990(3) and the renewal cost the department would assume should appear in year three. Please clarify or correct.'*

The Envision response to that question was: 'WAC 246-335-990 states (1) 'Initial license. An applicant shall submit to the department an initial twelve-month license fee of three thousand two hundred eighty-three dollars for each service category (home care, home health, hospice)...' and (3) 'Renewal license. A licensee shall submit to the department a twenty-four month renewal fee for home care, home health and hospice agencies, based on the number of full-time equivalents (FTEs)...'

> *'The department has requested that the financial projections be submitted as a stand-alone, as well as with existing operations. As such, for Pierce as a stand-alone, Envision has projected Pierce to have an 'Initial license' fee of $3,283 for the first 12 months, and in year two, a 'Renewal license' fee based on FTEs of $2,383 for the next 24 months as per the table in WAC 246-335-990.'*

Envision Response to Issue 3: *Envision attempted, unsuccessfully, to explain why their payer mix percentages of gross revenue are the same as those for by patient. This challenge may be more a 'they said, they said' argument. Envision is successful.*

In screening responses of March 31, 2021, stated in Q-13: 'It appears as though projected payer mix percentages of gross revenue are the same as those for by patient. It is uncommon to see these match exactly. What assumption lead to this projection?'

The Eden response was: *'While it is true that an exact match of historical – actual - percentages would not likely occur, Envision's estimates of future percentages are only as good as the available assumptions. With limited actual, historical, percentages available in Washington, there is not yet sufficient basis to accurately project differing percentages between them. The following provide a reasonable basis for Envision's projected percentages:*

1) *Gross Revenue Charges per days of care are the same for Medicare, Medicare Advantage, Medicaid, and Commercial Insurance.*
2) *Contractual adjustments are set at 2% for Medicare and assumed to be in that range for Medicaid and Commercial Insurance.*
3) *Length of stay is too variable to differentiate a different length of stay by payor class. For example, dual eligible Medicare patients nationally and in the Puget Sound area (includes Medicaid cost sharing) while Medicaid-only patients may have a lower or higher length of stay depending on age and acuity. Commercial patients' length of stay is less significant in terms of gross revenue because they only make up an estimated 5% of total patients.*
4) *Envision's Utah experience would indicate that the percentage of gross revenue by payer category and by the number of hospice patients does not show material variance.'*

Out of an abundance of caution, Envision again reviewed Gross Revenue Charges for Medicare, Medicare Advantage, Medicaid and Commercial Insurance. We continue to find that the difference in reimbursement levels for Medicare and Medicaid in our last review are still virtually the same. The same is true of our capabilities to discern in advance, particularly under COVID-19 conditions, differences in length of stay of various populations, which ends up rending forecasting small differences in % of revenue by patient and percentage of gross revenue non-evidence-based. We stand by our approach and March 31st response." [**emphasis** in original]

Barnes, Zimmers, and Young Washington Rebuttal Comment [source: pdf3-6]
"*2. Regarding Envision*
a. Financial Feasibility At page 14, Providence states: 'Envision's actual patient volumes for its recently-approved hospice programs have been far below the volume projections contained in its CN applications for those programs. This calls into question the accuracy and reliability of the volume projections in its Pierce County application.'

We respond: While Providence criticizes Envision for slow start up in other counties, this is the proverbial 'pot calling the kettle 'black.'' A look at the volume projections for Providence's most recently approved hospice application compared to its actual status reflects the very same situation faced by all late 2019 through 2020 startups. The table below shows Providence projected a 2020 ADC of 13.3 in its new Clark County's hospice, yet Providence has said it would just be initiating services in Clark County in February 2021. We do not know if the agency is fully operational yet.

Commenter's Table

Applicant's Table

	Forecast				
Providence Hospice (without project)	**Jan-Oct 2019**	**Nov-Dec 2019**	**2020**	**2021**	**2022**
Total number of unduplicated hospice patients served per year	2,065	413	2,524	2,574	2,626
Average length of stay per patient year	62.9	62.9	63.0	63.0	63.0
Median length of stay	23.8	23.8	23.5	23.5	23.5
Average daily census	426.9	427.3	434.5	444.4	453.2
Total patient days	129,909	25,982	159,009	162,189	165,433
The Project (Clark County Forecast)	**Jan-Oct 2019**	**Nov-Dec 2019**	**2020**	**2021**	**2022**
Total number of unduplicated hospice patients served per year		5	80	169	220
Average length of stay per patient year		60.9	60.9	60.9	60.9
Median length of stay		22.7	22.7	22.7	22.7
Average daily census		5.2	13.3	28.1	36.7
Total patient days		320	4,860	10,260	13,410

Furthermore, while criticizing Envision, Providence has not provided a reason for its own delay. If the Department believes such a delay in a different county - and during a different time period relative to the pandemic - is a justification for finding Pierce County projections for 2024 unreliable, then Providence's financials are certainly as unreliable as they claim Envisions' are.

b. ***Financial Feasibility:*** *<u>Continuum states:</u> Continuum criticizes Envision and Providence for delays in ramping up service to new counties:*

Continuum states regarding Envision:

Envision Hospice (Envision) was approved in September 2018 to serve Thurston County and in the fall of 2019, it was approved to serve King and Snohomish Counties. It was also approved in the fall of 2020 to operate in Kitsap County. The table below compares the information submitted in each application about opening date and compares it to actual experience.

Continuum states regarding Providence

Providence Hospice received CN approval to establish a hospice agency in Clark County in the Fall of 2019, proposing to be operational within three months of operation. According to the Program's progress reports, services did not commence until February 2021.

<u>We respond</u>: It seems that Continuum found no substantive issues with Envision's Pierce application, so it reached back in time to the depths of the pandemic shutdown and across county lines into other counties to find a non-issue. Based on review of the record, it appears that slower than estimated startups can be caused by the state and national backlog of licensing and accreditation surveys in 2019, impacts on hiring and on access to patients during of the COVID-19 pandemic, and prudent business decisions to control ramp up during a period of unknowns.

Continuum presents a table in public comment that supports Envision's feasible and reasonable patient volumes and service ramp-ups in Thurston, Snohomish, King and Kitsap Counties:

Commenter's Table

County	Date Estimated for Opening in CN	Actual Opening	Estimated Year 1 Census (Per Application)	Actual Year 1 Census per Survey or 2021 Pierce Application
Thurston	October 2018	July 2019	Estimated Year 1 ADC (2019) was 24.7 (1st full year of operation).	22
King	January 2020	2020 (notified Program project complete in 9/2020)	Estimated Year 1 ADC was 18.7 (114 admissions)	Per current Pierce application, Combined 2020 census for all counties (King, Snohomish, and Thurston) reported to be 100 admissions.
Snohomish	January 2020	Pierce screening indicates Snohomish services have commenced.	Estimated Year 1 ADC (2019) was 18.7.	See above
Kitsap	January 2021	Not known	Estimated Year 1 ADC (2021) was 19.	Unknown

<u>We respond</u>: Since the publication of its 2017 Hospice Need Methodology, it appears that DOH has projected a need for six additional hospice agencies in Snohomish County, the third largest populated county in Washington. Continuum Hospice of Snohomish deserves credit that its 2017 hospice application became the first of the six to be approved and that it was fortunate to begin hiring staff by July of 2019. In light of the Department's having found 'need' for a total of six new agencies in Snohomish County, it is not at all surprising that the first approved and the only agency able to freely hire management and clinical staff and initiate hospice services in Snohomish County would achieve rapid growth. In contrast, the next three new agencies approved (2 months late compared to the required mid-September CON deadline) for Snohomish did not receive their Certificates of Need until December 2019. These three new agencies, including Envision each had barely a month to initiate project development (during the holiday season) and just as Washington was being shut down in response to its having the first recognized outbreak of the COVID-19 pandemic.

The Snohomish example illustrates the advantage Continuum had in the timing of its approval before any of its three approved competitors and the very large market it had access to when the other five agencies needed in Snohomish County, that is - Glacier Peak, Heart of Hospice, Envision, Bristol, and Seasons - were either denied or delayed in seeking the opportunity to serve such a large market – the one with the greatest documented unmet need in the state."

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Envision based its projected utilization of the hospice agency on specific factors:

- Admissions based on utilization of existing hospice agencies assuming the department will continue to regulate capacity.
- Average annual length of stay estimated conservatively at 60 days.
- ADC calculated as a product of patient days divided by days in a year.

Signature commented that Envision's "*rough estimates*" of historical actual ADC amounts raise questions about Envision's metrics and practices. Signature continues with an analysis of Envision's calculations that it was unable to replicate. Continuum, Signature, and Providence provided criticism of Envision's utilization assumptions, collectively stating that Envision's past hospice utilization performance has not achieved benchmarks set in past applications. As a result, Envision's application has "*[d]eficiencies that render the project inconsistent with rule*" and that "*[t]his calls into question the accuracy and reliability of the volume projections in its Pierce County application*" while also "*calling into question the validity of the projections for Pierce County.*"

A group of patient advocates rebutted some of the comment provided, stating, in summary, that Providence's historical hospice performance has also not met its past applications' projections; that Continuum must reach back to historical data because they "*found no substantive issues with Envision's Pierce application*"; that reasonable COVID-related backlog can go back as far as 2019; that it is prudent to control ramp up in such periods; and concluded that timing relative to actual and calculated need and number of approvals in a planning area can make a significant difference in actual performance.

Envision rebutted these comments, stating that its application is "*honest and transparent* and provided answers to some of the questions commenters posed. After review of Continuum's comments, Envision notes that Continuum was silent on Envision's combined operations' historical finances, which even with COVID impacts show "*that Envision has the depth and resiliency to whether* [sic] *a pandemic.*"

After review of Providence's comments and table, Envision states that "*[g]enerally, every cell reference in this Table is incorrect.*" Envision further examines some of the commenter's past projections in order to support to its own COVID-related delays. Envision does, however, note that these past performance measures in other counties are "*irrelevant to the utilization projections for an applicant proposing to offer services in Pierce County.*"

It is important to note that whether Envision's past projects did or did not meet targeted projections is not on its own a reviewable criterion for this evaluation; rather the department considers whether the immediate and long-range capital and operating costs of the project can be met. Envision acknowledges its past underperformance and details how the COVID-19 pandemic caused delays in CMS certification. Envision appropriately decided that it would use a slightly lower-than-average ALOS for this Pierce County project to be conservative and match its historical Washington State experience. This approach is reasonable.

Continuum raised concerns in the rebuttal that Envision was contacted by phone on several occasions for Snohomish and Kitsap hospice services and the caller was not able to access hospice services. Envision was not able to respond to this allegation since it was first provided in the rebuttal period. The department notes that comment or rebuttal relayed by a competitor on a competing project is not the correct forum to submit such a claim. The department has other, more appropriate, channels for reporting alleged violations[27] of applicable regulations, including those of an issued certificate of need.[28] Further, information about alleged non-compliance with the conditions of an issued CN would be more appropriately reported relative to the Snohomish or Kitsap certificates, not this proposed Pierce project. The department concludes that this rebuttal is hearsay, presented for the first time in rebuttal, and there is no documentation to substantiate such claims.

Pro Forma Financial Statements

The applicant provided pro forma financial statements, including revenue and expense statements, balance sheets, and cash flow statements, that allowed the department to evaluate the financial viability of the proposed hospice agency. Given that the agency would be operated as an expansion of existing services of its parent corporation, Envision Home Health of Washington, LLC, the applicant also provided financial statements that show existing operations with and without the new Pierce County services.

Several competing applicants provided comments related to perceived issues with Envision's financial statements and/or assumptions. Following is a table which compares these comments to Envision's information:

Department's Table 20
Analysis of Comments on
Envision's Assumptions and Expense Line Items

Item	Comment Summarized	Envision's Rebuttal Summarized	Department's Evaluation
Corporate Allocation	Significantly higher than in past years (100k-200k+ vs 60k) [Providence]	Although past practice for Envision was to keep this expense a flat rate, its experience has demonstrated that this is more conservatively and realistically represented to grow with the census. Further, Envision lists changes since its last application that warrant this change.	This is a reasonable explanation for the change from one project proposal to another.
Start-Up Costs	Significant staffing costs and assumed	The difference is how Envision categorizes	This is a reasonable explanation for how these

[27] https://www.doh.wa.gov/LicensesPermitsandCertificates/FileComplaintAboutProviderorFacility

[28] https://www.doh.wa.gov/LicensesPermitsandCertificates/FacilitiesNewReneworUpdate/CertificateofNeed/FrequentlyAskedQuestions

Item	Comment Summarized	Envision's Rebuttal Summarized	Department's Evaluation
	admits prior to commencement (Jan 2020) with no explanation of how the expense will be paid [Providence]	costs. Where one applicant may choose to count them separately as start-up, another may choose to count them as recurring expenses.	staffing costs for Envision's project are accounted.
Salaries	Envision did not specify what percentages of shared staffing costs will be allocated to each portion of the agency [Pennant]	Shared staff costs are included in its assumptions with its pro forma.	The department was able to locate these assumptions; staffing cost allocations to either part of Envision's agency are represented as a decimal rather than a percent in the assumptions for Envision's pro forma. These assumptions are reasonable.
Licensing Fees	Envision did not appropriately account for licensing fees [Pennant]	Envision pointed to its explanation in response to screening. In summary, Envision submitted several versions of its pro formas - Pierce County only - and combined operations. In each pro forma, it accounted for appropriate fees, initial and renewal. In the Pierce only scenario, the expenses are represented as a stand-alone agency.	This is a reasonable explanation for how the applicant represented its expenses.
Payer Mix	Envision did not successfully explain why its percentages of gross revenue are the same as by patient [Pennant]	Envision stated its rationale for the payer mix it assumed and provided an analysis of this rationale.	This is a reasonable explanation for how the applicant determined its payer mix percentages.

Lease

The hospice agency's office would be co-located with its affiliate in Tacoma, within Pierce County. In its application materials, Envision provided a copy of an executed lease agreement between itself and the property owners. The lease commencement date is February 1, 2020 and its termination date if January 31, 2025. Since Envision plans to co-locate its offices with its affiliate; Envision also

provided an internal memorandum of understanding that specifies the portion of rent Envision would allocate from its Pierce County operations. [source: Application, Exhibit E]

Medical Director/Physician(s)
The applicant states that the medical director/physician(s) are employees of the agency to be compensated at $205,000 annually; and that additional physicians will be hired to assist with the job duties as the combined operations' average daily census grows. Documents provided substantiate this rate; and are identified in the pro forma revenue and expense statement. [source: Application, pdf32]

Based on the information provided, public comments, and rebuttal, department concludes that the financial information provided reasonably projects the revenues and expenses presented by the applicant. As a result, the department concludes that this Pierce County expansion project, **meets this sub-criterion**.

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County
Pennant currently operates a home health agency serving the residents of Pierce County. Through its affiliates, Pennant is also approved to provide hospice services to residents of Snohomish,[29] Thurston,[30] Grays Harbor,[31] and Mason counties.[32] The Pennant Group, Inc., operates numerous home health, hospice, skilled nursing, and assisted living facilities nationally.

Pennant provided the following assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice agency.
"*To remain consistent with utilization of the methodology as the basis for this project rationale, population forecasts for 2023 and 2024 have been estimated using the same assumptions that are used in the eight step methodology contained in WAC 246-310-290. The calculation for the assumption of population growth within each age cohort for each projected year is: (year 2021 - year 2020) + year 2021 = year 2022*

This same calculation is used for the unmet patient days in our pro forma financials projections for year 2023 and year 2024. Our 2022, 2023 and 2024 projections for unmet patient days, unmet patient days percent per year, patient days, annual admissions for unduplicated patients, monthly admissions for unduplicated patients, and average daily census are shown in Table 2 on page 19. This information and data are also shown in the pro forma at ***Exhibit 10***." [source: Application, pdf14]

"*Assumes 1/1/22 start date*
Projected service for 75% in 2022, 80% in 2023 and 85% in 2024
Annual admissions – Unduplicated Patients with ALOS of 62.66" [source: Application, Exhibit 10]

[29] CN #1826R, issued on November 15, 2019 to Glacier Peak Healthcare.
[30] CN #1824, issued on December 4, 2019 to Symbol Healthcare.
[31] CN #1904, issued on August 31, 2021 to The Pennant Group, Inc.
[32] CN #1906, issued on September 22, 2021 to The Pennant Group, Incorporated.

Table 2

Projection Year	2022	2023	2024
unmet patient days	24493	34220	43947
unmet patient days % per year	75%	80%	85%
patient days	18370	27376	37355
annual admissions - unduplicated patients with ALOS of 62.66	293	437	596
monthly unduplicated patient admissions	24	36	50
Average Daily Census (ADC)	50	75	102

[source: Application, pdf18]

When asked in screening about the assumed January 1, 2022 start date, Pennant provided the following response. [source: March 31, 2021, screening response, pdf13]
"*The 1/1/22 start date is the date we will begin serving patients. Some of these patients might be Medicare or Medicaid patients. The Medicare certification, which also initiates the Medicaid certification, is anticipated for May 2022*."

As mentioned earlier in this evaluation, since subsidiaries of Pennant had submitted four applications proposing to provide hospice services in various counties[33] the department sought clarity on how the projects' potential approvals or denials could impact each other. During screening, and in response to the "*MULTIPLE APPLICATIONS IN ONE YEAR*" section, Pennant provided the following clarification. [source: March 31, 2021, screening response, pdf8 and pdf10]
"*Mason, Grays Harbor and Pierce are being submitted under the legal entity Symbol Healthcare Inc. King is being submitted under the legal entity Emerald Healthcare Inc. The four companies are owned by Cornerstone Healthcare Inc, and the ultimate parent of all these companies is The Pennant Group Inc.*

Pierce County, if awarded, will operate under its own license. King County, if awarded, will operate under its own license."

If this project is approved, the new hospice agency in Pierce County would be operated separately from its affiliates. The department requested Pennant provide pro forma financial statements for the Pierce County hospice agency alone, along with its parent as a whole, which should incorporate all existing operations. The financial statements provided in response to screening (Exhibits 9 and 10) are listed below.

- Securities and Exchange Commission FORM 10-Q, Quarterly Report ending September 30, 2020 including Pennant's consolidated balance sheets ending September 30, 2020, and December 31, 2019; and cash flows ending September 30, 2020, and September 30, 2019.
- Pro forma Operating Statement for Pierce County operations alone.
- Pro forma Balance Sheet for Pierce County operations alone.
- Historical through projection period Operating Statement for Cornerstone Healthcare, Inc. including Pierce County operations in projected years.

[33] CN#21-41 for Grays Harbor, CN#21-42 for King, #21-57 for Mason, and #21-58 for Pierce.

- Historical through projection period Balance Sheet for Cornerstone Healthcare, Inc. including Pierce County operations in projected years.

Pennant also provided the following assumptions used to project revenues and expenses within the pro forma statements. [sources: Application, Exhibit 10, March 31, 2021, screening response, pdf13-15 and Exhibit 10]

Department's Table 21
Pennant's Financial Assumptions

Line Item	***Assumption***
Routine Care Revenue	*Days of Care x Per Diem Rates*
Inpatient Respite Revenue	*Days of Care x Per Diem Rates*
Continuous Home Care Revenue	*Days of Care x Per Diem Rates: Assumes one 8 hour shift per each unmet day*
General Inpatient Revenue	*Days of Care x Per Diem Rates*
Contractual adjustments –	
Medicare Managed Care, Medicaid Managed Care, Private Pay, Third Party Insurance	*Assumed 2%, based on Cornerstone averages*
Charity Care	*Assumed 5%, based on Cornerstone averages*
Provisions for Bad Debt	*Assumed 1%, based on Cornerstone averages*
Clinical Staffing Costs	*FTE x Annual Compensation*
Clinical Staffing Payroll Taxes & Benefits	*30% of Base Compensation*
Contracted Patient Care	
Medical Director	*MD Rate of $190/hr per contract. Assumption of .75 hrs/ADC*
Physical Therapist	*$42.38/hr 1.5 hours/20 ADC/Month, based on Washington wages & Cornerstone averages*
Occupational Therapist	*$39.26/hr 1.5 hours/20 ADC/Month, based on Washington wages & Cornerstone averages*
Speech Therapist	*$35.55/hr 1.5 hours/20 ADC/Month, based on Washington wages & Cornerstone averages*
Dietitian	*$33.29/hr 1.5 hours/20 ADC/Month, based on Washington wages & Cornerstone averages*
Direct Patient Care Costs	
DME	*$6.04/Patient Day based on Cornerstone averages*
Pharmacy	*$7.09/Patient Day based on Cornerstone averages*
General Inpatient Costs	*$1,180.67/General Inpatient day of care*
Medical Supplies	*$2.59/Patient Day based on Cornerstone averages*
Inpatient Respite	*$520.36/Inpatient Respite day of care*
Room and Board	*$0.45/Patient Day based on Cornerstone averages*
Mileage	*Estimate 8 miles/day of care reimbursed at $0.45/mile based on existing local agency*
Administrative Staff by FTE	
Administrator	*FTE x Annual Compensation, represents 50% of HH Administrator*
Business Office Manager, Medical Records, Scheduling	*FTE x Annual Compensation*
Intake	*FTE x Annual Compensation*
Community Liaison	*FTE x Annual Compensation*
Payroll Taxes & Benefits	*30% of Base Compensation*

Line Item	***Assumption***
Administration Costs	
Advertising	*$4,000 launch plus 1% of net revenue*
Allocated Costs	*5% Allocation to Cornerstone Service Center for supporting functions; Legal, HR, Accounting, IT, and Clinical support*
B & O Taxes	*1.5% of Gross Revenue*
Dues & Subscriptions	*$375/month, primarily Medbridge*
Education and Trainings	*$10,000/year, Continuing education including Clinical education and compliance*
Information Technology/Computer/ Software Maintenance	*$1,250/month*
Insurance	*Liability and Property Content*
Legal and Professional	*Included in Allocated Costs to Cornerstone Service Center*
Licenses and Fees	*First year Accreditation $3,100, Survey $7,500, initial State Licensure $3,249, bi-annual state lic based on FTE $2,383*
Postage	*$500/month*
Purchased Services	*$1,000/month; bank fees, system access: HCHB, SHP, Workday*
Repairs and Maintenance	*$150/month*
Cleaning	*$210/month*
Office Supplies	*$250/month*
Equipment lease & maintenance	*$500/month, copier and postage machines*
Building rent or lease	*Lease is 25% of Puget Sound HH lease*
Lease NNN or Common Area and Maintenance charges	*No NNN costs*
Recruitment	*$5,000 startup and $250 /month following*
Telephones	*$55/FTE/Month + $250/month for landlines*
Travel	*First year $6,500 support and launch, $5,000 thereafter*

Pennant provided the following clarification related to specific parts of its financial statements. "*While the* [payer mix] *percentages may fluctuate slightly, we do anticipate the percentages to remain basically the same. This is based on the general trend of payer mixes over the last ten years for Cornerstone agencies*." [source: March 31, 2021, screening response, pdf7]

"*These rates* [Per Diem Rates] *are different per county because the wage index rates are different in some of the counties. The wage index determines the reimbursement rates, as the reimbursement rate is multiplied by the wage index for each county*." [source: March 31, 2021, screening response, pdf13]

"*The balance sheet Provision for Bad Debt takes into account collections of revenue. If we did not collect a single penny of cash from payor sources, our Provision for Bad Debt on the balance sheet would match perfectly to the Bad Debt Expense on the income statement. If no cash is received, then the percentage of Bad Debt expense as it relates to revenue would be the same as the percentage of Bad Debt expense as it relates to Accounts Receivable.*

In total, the Provision for Bad Debts would equal the Life to Date bad debt expense summed together, but on a % scale, we take into account collections, which will make the two % analysis different from each other." [source: March 31, 2021, screening response, pdf14]

"*The projection period appears flat because our Cornerstone and Pennant companies do not project financials. Our hospice and home health agencies (as well as the assisted living facilities and other entities) are run by local teams that are given the freedom to meet the needs of their communities and to develop their own operational plans within the regulatory and compliance standards. While we encourage and challenge each other to excel in each of our companies in all areas of the businesses, we do not have insight to what each will achieve, nor do we potentially stifle our operations by setting arbitrary goals for Cornerstone and Pennant from the top down. We are simply not a "top down" organization. While this is the case, we are proud and excited with the clinical results, growth trends and financial performance of Cornerstone and Pennant, which are continuous upward trajectories. With our flat leadership structure and ultimate transparency across the organization, we expect these trajectories to continue*." [source: March 31, 2021, screening response, pdf15]

In both the Pierce County-only and existing operations with Pierce County operations "*Net Revenue*" represents gross revenues minus contractual adjustments, charity care, and provisions for bad debt. "*Total Expenses*" represents all clinical and administrative costs, depreciation, and amortization. Finally, "*Net Profit / (Loss)*" represents the difference between revenues and expenses. Following is a summary of the projected Revenue and Expense Statement for Pennant's Pierce County hospice agency. [source: March 31, 2021, screening response, Exhibit 10]

Department's Table 22
Pennant's Pierce County Revenue and Expense Statement Summary

	2022 (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Net Revenue	$3,324,007	$4,953,688	$6,759,380	$8,546,835
Total Expenses	$2,895,886	$4,172,337	$5,611,158	$7,029,392
Net Profit / (Loss)	**$428,121**	**$781,351**	**$1,148,222**	**$1,517,443**

Note that amounts may not match those of the applicant's exactly due to rounding.

Because Pennant's Pierce County project would, if approved, be a stand-alone agency and would not be impacted by any pending projects, the only combined statements provided include all operational affiliates. See the following tables. [source: March 31, 2021, screening response, Exhibit 10]

Department's Table 23
Cornerstone's Existing Operations & Pierce Combined Statements
Revenue and Expense Statement Summary

	2022 (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Net Revenue	$257,367,279	$258,996,961	$260,802,652	$262,590,109
Total Expenses	$226,201,782	$227,476,900	$228,915,719	$230,335,288
Net Profit / (Loss)	**$31,165,497**	**$31,520,061**	**$31,886,933**	**$32,254,820**

Note that amounts may not match those of the applicant's exactly due to rounding.

Department's Table 24
Cornerstone's Existing Operations & Pierce Combined Statements
Balance Statement Summary

ASSETS	**2022** (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Current Assets	$57,676,762	$58,530,833	$59,761,670	$61,359,172
Property and Equipment	$12,940,371	$12,939,038	$12,937,704	$12,937,704
Other Assets	$118,282,715	$118,282,870	$118,283,029	$118,283,192
Total Assets	**$188,899,848**	**$189,752,741**	**$190,982,403**	**$192,580,068**

LIABILITIES	**2022** (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Current Liabilities	$54,338,467	$54,410,009	$54,491,448	$54,571,670
Long-Term Debt	$7,334,163	$7,334,163	$7,334,163	$7,334,163
Equity	$127,227,217	$128,008,569	$129,156,791	$130,674,235
Total Liabilities, Long-Term Debt, and Equity	**$188,899,847**	**$189,752,741**	**$190,982,402**	**$192,580,068**

Note that amounts may not match those of the applicant's exactly due to rounding.

Public Comment
Continuum Care of Pierce – Oppose [source: pdf7-8]
"*iii.* ***Timeliness***
Alpha was approved for hospice services in Snohomish County in December 2019 with an estimated start date of January 2020. In its application, Alpha estimated a 2020 ADC of 32. According to the Progress Reports submitted to the Program, the project was completed as of April 2021.
…

The delayed start coupled with slow start-up and unwillingness/inability to serve the entire County is particularly relevant as Symbol/Puget Sound has estimated the highest ADC of any applicant in Pierce County; proposing to serve an ADC of 102 by the 3rd full year of operation.

i. ***Deficiencies that render the project inconsistent with rule***
Again, Continuum calls into question Symbol's ability to achieve an ADC of 102 by the 3rd full year of operation when it has not been able to meet its projections in Snohomish County, and is lagging by a significant percentage. As noted above, the Program has noted in past evaluations, projects fail financial feasibility when utilization assumptions cannot be relied upon."

Providence Hospice of Seattle – Oppose [source: pdf40-43]
"***A. Cornerstone's extremely high patient volume projections raise serious concerns about the accuracy and reliability of its pro forma financial statements. The unreasonableness of the projections requires a finding that its proposed Pierce County hospice program is not financially feasible under WAC 246-310-220(1).***

Cornerstone's overly aggressive annual patient volume projections are far higher than those of any of the other five applicants. They are also far higher than the 2022 hospice ADC need of 67 for

Pierce County projected under the Department's Hospice Numeric Need Methodology. However, Cornerstone has failed to provide any valid explanation or rationale for the projections. The unrealistic nature of the projections raises serious concerns about the accuracy and reliability of Cornerstone's pro forma financial statements.

The Department requires CN applicants to provide patient utilization and financial projections for 'the first three full years of operation.' In its application, Cornerstone states that its proposed Pierce County hospice agency will commence operation in May of 2022. Thus, 2022 would be a partial year, not a full year. Accordingly, based upon this statement, 2025 would be the third full year of operation, not 2024. However, in its application Cornerstone only provided patient volume projections through 2024, not through 2025. In one of its screening questions, the Department pointed this out to Cornerstone, and made the following request: 'Please either clarify the timeline or provide the additional projection year for all application materials.'

In response to the Department's request, Cornerstone stated: 'We will be fully operational and will begin serving patients in January of 2022, and the projections cover January of 2022 through the end of 2024.' Cornerstone defended its sudden alteration of the operational commencement date from May of 2022 to January of 2022 by asserting that the alteration paralleled the commencement dates used by it in its prior hospice CN applications. Nonetheless, 'after having conversations with [the Department's] analysts,' it 'decided to extend [its] projections through 2025,' and submitted revised pro forma financial statements for 2022 through 2025. However, as best we can determine, Cornerstone (1) did not provide a revised patient volume projection table similar to the original tables on pages 13 and 17 of its application by adding data to the tables for 2025, and (2) did not include patient volume projection data (i.e., total number of admissions, total number of patient days, and ADC) in its revised pro forma financial statements.

In order to conduct an informed evaluation of Cornerstone's application, the Department must have complete and accurate information available to it. Cornerstone's apparent failure to provide 2025 patient volume projection data in its screening responses or in its revised pro forma financial statements, together with its sudden alteration of its program commencement date, raise serious concerns about the reliability of the information contained in its application and screening responses.

However, even with these informational deficiencies, we have been able to calculate that, based upon the other data contained in Cornerstone's revised pro forma financial statements, Cornerstone's projected ADC in 2025 is an extremely high 129.4. Accordingly, Cornerstone's patient volume projections from 2022 through 2025 (a partial year and three full years) are set forth in the following table:

Commenter's Table

Table 5: Cornerstone Utilization Forecast

	Year 0 2022	Year 1 2023	Year 2 2024	Year 3 2025
Months of Operations	7	12	12	12
Admits	293.00	437.00	596.00	753.80
ALOS	62.70	62.65	62.68	62.66
Patient Days	18,370	27,376	37,355	47,233
ADC	86.3	75.0	102.3	129.4

Sources: Utilization forecast for 2022 to 2024 from Cornerstone Application, p. 14. Utilization forecast for 2025 based on PPD expenses in Cornerstone Pro Forma in Cornerstone Screening, p. 133 and ALOS equal to 62.66.

The table shows that Cornerstone's patient utilization forecast is extremely aggressive, and, as noted above, significantly exceeds Pierce County unmet hospice need (an ADC equal to 67 in 2022) each year from 2023 through 2025. In addition, Cornerstone's ADC projections also significantly exceed the ADC projections for all of the other five applicants, as shown in the table below:

Commenter's Table

Table 6: Pierce Hospice Applicant ADC Forecasts

Year 3 ADC Statistics	Continuum Care of Pierce, LLC	Envision Hospice of Washington, LLC	Providence Hospice	Seasons Hospice and Palliative Care Group	Signature Hospice Pierce, LLC	Cornerstone Healthcare, Inc.
Projection Year	2025	2024	2024	2025	2024	2025
ADC	70.9	60.0	50.1	51.5	36.9	129.4
Source	Application p. 12	192	Application, p. 17	Application, p. 41	105	246

For example, Continuum is the applicant projecting the second highest ADC in its third year of operation: 70.9 in 2025. Cornerstone's projected annual ADC exceeds Continuum's projected ADC of 70.9 by 43% in 2024 and by 81% in 2025. Accordingly, it is indisputable that Cornerstone's projected ADC and other patient volume projections are extremely over-aggressive and completely unrealistic.

It is critical to note that Cornerstone has failed to provide any cogent or valid explanation of the basis for its highly inflated patient volume projections. In its application, after providing the patient volume projection tables, Cornerstone briefly references the Department's hospice need methodology, but makes no attempt to directly link the projections in the methodology to Cornerstone's own patient volume projections. Cornerstone provides no detail whatsoever about the actual basis for its volume projections. The Department cannot conclude that Cornerstone's project is financially feasible in the absence of a reasoned and detailed explanation of the basis for the volume projections.

If Cornerstone fails to meet these clearly unrealistic projections, it may have substantial difficulty attaining financial feasibility by the end of its third full year of operation. We have replicated Cornerstone's revised pro forma financial statement within a range of variation of approximately $10,000 based upon its stated assumptions and utilization projections. The variation from Cornerstone's actual revised financial statement is primarily due to differences in the salary and

wage calculations, and is likely attributable to rounded FTE counts in Cornerstone's staffing forecast. The rounded FTE counts also affect telephone costs, which are based on the FTE counts. Cornerstone's actual revised pro forma financial statement, together with our replication of the statement, and an alternative model based upon realistic patient volume projections, are presented in the following table:

Commenter's Table

Table 7: Replication of Cornerstone Financials with Alternative ADC

Financials	2022	2023	2024	2025	Period total
Net revenue					
Cornerstone Screening p. 133	$3,324,007	$4,953,688	$6,759,380	$8,546,835	
Replication, Year 0 ADC = 86, Year 1 ADC = 75, Year 2 ADC=102, Year 3 ADC = 129	$3,323,998	$4,953,607	$6,759,278	$8,546,673	
Replication, ADC = 67 for all forecast years	$2,585,296	$4,431,936	$4,431,936	$4,431,936	
Expenses					
Cornerstone Screening p. 134	$2,895,886	$4,171,004	$5,609,824	$7,029,392	
Replication, Year 0 ADC = 86, Year 1 ADC = 75, Year 2 ADC=102, Year 3 ADC = 129	$2,876,489	$4,181,057	$5,617,159	$7,029,375	
Replication, ADC = 67 for all forecast years	$2,689,877	$4,049,272	$5,029,222	$5,989,903	
Profit					
Cornerstone Screening p. 134	$428,121	$782,684	$1,149,556	$1,517,443	**$3,877,804**
Replication, Year 0 ADC = 86, Year 1 ADC = 75, Year 2 ADC=102, Year 3 ADC = 129	$447,508	$772,549	$1,142,119	$1,517,298	**$3,879,474**
Replication, ADC = 67 for all forecast years	($104,581)	$382,664	($597,285)	($1,557,966)	**($1,877,168)**

Sources: Cornerstone Screening, pp. 133-147; Self calculations based on Cornerstone forecast and assumptions.

Replicating Cornerstone's financial projections using its stated assumptions and patient day projections of 18,370, 27,376, 37,355, and 47,233 (ADC of 86, 75, 102, and 129, respectively) for the period from 2022 through 2025 results in estimates very close to Cornerstone's presented financials. Adjusting the patient day projections to reflect an ADC of 67, which represents Pierce County's unmet need in 2022, the forecast results in net losses in 2022, 2024, and 2025. We note that these amounts reflect Cornerstone's stated staffing schedule, and so reflect unexpected rather than expected lower utilization. Nevertheless, this fact raises serious questions regarding the financial feasibility of Cornerstone's proposed project and regarding the reliability of Cornerstone's pro forma financial statements.

In order to satisfy the financial feasibility sub-criterion set forth in WAC 246-310-220(1), Cornerstone must show that '[t]he immediate and long-range capital and operating costs of the project can be met.' The unreasonableness of Cornerstone's extremely aggressive patient volume projections and its failure to provide a valid explanation of the basis for the projections require a

finding by the Department that Cornerstone's proposed Pierce County hospice program is not financially feasible."

Signature Group – Oppose [source: pdf8]
"*Additionally, a corrected proforma was provided in Cornerstone's concurrent response to reflect the extension of their start up timeline through 2025. However, the new projections did not provide data for admissions numbers, ADC, ALOS or visits per patient in 2025. Without providing the necessary data for a full three years of operation, the financial feasibility of the projected Cornerstone operation is difficult to determine. Signature would like to request clarification on Cornerstones start date and the necessary data missing from Cornerstones 2025 proforma projections*."

The Pennant Group/Symbol Rebuttal Comment [source: pdf3-6]
"*Continuum also commented on Alpha Hospice's ADC in Snohomish County, a county that is two counties north of Pierce County. While COVID brought unique challenges in 2020 and 2021, Alpha Hospice is on its way to its projected ADC by the end of 2021. Although COVID is not over, we have learned from it, and are better positioned in Snohomish and Pierce than we have ever been. In other words, there is no substance to Continuum's comments as to Alpha Hospice's ADC, and therefore their comments should not be considered.*

Continuum also commented on our ability to reach the ADC we projected for Pierce. As mentioned in our application and public comment, our home health agency in Pierce County, Puget Sound Home Health, is well established and has 375+ home health patients. On average, across home health and hospice agencies, 10% of home health patients bridge to hospice services each month. There is no reason to expect Puget Sound Hospice of Pierce County to be any different. This means each month approximately 37 patients will bridge from the home health to the hospice. This is in addition to the patients that will come from the community.

Based on our vast experience in home health and hospice, we are very confident our ADC projections are realistic and attainable.

We have projected ADC in Pierce that the need numbers support. With our well-established presence in the Pierce County community and the proven home health to hospice bridge percentage of 10%, our projected ADC for each year is reasonable for Pierce County.

…

Providence commented that our projected ADC is 'extremely high' compared to all other applicants. We expect this comment from Providence, as they are consistent in projecting low ADC numbers in their applications. Their low ADC projections speak to the apparent lack of commitment to meeting the actual patient population's need in Pierce County. We want to meet as much of the patient need as possible, and our projected ADC is reasonable compared to the CN Department's projected need in Pierce County. With only one Certificate of Need being awarded, we expect all applicants to plan to meet a very high percentage of the hospice patient need, otherwise a large population of hospice eligible patients will continue to go without the hospice services they need and are entitled to.

Providence misunderstands the meaning of the terms operational and completion in our screening response. The operational date of January 2022 is the date we begin serving patients and incurring all the normal operational costs for serving those patients. The May 2022 completion date is the date we expect to be Medicare certified and Medicaid eligible. The projections we submitted in the screening response cover the three years from completion. The CN analysts were satisfied with the projections we submitted through 2025, as the same calculations for admissions, ADC, ALOS and FTE's that are used for 2023 and 2024 apply to 2025.

Providence compares our Pierce projection to Continuum as the second highest ADC projection for Pierce by year three, at 70.9. Paradoxically, Continuum projected an ADC of 36 in their Snohomish County application for 2021, while they are experiencing an actual ADC closer to 120 currently in Snohomish County, which is 80+ more patients than Continuum anticipated. While we are doing our best to realistically project, even the best projections can be off the mark considerably, and sometimes the actual results are better than expected.

Providence attempted, incorrectly, to replicate our financials. We projected the correct financials in our screening response. While they claim that we will only be operating for 7 months in 2022, we will operate for all 12 months and we will be reimbursed for all Medicare and Medicaid patients that are on service from the day we pass accreditation survey forward, which we projected to be February of 2022. The CN Department will find that financial feasibility is met."

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Pennant based its projected utilization of the hospice agency on specific factors:

- Admissions were based on unduplicated patient market share of 75% for 2022, 80% in 2023, and 85% in 2024.
- Average annual length of stay at 62.66 days, in line with Statewide average used in the department's methodology.
- ADC calculated as a product of patient days divided by days in a year.

Public comment questioning Pennant's anticipated volumes was provided by several competing applicants. Some commenters referred to Pennant's past performance implementing Washington State projects; others compared Pennant's projections to the department's and other applicants' numeric methodologies. Pennant rebutted these comments, stating that its projections demonstrate commitment to meeting the county's needs and are realistic since Pennant already has a significant number of home health patients, of which 10% will likely need hospice services. Further, Pennant states that, with the expectation that only one approval for Pierce County will be granted, all applicants should be anticipating high censuses to meet the needs of the County.

Providence correctly points out that Pennant's third full year, based on a May 2022 certification date is year 2025. When this was pointed out in screening, Pennant provided pro forma financial statements for year 2025; but contended that the requirement was inconsistent with previous approvals. The department notes that it has historically set the first full year as beginning the January following CMS certification - a hospice project's completion. The department reviewed its rules and

records and found that this request is consistent with its rules[34] and past recent Pennant approvals as illustrated on the following table.

Department's Table 25
Pennant's Recent Hospice Projects' Detail

County (project #)	Pennant Assumed CN Decision Date	Pennant Assumed CMS Certification Date	First Full Three Years
Thurston (CN19-57)	August 2019 [Evaluation, p7]	January 2020 [Application, p6]	2020 – 2022 [Evaluation, p44]
Snohomish (CN19-59)	January 2020 [Application, p6]	January 2020 [Application, p6]	2020 – 2022 [Evaluation, p9]
Grays Harbor (CN21-41)	September 2021 [Application, p11]	January 2022 [Application, p11]	2022 – 2024 [Evaluation, p2]
Mason (CN21-57)	September 2021 [Application, p10]	January 2022 [Application, p10]	2022 – 2024 [Evaluation, p2]
Pierce (CN21-58)	September 2021 [Application, p9] **1st patient:** January 2022 [Screening, p4]	May 2022 [Application, p9 & Rebuttal, p4]	2023 – 2025 [Rebuttal, p4]

Although Pennant did provide extensive projected pro forma statements through year 2025 as the department requested, it did not provide utilization assumptions for year 2025, which was also requested. Included in the screening questions letter dated February 26, 2021, is the statement "*If the responses to any of the questions in this letter changes information provided any other part of the application, please provide the new information*" which allows applicants to include this type of information in its response to screening. Further, as noted by Providence, when the department noted the May 2022 certification date and resulting 2025 year three, it asked Pennant to "*…either clarify the timeline or provide the additional projection year for all application materials.*"

In rebuttal, Pennant responded that "*the same calculations for admissions, ADC, ALOS and FTE's that are used for 2023 and 2024 apply to 2025.*" Without either market share to calculate projected admits or the applicant's projected admits, the department is unable to calculate patient days and ADC; both of which are the basis for projected revenues and expenses.

[34] WAC 246-310-010(47) '*Project completion' for projects requiring construction, means the date the facility is licensed. For projects not requiring construction, project completion means initiating the health service.* When no construction is involved, as is the case for this project, the project is considered complete at CMS certification, the main motivation of in-home services CN applications.

Department's Table 26
Summary of Pennant Year 2025 Projected Utilization

	Formula	Pennant Projections for Year 2025	Issue
Unmet Admits	Department's methodology extrapolated	856.6	
Projected Admits	= Market Share x Unmet Admits	Unknown, not calculable without Market Share	Necessary assumption.
Market Share	= Projected Admits / Unmet Admits	Unknown, not calculable without Projected Admits	Necessary assumption.
ALOS	Dictated by WAC	62.66	
Projected Patient Days	= Projected Admits x ALOS	Unknown, not calculable without Projected Admits	Basis for revenues & expenses
ADC	= Projected Patient Days / days in the year	Unknown, not calculable without Projected Admits	Basis for expenses

Providence, in its comment, did attempt to support these figures by extrapolating revenue and expense line items; but this strategy is not a reliable basis on which to base a firm conclusion. In addition, Pennant stated in its rebuttal that "*Providence attempted, incorrectly, to replicate our financials.*"

Since an applicant's utilization assumptions and projections are the foundation for the financial review under this sub-criterion, and an applicant's third full year of profitability is the department's primary metric for determining a project's financial feasibility, without this data the department is unable to rely on any resulting information provided.

Based on the information provided by the applicant, public comments, and rebuttal, the department cannot complete the review of the immediate and long-range operating costs of Pennant's Pierce County project. **This sub-criterion is not met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence currently operates a Medicare and Medicaid certified hospice agency that serves King County, and this project proposes expansion of that agency into Pierce County. To determine its projected number of admissions and patient days for its proposed Pierce County operations, Providence provided the following information and assumptions. [source: Application, pdf22-25]

"As set forth in Table 4, the utilization forecast for 2021-2024 used to drive the pro forma revenue and expense projections for Providence Hospice and the Pierce County project is comprised of four components:

A. Total Number of Admissions ("Unduplicated Patients Served")
B. Total Number of Patient Days
C. Average Daily Census ("ADC")
D. Average Length of Stay (Days) per patient

If our requested project is approved, we anticipate beginning to provide services in Pierce County on January 1, 2022. Therefore, the first full year of operations will be 2022, and the third full year of operations will be 2024. Forecasts through 2024 with and without the project are provided in Table 4. The step-by-step methodology and assumptions used to develop the utilization forecasts for each pro forma statement are presented below:

Step 1. *Total number of patient days (component B) is calculated using 2% year-over-year growth, rounded to the nearest whole number. This assumption is based on conservative, internal budgeting standards. For example, the formula for the 2021 total number of patient days is:*

(2% YOY Growth x 2020 Annualized Total Patient Days) + 2020 Annualized Total Patient Days = 2021 Total Number of Patient Days

or *(0.02 x 188,746) + 188,746 = 192,521*

Step 2. *Average length of stay ("ALOS") (component D) is equal to Providence Hospice's annualized 2020 ALOS (67.75 days). The annualized 2020 ALOS of 67.75 is listed in Table 4.*

Step 3. *The average daily census per year (component C) is calculated as total number of patient days divided by the number of days in the year, rounded to the nearest whole number. As an example, the formula for the 2021 average daily census is:*

Total Number of Patient Days / # of Days in the Year

= Average Daily Census Per Year

or *192,521 / 365 = 527*

Step 4.*The total number of unduplicated patients served (component A) is calculated as total number of patient days in that year (from step 1) divided by the ALOS per patient (from step 2), rounded to the closest whole number. As an example, the formula for the 2021 Total Number of Unduplicated Patients Served is:*

(2% YOY Growth x 2020 Annualized Total Patient Days) + 2020 Annualized Total Patient Days)) / Annualized 2020 ALOS

= Total Number of Unduplicated Patients Served

or ((0.02 x 188,746) + 188,746)) / 67.75 = 2,842

The Project (Pierce County, "The Project")

Step 1. *The average daily census (component C) is set at 50 ADC by the end of the third full year of operation (2024), which is based on building a hospice team with 4 RNs to serve Pierce County, with a targeted RN staffing ratio of 12.5 ADC per RN.*

Step 2. *Total number of patient days (component B) is calculated as total targeted ADC multiplied by the number of days in the year. As an example, the formula for the 2022 Total Hospice Days is:*

Average Daily Census x # of Days in the Year

= Total number of patient days

or *25 x 365 = 9,125*

Step 3. *ALOS (component D) for The Project is set to the average length of stay experienced by Providence Hospice based on annualized 2020 data (67.75).*

Step 4. *The number of unduplicated patients served (component A) was calculated as total number of patient days in that year (from step 2) divided by the ALOS per patient (from step 3), rounded to the nearest whole number. As an example, the formula for the 2022 Total Number of Unduplicated Patients Served is:*

(Average Daily Census x # of Days in the Year) / WA State Average ALOS

=Total Number of Unduplicated Patients Served

or *(25 x 365) / 67.75 = 135*

Providence Hospice of Seattle, WITH project

Step 1. *Total number of patient days (component B) is calculated as the sum of total number of patient days for "Providence Hospice of Seattle (without project)" and total number of patient days for "The Project."*

Step 2. *The number of unduplicated patients served (component A) is calculated as the sum of the number of unduplicated patients served for "Providence Hospice of Seattle (without project)" and the total number of unduplicated patients served for "The Project."*

Step 3. *ALOS (component D) is calculated as total number of patient days from step 1 divided by the number of admissions per year in step 2.*

Step 4. *The average daily census (component C) is calculated as total number of patient days divided by the number of days in the year.*

Using the assumptions described above, Providence provided the following table.

KING COUNTY	Annualized[1]	Forecast 2021-2024			
Providence Hospice of Seattle (without project)	**2020**	**2021**	**2022**	**2023**	**2024**
Total Number of Admissions ("Unduplicated Patients Served")[2]	2,786	2,842	2,898	2,956	3,016
Total Number of Patient Days	188,746	192,521	196,371	200,298	204,304
Average Daily Census ("ADC")	516	527	538	549	558
Average Length of Stay (Days)	67.75	67.75	67.75	67.75	67.75

PIERCE COUNTY	Annualized[1]	Forecast 2021-2024			
The Project (Pierce County)	**2020**	**2021**	**2022** [3]	**2023**	**2024**
Total Number of Admissions ("Unduplicated Patients Served")[2]			135	205	271
Total Number of Patient Days			9,125	13,870	18,300
Average Daily Census ("ADC")			25	38	50
Average Length of Stay (Days)			67.75	67.75	67.75

COMBINED AGENCY	Annualized[1]	Forecast 2021-2024			
Providence Hospice of Seattle (WITH project)	**2020**	**2021**	**2022** [3]	**2023**	**2024**
Total Number of Admissions ("Unduplicated Patients Served")[2]	2,786	2,842	3,033	3,161	3,287
Total Number of Patient Days	188,746	192,521	205,496	214,168	222,604
Average Daily Census ("ADC")	516	527	563	587	608
Average Length of Stay (Days)	67.75	67.75	67.75	67.75	67.75

Source: Providence Hospice of Seattle

[1] 2020 data is annualized based on 11 months of data ending November 30, 2020.

[2] For the purposes of this table, Total Number of Admissions is defined as Total Number of Unduplicated Patients Served.

[3] Based on project start date of January 1, 2022

In its screening responses, Providence provided the following rationale for using year 2020 annualized data. [source: March 32, 2021, screening response, pdf3]

"When Providence Hospice prepared its certificate of need application, each variable and assumption – including average length of stay ("ALOS") – was evaluated in terms of the degree to

which the COVID-19 pandemic has affected the 2020 annualized data and the potential impact on the forecast years. In the case of ALOS, Providence Hospice made an intentional decision to use 2020 annualized data to calculate the 2021-2024 ALOS.

Providence Hospice is one of the largest hospice agencies in the State of Washington and has a well-established history of providing hospice care in King County. Providence Hospice has reported an ALOS that is consistently greater than the Washington State average. Building on our experience as an existing hospice agency and a leading provider of hospice services in Washington, Providence Hospice remains committed to expanding services into Pierce County in order to serve all patients who require hospice services. We believe our most recent ALOS (2020 annualized) for King County is aligned with the length of stay that is anticipated in Pierce County.

Furthermore, Providence Hospice believes that calculating its projected ALOS using 2020 annualized data is not anomalous, but rather reflects progress on a key ongoing goal to increase access and provide services as soon as possible when individuals become eligible for hospice services. In pursuit of this goal, Providence Hospice has focused on continuing to coordinate with hospitals, respite care facilities, long-term care facilities, and other caregivers to identify as early as possible patients who are suitable for hospice services. During 2020, we believe these efforts contributed to a sustainably higher ALOS that is reasonable and justified.

Finally, it should be noted that the ALOS used in our projection model does not drive the utilization assumption and does not impact the financial pro forma statements. The ALOS identified for the projection period is only used to calculate the Total Number of Unduplicated Patients Served over the projection period, as shown in Tables 4 and 13 of the application. The ALOS is derived by dividing the Total Number of Patient Days in 2020 by the Total Number of Unduplicated Patients Served in 2020. Neither the ALOS nor the Total Number of Unduplicated Patients Served figures have any impact on the financial pro forma statements for the existing hospice agency or for the project. The financial pro forma is driven by the patient days forecast. As stated in the application, the patient day projections for the project are based upon an assumption of "Targeted ADC X number of days in the year," and are not driven by the projected ALOS."

Footnote #2 states: *"Providence Hospice actual ALOS was 60.25, 66.17, 63.53, and 67.75 in 2017, 2018, 2019, and 2020 (11 months annualized data), respectively compared to Washington State average ALOS published in the corresponding years of 60.00, 60.86, 60.13, and 62.66."*

The table below shows a summary of Providence's projected utilization for its Pierce County operations only. [source: Application, pdf22]

Department's Table 27
Providence Pierce County Projected Utilization

	CY 2022 (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Admissions	135	25	271
Total Days	9,125	13,879	18,300
Average Length of Stay (ALOS)	67.75	67.75	67.75
Average Daily Census	25	38	50

Providence provided several tables outlining their financial assumptions for the project. The tables are below: [source: Application, Exhibit 14]

A	B	C	D
Category/Item	**General Assumptions (Forecast Years 2021-2024)**	**Assumptions for THE Pierce County Project (If Different)**	**Additional Notes**
Averaged Daily Census ("ADC")	Calculated as Total Patient Days / number of days in the year		
Patient Days	2% annual growth from annualized 2020 level. Each year's forecasted level is rounded to the nearest whole day before it is used as the basis for the next year's growth	Targeted ADC X number of days in the year. ADC based on historical experience related to RN/LPN staffing ratio (12.5 ADC per RN/LPN) and assumed employment of 2, 3, and 4 RNs in 2022, 2023, and 2024 respectively.	
GROSS PATIENT REVENUE (GPR)			
Medicare	Total Gross Patient Revenue ("GRP") is volume based, calculated as annualized 2020 GSR divided by annualized 2020 patient days X projected patient days in each future year. Each component of GSR is then calculated using the 2020 payor mix (with percentages rounded to one decimal place). Payor mix ratios used to project future GSR are as follows: Medicare - 81.4%, Medicaid - 11.4%, Commercial - 4.1%, Other - 2.8%, and Self Pay - 0.3%		
Medicaid			
Commercial			
Other			Other GPR includes Tricare, VA and other government
Self Pay			
TOTAL CONTRACTUAL ALLOWANCES	Total Contractual Allowances are calculated by applying the discount rate based on average 2018-2020 experience for each category. The discount is calculated by dividing each year's revenue deduction by the corresponding year's GPR for each category (rounded to the nearest whole %). Average discount rates applied to each category are as follows: Medicare - 30%, Medicaid - 11%, Commercial - 8%, Other - 19%, and Self Pay - 14%.		
Bad Debt	0.70% of total GSR based on average experience in 2018 & 2019		Due to impact of COVID pandemic on this indicator, 2020 was excluded from the average as an anomally
Charity Care	0.68% of total GSR based on average of rate experienced in 2017-2019		Due to impact of COVID pandemic on this indicator, 2020 was excluded from the average as an anomally
Other Operating Revenue	$2.85 /day - based on 2017-2019 average	No assumed additional Other Operating Revenue for Pierce County	Due to impact of COVID pandemic on this indicator, 2020 was excluded from the average as an anomally

A	B	C	D
Category/Item	**General Assumptions (Forecast Years 2021-2024)**	**Assumptions for THE Pierce County Project (If Different)**	**Additional Notes**
SALARIES & BENEFITS			
Registered Nurse (RN) / LPN	Total FTE count was calculated as the number of FTEs needed to support patient days volume based on 2020 staffing mix; Salaries are calculated as FTEs by discipline (based on 2020 actual staffing mix) x average hourly wage rate by discipline experienced in 2020 x 2,080 hours (full-time equivalent annual hours). Hourly wage rates applied are as follows: RN/LPN - 53.34, Hospice Aide - 21.00, Administrative and Clerical - 23.52, Chaplain/Clergy - 33.12, OT - 50.18, MSW - 37.71, Management/Supervisor - 54.42, Medical Director/Physicians - 110.31, Other - 45.93, and Agency - 71.33		
Hospice Aide			
Administrative and Clerical			Includes Administrative, Business, and Clerical FTEs
Chaplain/Clergy			
Occupational Therapist (OT)			
Medical Social Worker (MSW)			
Management/Supervisor			
Medical Director/Physicians			
Other			Other Salaries are associated with various needed roles including admission coordinators, bereavement counselors, trainers, and clinical program councelors
Agency	Calculated using 2020 annualized average hourly rate of $71.33 x 2,080 full-time hours x estimated agency FTE need each year to support forecasted volumes (FTE assumption 8.9, 9.1, 9.3, and 9.4 for 2021, 2022, 2023, and 2024, respectively)	Agency FTE assumptions for 2022 - 2024 are 0.4, 0.6, and 0.8, respectively	Agency represents contract labor, including massage and music therapists, physical therapists, and dieticians
Employee Benefits	29% of total employed comp (excludes contract labor) based on the average of 2017-2019 rounded to the whole %		Agency (contract labor) is excluded from the employee benefits calculation

A	B	C	D
Category/Item	**General Assumptions (Forecast Years 2021-2024)**	**Assumptions for THE Pierce County Project (If Different)**	**Additional Notes**
PROFESSIONAL FEES			
Legal and Professional	$0.87 / day based on average rate from 2017-2020	Calculated using general assumption AND includes additional legal fees for start-up costs of $2,720 (see start-up cost detail) in the first year of the forecast (2022)	
SUPPLIES			
Medical Supplies	$12.13 / day based on annualized 2020 rate	Calculated using general assumption AND includes additional medical supplies for start up costs of $584 (see start-up cost detail) in the first year of the forecast (2022)	
Non-Medical Supplies	$0.53 / day based on annualized 2020 rate		
Pharmacy Supplies	$6.85 / day based on annualized 2020 rate		
Office Supplies	$0.08 / day based on annualized 2020 rate	Calculated using general assumption AND includes additional office supplies for start up costs of $200 (see start-up cost detail) in the first year of the forecast (2022)	
Other Supplies	$0.05 / day based on historical average 2017-2020		Includes minor desktop software, food supplies, etc.

A	B	C	D
Category/Item	**General Assumptions (Forecast Years 2021-2024)**	**Assumptions for THE Pierce County Project (If Different)**	**Additional Notes**
PURCHASED SERVICES			
Print and Publications	$0.20 / day based on average rate from 2017-2020	Calculated using general assumption AND includes additional print and publication costs at start-up of $1,125 (see start-up cost detail) in the first year of the forecast (2022)	
Advertising and Marketing	$0.01 / day based on average rate from 2017-2020	Calculated using general assumption AND includes additional advertising and marketing costs at start-up of $750 (see start-up cost detail) in the first year of the forecast (2022)	
Telephone and Wireless	$0.82 / day based on average rate from 2017-2020		
Translation Services	$0.40 / day based on average rate from 2017-2020		
Maintenance Services	$0.02 / day based on average rate from 2017-2020		
Other Purchased Services	$27.80 / day based on average rate from 2018-2020	Calculated using general assumption AND includes Epic set-up costs of $16,000 (see start-up cost detail) in the first year of the forecast (2022)	Includes utilities and other purchased healthcare services suchs as cardiology, x-ray services, records management, answering services, and internal catering. Average starts in 2018 due to significant increase in expenses that year that are expected to continue

A	B	C	D
Category/Item	**General Assumptions (Forecast Years 2021-2024)**	**Assumptions for THE Pierce County Project (If Different)**	**Additional Notes**
OTHER EXPENSES			
Mileage	$2.33 / day based on average rate from 2017-2020		
Travel	$0.25 / day based on average rate from 2017-2020		
Training & Education	$0.16 / day based on average rate from 2017-2020		
Equipment (PC, Printers, etc.)	$1.00 / day based on annualized 2020 rate due to new higher norm from transition to more virtual work environment	Calculated using general assumption AND includes additional equipment purchases at start-up of $2,500 (see start-up cost detail) in the first year of the forecast (2022)	
Dues and Memberships	$0.02 / day based on average rate from 2017-2020		
Lease Expense	Based on internal lease allocation schedule	Based on allocation of current rent schedule for 500 of the total 17,919 rentable square feet to the project (2.8% of total rentable square feet rounded to 1 decimal place)	Existing agency ("As Is") and Combined agency lease expense is the same based on internal lease allocation rate sheet. If the Project is approved, total lease expense will be allocated to As Is and The Project in the amounts shown in Table 14 of this application
Licensing	$0.03 / day based on average rate from 2017-2020	Licensing fees for the project represent annual license renwal payments for RNs ($120), Hospice Aids ($85), MSWs ($116), OTs ($166), and Physicians/Medical Directors ($956 for 2 years allocated at a rate of $478 per year) multiplied by the FTE count for each cateogry	
Other Miscellaneous Expenses	$0.71 / day based on average rate from 2017-2020		Includes taxes, postage, meetings, and minor recruitment expenses
Depreciation	Estimated to remain constant in the forecasted years in line with the assumption that capital expennditures will be incurred at the same rate as items depreciate	No depreciation is allocated to the Project as there are no capital expenditures for the Project	
Allocated System Expense	Estimated at 7% of Net Operating Revenue (NOR)		

Providence also provided the following 'key' explaining the data in the tables above.

A = Expense or revenue line item.
B = General assumptions for AS IS (without project) and for The Project (unless otherwise noted in column C)
C = Additional assumptions that apply to The Project (Pierce County) only. For example: agency start-up costs.
D = Additional notes to explain column B assumptions.
Source: Providence Hospice of Seattle

In response to the department's screening of its application, Providence also provided the following clarification regarding its assumptions: [source: March 31, 2021, screening response, pdf4-5]

Patient Service Revenue

"Yes, the Department is correct to assume that the volume-based approach used by Providence Hospice in its certificate of need application implies the current distribution of reimbursement types will be held constant in the projection period.

Providence Hospice prepared its pro forma financial statements based upon our experience providing hospice services in Washington. We perform our standard financial planning and analysis on a payor basis, rather than building revenue models using levels-of-care rates and percentages. Our volume-based approach drives the pro forma utilizing a rate per patient day that assumes a consistent ratio between the levels of care.

While we recognize there are multiple valid approaches to forecasting revenue, we believe a volume-based approach by payor for an agency with significant historical experience like Providence Hospice is superior to using levels-of-care rates and percentages. It is well recognized that hospice patients may require different intensities of service during the course of their care. While a patient may be admitted at a particular level of care, changes in their condition may necessitate a change in their level of care. Consequently, a volume-based approach that holds constant the current distribution of reimbursement types more accurately captures service intensity.

It is worth noting that we used the same methodology in our 2020 Pierce County hospice application, and the Department accepted this approach. Therefore, the volume-based approach by payor was used for our 2021 Pierce County hospice application as well."

GIP and Respite Care

"General Inpatient (GIP) and Respite Care costs are included in the "Other Purchased Services" category of the historical and pro forma income statements. Per our application, Other Purchased Services includes utilities and other purchased healthcare services, such as cardiology and x-ray services, records management, answering services, and internal catering. Providence Hospice did not provide an exhaustive list of all other purchased healthcare services, but rather provided a few examples in its definition of this expense category.

GIP and Respite Care represent a small fraction of the care provided by an average hospice agency. Over the past few years, total GIP and Respite Care gross revenues have averaged less than 3% of total gross patient revenues. Because the related expenses also represent only a small fraction of services purchased from third parties, Providence Hospice has historically reported these items as part of Other Purchased Services and has not broken them out as separate expense line items.

Similar to the volume-based approach discussed in our response to Question #3, Other Purchased Services were projected based on an average rate per patient day from 2018-2020 of $27.80 per patient day. Thus, GIP and Respite Care are included in the pro forma financial statements under the assumption that they represent a constant rate per patient day as experienced historically. This assumption and methodology were used in our 2020 Pierce County hospice application, and the Department accepted this approach."

Other Operating Revenue

"Other operating revenue" includes contributions received from our affiliate Providence Hospice of Seattle Foundation. Additionally, "other operating revenue" in 2020 included CARES (Coronavirus Aid, Relief, and Economic Security) *Act grant funding.*

Providence Hospice of Seattle Foundation was founded in late 2000. Since that time, it has provided more than $19.9 million to help Providence Hospice provide care and programs for terminally ill patients and their families, with more than 2,000 donors annually. As discussed in our application, major ongoing programs funded specifically by the Providence Hospice of Seattle Foundation include children's bereavement (Safe Crossings and Camp Erin), pediatric hospice and palliative care (Stepping Stones), adult palliative care (Transitions), support of low-income patients and families (Patient Special Needs), and complementary therapies (e.g. music, massage)."

The table below is a summary of the projected revenue and expense statement for Providence's Pierce County operations that begin in year 2022. [source: Application, Exhibit 14]

Department's Table 28
Providence Pierce County Operation
Revenue and Expense Statement for Years 2022 through 2024

	CY 2022 (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Net Revenue	$1,981,896	$3,012,480	$3,974,649
Total Expenses	$1,391,883	$2,067,290	$2,734,523
Net Profit / (Loss)	**$451,280**	**$734,316**	**$961,901**

Providence also provided a summary of the King County current operations combined with the projected Pierce County operations. The information is summarized in the table below: [source: Application, Exhibit 14]

Department's Table 29
Providence King County and Pierce County Combined
Revenue and Expense Statement for Years 2021 through 2024

	CY 2021 Projected	**CY 2022** (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Net Revenue	$42,363,076	$45,192,144	$47,086,658	$48,930,504
Total Expenses	$36,262,692	$38,533,840	$40,029,693	$41,435,319
Net Profit / (Loss)	**$6,100,384**	**$6,658,304**	**$7,056,965**	**$7,495,185**

Providence provided the following clarifications and assumptions used for the projected balance sheets provided for Providence Hospice of Seattle with the Pierce County operations. [source: Application, Exhibit 15]

"Please note that Providence Health & Services does not maintain balance sheets at the facility level and does not routinely use balance sheets as part of its financial analysis when evaluating new business ventures. Instead, a business pro forma is generally relied upon for evaluation of new ventures. With that said, for purposes of this Application and to satisfy the Department's questions relating to balance sheets, Providence Hospice has extrapolated information from the pro forma statements to construct a pro forma balance sheet. This balance sheet was created solely for the Department's review of this Application and will not be generally used in the financial operations of Providence Hospice."

A	B	C	D
Category/Item	**General Assumptions (Forecast Years 2021-2024)**	**Assumptions for THE Pierce County Project (If Different)**	**Additional Notes**
BALANCE SHEET			
Cash	Cash is centrally managed at parent organization and is assumed to be zero at the entity level		
Accounts Receivable ("AR")	Assumed to equal 5.2% of Total Gross Patient Revenue based on 2020 actual level and in-line with historical levels		
Allowance for Doubtful Accounts	Assumed to equal 10.5% of AR based on 2019 levels		2019 allowances increased over past years to be more conservative. 2020 pandemic levels not finalized and not considered representative of future appropriate allowance targets
Allowance for Contractual Adjustments	Assumed to equal 5.7% of AR based on 2019 levels		2019 allowances increased over past years to be more conservative. 2020 pandemic levels not finalized and not considered representative of future appropriate allowance targets
Fixed Assets	Fixed assets increase by an amount equal to depreciation to maintain net levels		
Other Assets	No "Other Assets" are held at the entity level		
Accounts Payable & Accrued Expenses	Assumed to equal 5.5% of Total Net Operating Expenses based on average of 2017-2020 levels		
Accrued Compensation	Assumed to equal 5.0% of Total Net Operating Expenses based on average of 2017-2020 levels		
Long-Term Liabilities	No "Long-Term Liabilities" are held at the entity level		
Net Assets	All excess earnings are assumed to be dividended to parent organization. Excess earnings are assumed to be those that are above the amount needed to fund cash expenditures and increases in net working capital		

Providence also provided the following 'key' explaining the data in the balance sheet.

A = Expense or revenue line item.
B = General assumptions for AS IS (without project) and for The Project (unless otherwise noted in column C)
C = Additional assumptions that apply to The Project (Pierce County) only. For example: agency start-up costs.
D = Additional notes to explain column B assumptions.
Source: Providence Hospice of Seattle

The projected balance sheets are summarized in the table on the following page. [source: Application, Exhibit 15]

Department's Table 30
Providence King County with Pierce County Operations
Balance Sheet for Year 2021 through 2024

ASSETS	**CY 2021** Projected	**CY 2022** (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Current Assets	$2,529,154	$2,699,608	$2,813,531	$2,924,356
Property and Equipment	$3,761,822	$3,761,822	$3,761,822	$3,766,716
Other Assets	$0	$0	$0	$0
Total Assets	$6,290,976	$6,461,430	$6,575,353	$6,691,072

LIABILITIES	**CY 2021** Projected	**CY 2022** (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Current Liabilities	$3,191,874	$3,391,345	$3,522,139	$3,645,044
Long-Term Debt	$0	$0	$0	$0
Equity	$3,099,103	$3,070,085	$3,053,214	$3,046,028
Total Liabilities, Long-Term Debt, and Equity	$6,290,977	$6,461,430	$6,575,353	$6,691,072

Public Comment

Continuum Hospice of Pierce-Oppose
"Providence Hospice did not provide any assumptions for General Inpatient (GIP) or Respite Care Costs citing that these were small and that could be 'rolled up'. No other applicant made such an assumption, and GIP and Respite are reimbursed at different rates than other levels of hospice care. This mean that the revenue assumptions cannot be confirmed."

Envision Hospice of Washington-Oppose
"In Q-2 (Page 2) the Program asked Providence to explain why Providence used a higher average length of stay (ALOS) in its utilization forecast than the 2019 pre-COVID statewide average used in the Need methodology and noted that throughout the Providence application, there were statements that 2020 may be an anomalous year to rely upon. Providence surprisingly responded that neither ALOS nor the total number of unduplicated patients had any impact on the financial pro forma that relied only on targeted average daily census which essentially is an independently selected patient census with no back-up analysis for external reviewers and State analysts to rely on. After this census was selected, Providence then backed into non-duplicated admissions by multiplying the targeted average daily census by 365 days and then dividing that number by the most current, 2020, average length of stay in King County which would have different demographics and be based on COVID-19 effects. The rationale for this approach was stated as the following:

> *"Providence Hospice is one of the largest hospice agencies in the State of Washington and has a well-established history of providing hospice care in King County. Providence Hospice has reported an ALOS that is consistently greater than the Washington State average. Building on our experience as an existing hospice agency and a leading provider of hospice services in Washington, Providence Hospice remains committed to expanding services into Pierce County in order to serve all patients who require hospice services. We believe our most recent ALOS (2020 annualized) for King County is aligned with the length of stay that is anticipated in Pierce County.*

Furthermore, Providence Hospice believes that calculating its projected ALOS using 2020 annualized data is not anomalous, but rather reflects progress on a key ongoing goal to increase access and provide services as soon as possible when individuals become eligible for hospice services."

Footnote in this section states: *"Providence Hospice actual ALOS was 60.25, 66.17, 63.53, and 67.75 in 2017, 2018, 2019, and 2020 (11 months annualized data), respectively compared to Washington State average ALOS published in the corresponding years of 60.00, 60.86, 60.13, and 62.66."*

With the greatest respect for Providence Hospice, Envision objects to the methodology selected to justify both the Need and Financial Feasibility of expanding its hospice service into Pierce County. Providence's "methodology" turns population-based planning on its head and in the simplest terms, submits a facility-based planning approach that targets existing Providence Hospice of Seattle performance and then applies a value as to what it wants the utilization to be -- which in this case happens to be a longer length of stay than most other new-start hospices do not achieve in their formative period.

The normal approach which is used in the hospice methodology is based on the total Washington population forecast for each with incidence rates for potential hospice patients based on deaths occurring in the population over time. The methodology does not apply a value as to the percentage of the hospice population that needs hospice services but rather the percentage of the population that receives hospice services. The methodology then seeks to remove barriers to access by monitoring utilization over time and removing a variety of barriers to access which include capacity issues as well as cultural and other barriers that can cause delays. As to length of stay, it is included directly in the methodology through monitoring performance of all hospices serving Washington and provides an alternative "exception" methodology that can be used to approve new hospice agencies as long as these agencies do not adversely affect the financial feasibility.

In regard to length of stay, the footnote 1 on the previous page comparison of Providence Hospice King County length of stay series is similar to the 4-year series for Washington State and in fact, 2020 does look more like an anomaly when compared to the entire series and to statewide averages, particularly when Providence and every other health provider knows that 2020 represents a 100-year pandemic impact on the healthcare system. However, the real ongoing problem with using an a priori selection of a target average daily census is that [it] *is not reproducible by the Program analyst, affected parties or the public and the Program will be unable in its analysis to attest to the methodology as accurately reflecting volume particularly when the applicant indicates that it is a values-based selection aimed at increasing access and services rather than data-based to be analyzed in respect the State Methodology.*

Turning specifically to the length of stay issue as it related to the Program's decision, the percentage difference between the 67.75 day length of stay (which actually should be one-half of the rationale for a patient day projection that can be independently reproduced) and the statewide average length of stay of 62.66 days is 8.1%. If the Pierce County length of stay is more likely to resemble the rest of the State as the State methodology assumes, then all Revenue categories are overstated by 8.1%. Deviations in financial feasibility studies that create a 5% or greater different financial result are a

barrier to issuing a positive opinion by outside reviewers on the feasibility of a project. Since Providence based its variable expenses on the Revenue categories, it is likely that Net Income is grossly overstated as well. This leaves the Program with a dilemma, it can accept the Providence pro forma even though there is ***no documentation in the application that a 67.75 day length of stay for a pandemic year is a reliable estimate for Pierce County with its own demographics for a time period that everyone agrees may be anomalous and is baldly stated to be values-based;*** *or that applying a more conservative data-based approach would create a forecast that was more reliable.*

The scale of the methodology error in this key application component dwarfs any other concerns that we can list about this application and should lead to a denial based on the Program being unable to issue an opinion on the financial feasibility of the application. Having raising this disqualifying error, Envision commends Providence on its commitment to medically directed and supported hospice services as shown latter in Table 1 that shows the second highest commitment to providing physician services of the 5 applications for hospice services in Pierce County." [emphasis in original]

The Pennant Group/Symbol-Oppose

"Providence did not provide the balance sheet for the Pierce service area expansion alone. This is a requirement that the CN analysts made clear had to be shown for financial feasibility. Without the Pierce only balance sheet the CN department cannot determine financial feasibility.

In addition, Providence does not show the bi-annual state license renewal fee in the pro forma income statements for the existing agency or Pierce. They also do not show line items for GIP or respite, both of which are specific and significant hospice services that Medicare requires and reimburses for, unlike the costs for catering or answering services which they refer to in explaining why they do not show GIP and respite. These missing financial items will not allow financial feasibility to be determined.

Finally, Providence does not show B&O taxes for the existing agency or Pierce. These are specific and significant Washington State taxes. The CN Department cannot determine financial feasibility without these expenses."

Signature Group-Oppose

"Table 15 in Providences application (Page 34) lists the payor mix by percentages of gross revenue and percentage by patient. Providence shows Medicaid as being 11.4% of gross revenue, but only 2.9% of their patient mix. With the admissions being 135 for the first year, this means that they plan on having 3.9 Medicaid patients. When rounded up to 4 patients and considering the first year Medicaid revenue of ($313,608) and divide it by 4 it totals revenue per patient of ($78,402). Dividing the revenue per patient of $78,402 by the ALOS (67.75) the Medicaid rate per patient per day, projected by Providence, is $1,157.23.

Signature's Medicaid rate per patient per day in its application is $199.26 using the same methodology. Signature would like Providence to provide clarification on how they obtained these figures.

In their application, Providence operates at a 14% NOI at their current hospice agencies. However, they have projected operating at 23% NOI during the first year of operations in their Pierce County hospice startup. DOH requires a CN applicant to be financially feasible and base their projections off reasonable and realistic assumptions. Signature would like Providence to explain how they project operating at a 23% NOI, when this is considerably higher than their current operational performance."

Providence Hospice Rebuttal Comments

Providence provided itemized rebuttal statements, by commenter. They are restated below:

Response to Continuum Care of Pierce County

"Providence Hospice has included the revenues and costs of General Inpatient Care and Respite Care in its pro forma financial statements. Continuum's claim to the contrary is not correct.

Continuum claims that Providence Hospice's "revenue assumptions cannot be confirmed" because we purportedly "did not provide any assumptions for General Inpatient (GIP) or Respite Care," further noting that "GIP and Respite are reimbursed at different rates than other levels of hospice care." As discussed below, this claim is not correct: Providence Hospice has fully accounted for all revenues and costs related to GIP Care and Respite Care.

Providence Hospice has already addressed this issue in response to a screening question from the Department. As we stated in our response to the question, Providence Hospice prepared its pro forma financial statements based upon our experience providing hospice services in Washington. We perform our standard financial planning and analysis on a payor basis, rather than using level-of-care rates and percentages. Our volume-based approach drives the pro forma statements utilizing a rate per patient day that assumes a consistent ratio between the levels of care.

As we also stated in our screening responses, while we recognize there are multiple approaches to forecasting revenue, we believe a volume-based approach by payor for a hospice agency with significant historical experience such as Providence Hospice is superior to using level-of-care rates and percentages. It is well-recognized that hospice patients may require different intensities of service during the course of their care. While a patient may be admitted at a particular level of care, changes in their condition may necessitate a change in that level. Consequently, a volume-based approach that holds constant the current distribution of reimbursement types more accurately captures service intensity. Further, it is very reasonable to assume that service intensities are consistent across payors and levels of care. It should be noted that we used the same methodology in our 2020 Pierce County hospice CN application, and the Department accepted the approach. Thus, the volume-based approach was used in the 2021 application as well.

Accordingly, there is no merit to Continuum's claim that Providence Hospice's "revenue assumptions" relating to GIP Care and Respite Care "cannot be confirmed." In fact, those assumptions are embodied in the methodology described above, which has previously been accepted by the Department."

Response to Envision Hospice of Washington

"In its public comments, Envision Hospice of Washington, LLC ("Envision") offers only a single criticism of Providence Hospice's CN application: it disagrees with the average length of stay

("ALOS") figure set forth in the application, and then argues that the ALOS figure in turn drives the "methodology" used by Providence Hospice to produce the patient volume projections and the pro forma financial statements for the Pierce County hospice program. However, as discussed below, Envision's argument is simply wrong: as we stated in our response to the Department's screening question regarding the derivation of the ALOS figure, the ALOS figure does not drive the patient volume projections for the Pierce County hospice program, nor does it drive the pro forma financial statements for the program. Accordingly, Envision's argument is based upon wholly erroneous reasoning, and has no validity whatsoever.

<u>Envision's arguments relating to Providence Hospice's ALOS are based upon erroneous reasoning, and have no merit.</u>

In its application, Providence Hospice identified an ALOS of 67.75 in the first three full years of operation of its proposed Pierce County hospice program. In response to a screening question from the Department regarding the derivation of the ALOS figure, we advised the Department that the figure was derived by dividing the Total Number of Patient Days in 2020 by the Total Number of Unduplicated Patients Served in 2020. Most importantly, we further advised the Department that the ALOS figure does not drive the patient volume projections for the Pierce County hospice program, nor does it drive the pro forma financial statements for the program.

It is critical to recognize that Providence Hospice's pro forma financial statements are driven by our patient days forecast, not by the ALOS figure. As stated in our application, and as reiterated in our screening responses, the patient day projections for the Pierce County hospice program are based upon an assumption of "Targeted ADC x number of days in the year," and are not driven by the projected ALOS.

Envision appears to be aware of these facts, yet it manufactures a factually erroneous and logically insupportable argument that the 67.75 ALOS figure constitutes "a values-based selection aimed at increasing access and services rather than data-based to be analyzed in respect [to] the State Methodology." This is not correct. As noted above, Providence Hospice's projected ALOS for the first three years of operation of the Pierce County hospice program is simply an arithmetic calculation based upon 2020 data for Providence Hospice. Accordingly, Envision's entire argument is based upon a false premise. As a result, all of the conclusions that Envision draws from the premise are false as well. Thus, its claim that the percentage difference between Providence Hospice's ALOS and the Washington statewide average ALOS can be translated into a percentage difference in assumed revenue is erroneous. Consequently, Envision's further claim that this purported percentage difference creates "a barrier to issuing a positive opinion by outside reviewers on the feasibility of a project" under AICPA guidelines is completely baseless.

Envision also suggests that 2020 is "an anomaly" given the COVID-19 pandemic. In our response to the Department's screening question relating to the derivation of the ALOS, we addressed the appropriateness of using 2020 Providence Hospice data to calculate the ALOS. We stated:

> *Providence Hospice is one of the largest hospice agencies in the State of Washington and has a well-established history of providing hospice care in King County. Providence Hospice has reported an ALOS that is consistently greater than the Washington State average. Building on our experience as an existing hospice agency and a leading provider of hospice services in Washington, Providence Hospice remains committed to*

expanding services into Pierce County in order to serve all patients who require hospice services. We believe our most recent ALOS (2020 annualized) for King County is aligned with the length of stay that is anticipated in Pierce County.

Accordingly, Envision's arguments relating to the ALOS figure used by Providence Hospice for the Pierce County hospice program are based upon a false premise and wholly erroneous reasoning. The arguments therefore have no merit and should be disregarded by the Department."

Providence Response to The Pennant Group/Symbol

"Symbol's comment relating to Providence Hospice's projected ALOS for the Pierce County hospice program has no merit.

Like Envision, Symbol questions Providence Hospice's use of an ALOS figure of 67.75 for the Pierce County hospice program in its first three years of operation. We have discussed the use of the 67.75 ALOS figure in detail in Section C.2.a above in response to Envision's comments. We will not repeat that discussion here. However, we would like to once again point out that the ALOS figure does not drive the patient volume projections for the Pierce County hospice program, nor does it drive the pro forma financial statements for the program. Accordingly, the objections raised by Symbol, like the objections raised by Envision, have no merit, and should be disregarded by the Department.

Symbol's comment relating to Providence Hospice's purported failure to submit a balance sheet for the Pierce County hospice program has no merit.

Symbol notes that Providence Hospice did not submit a separate pro forma balance sheet for the Pierce County hospice program. However, we did submit a pro forma balance sheet for Providence Hospice as a whole. This balance sheet includes assumptions and data relating to the Pierce County program. This approach was used by Providence Hospice in its 2020 Pierce County CN application, and was accepted by the Department. The approach was also used by Providence Hospice in its 2019 CN application to establish a new hospice agency in Clark County, and was accepted by the Department in that case as well.

Symbol further claims: "Without the Pierce only balance sheet the CN department cannot determine financial feasibility." This is not true. The determination of a project's financial feasibility under sub-criterion 1 of the financial feasibility criterion requires positive net income in the third full year of operation. Providence Hospice's pro forma financial statement shows that the proposed Pierce County hospice program will have significant positive net income in its third full year of operation. In addition, sub-criterion 3 of the financial feasibility criterion requires a project to be adequately financed. In this case, there are no capital expenditures so there are no issues relating to the financing of capital expenditures. With respect to the payment of start-up costs, the 2017-2020 historical revenue and expense statements provided by Providence Hospice show that Providence Hospice is in excellent financial condition, and thus can finance the start-up costs related to the project. Accordingly, Symbol's comment regarding the balance sheet is not relevant and has no validity.

Symbol's comment relating to the license renewal fee for the Pierce County hospice program is incorrect.

Symbol asserts that "Providence does not show the bi-annual state license renewal fee in the pro forma income statements for the existing agency or Pierce." This is not correct. Ongoing expenses,

including state licensing fees, are paid in the appropriate period. These amounts are included in the "Licensing" line item of the existing agency's pro forma expense statement provided in the CN application. In addition, it is our understanding that no additional licensing fees will be required for the Pierce County program since it is an expansion of services by Providence Hospice into a new county, not the establishment of a new hospice agency. Thus, Symbol's comment has no merit.

Symbol's comment relating to General Inpatient Care and Respite Care expenses is incorrect.
Symbol claims that Providence Hospice does not "show line items for GIP or respite, both of which are specific and significant hospice services that Medicare requires and reimburses for, unlike the costs for catering or answering services which they refer to in explaining why they do not show GIP and respite." Symbol further claims: "These missing financial items will not allow financial feasibility to be determined." These claims are incorrect, since these expenses were, in fact, included.

As we discussed in our response to one of the Department's screening questions, General Inpatient ("GIP") Care and Respite Care costs are included in the "Other Purchased Services" line item in Providence Hospice's historical and pro forma financial statements. "Other Purchased Services" includes utilities and other purchased health care services, such as cardiology and x-ray services, record management, answering services, and internal catering. We did not provide an exhaustive list of all other purchased health care services, but rather provided representative examples in the description of this expense category. Because the expenses represent only a small fraction of services purchased from third parties, Providence Hospice has historically reported these items as part of "Other Purchased Services," and has not broken them out as separate expense line items.

"Other Purchased Services" were projected based on an average rate per patient day from 2018 through 2020 of $27.80 per patient day. Thus, GIP Care and Respite Care are included in the pro forma financial statements based upon the assumption that they represent a constant rate per patient day as experienced historically. This assumption and methodology were used by Providence Hospice in its 2020 Pierce County application, and were accepted by the Department. Accordingly, Symbol's comments are not valid.

Symbol's claim that Providence Hospice has failed to account for Washington State B&O taxes is erroneous, given that Providence Hospice is part of a not-for-profit entity and thus is not required to pay B&O taxes.
Symbol states that Providence Hospice "does not show B&O taxes for the existing agency or Pierce." It claims that "[t]hese are specific and significant Washington State taxes." However, Symbol is apparently unaware of the fact that nonprofit hospice agencies licensed under RCW Chapter 70.127 are statutorily exempt from B&O taxation. The B&O statute provides:

> *This chapter does not apply to amounts derived as compensation for services rendered to patients or from sales of drugs for human use pursuant to a prescription furnished as an integral part of services rendered to patients by a kidney dialysis facility operated as a nonprofit corporation, a nonprofit hospice agency licensed under chapter 70.127 RCW, and nursing homes and homes for unwed mothers operated as religious or charitable organizations, but only if no part of the net earnings received by such an institution inures directly or indirectly, to any person other than the institution entitled to deduction hereunder. [emphasis in original]*

Providence Hospice is a nonprofit hospice agency licensed under RCW Chapter 70.127. Therefore, it is exempt from B&O taxation under RCW 82.04.4289. Thus, Symbol's claim that Providence Hospice omitted an expense line item for B&O taxes is incorrect."

Providence Rebuttal Response to Signature Group, LLC

"Signature's comments regarding Providence Hospice's projected payer mix for the Pierce County hospice program are erroneous.

Signature selects statistics from Providence Hospice's application relating to Medicaid payer mix by patient and payer mix by gross revenue, and then estimates admissions and revenue per patient statistics that misrepresent our pro forma financial statements and that imply a logic that was not intended by our application.

Signature first extrapolates a Medicaid patient count by multiplying the payer mix by patient by the total projected admissions for 2022. It then calculates an implied revenue per patient day using the gross revenue from our pro forma financial statements and the previously-mentioned extrapolated patient count. It then compares the resulting Medicaid rate per patient day to Signature's own rate, implying that Providence Hospice is using a rate that is almost six times higher than Signature's rate. However, Signature's argument is not accurate, and does not align with the methodology we actually used to produce our pro forma financial statements.

Most importantly, however, the key point to recognize is that Medicaid rates are set by the Washington State Health Care Authority based upon Medicare rates set by CMS. Accordingly, for this reason and for the reasons stated above, Signature's comment is not accurate, and has no merit.

Signature's comment regarding the projected annual net operating income for Providence's Hospice's Pierce Hospice program reflect a misunderstanding of the financial information provided in the application.

Signature questions how Providence Hospice projects a 2022 net operating margin of 23% in the Pierce County hospice program pro forma financial statements which is higher than the 14% margin projected for Providence Hospice's existing King County agency. As discussed below, the difference in margins is related to higher salaries, wages, and benefits relative to net operating revenues for the existing agency.

As stated in the Providence Hospice application, for the Pierce County hospice program we utilized a staffing assumption of a 12.5 average daily census ("ADC") per RN/LPN FTE, which is an internal productivity benchmark. This assumption differs from the current RN/LPN staffing ratio used in the King County hospice agency. This results in higher salary and wage costs in King County. Our internal productivity benchmark for staffing in Pierce anticipates greater efficiency, which accounts for the difference. Therefore, Signature's comment is irrelevant."

Department Evaluation

Other than this Pierce County project, Providence did not submit any other hospice applications during the 2020 hospice review cycles. This application proposes to expand Providence's existing King County Medicare and Medicaid hospice services into Pierce County. As a result, many of the statements provided in this application combine King and Pierce County operations.

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Providence based its projected utilization of the Pierce County operations on the results of the need methodology for Pierce County and historical experience of the existing King County agency.

Two entities provided comments that focus on the utilization assumptions. Continuum stated that Providence did not include general inpatient care (GIP) & respite care in its assumptions, and Envision asserted that the average length of stay (ALOS) used by Providence to determine its total number of Pierce County patients and visits is unsubstantiated.

Providence's rebuttal responses provide clear and concise responses to the comments above. First, Providence states that GIP & respite care is included in the assumptions and provided the process it used to determine them.

Second, regarding the ALOS used in the projections, Providence clarified that the 67.75 is based on the actual 2020 ALOS for its King County agency. The ALOS of 62.66 used in the year 2020 numeric methodology is a statewide average for the year and is generally used by applicants proposing to establish a new agency. If an applicant has access to actual data on which to base its assumptions, the department has also considered this approach reasonable.

The department concludes that, Providence adequately supported their volume assumptions and historical data used to project them.

Pro Forma Financial Statements

The applicant provided pro forma financial statements, including the Revenue and Expense Statements and Balance Sheets to allow the department to evaluate the financial viability of the both the Pierce County hospice services and the King County agency with Pierce County services.

Two entities provided comments that focus on the financial statements provided in the application. The Pennant Group's comments focus on two expense items and the balance sheet provided by Providence. Signature Group's comments focus on the payer mix used by Providence and the annual net operating income shown in the projected statements. The comments, along with Providence's rebuttal statements, are evaluated by topic below.

Payer Mix

Signature provided comments regarding the projected Medicaid percentage of 11.4% of gross revenue and 2.9% of the total payer mix, and calculated a Medicaid rate per patient day for Providence of $1,157.23. Signature then compared its own Medicare rate per patient day of $199.26 to Providence's $1,157.23 and requested clarification on how the figure was obtained. In its rebuttal responses, Providence simply states: "*Signature's argument is not accurate, and does not align with the methodology we actually used to produce our pro forma financial statements. Most importantly, however, the key point to recognize is that Medicaid rates are set by the Washington State Health Care Authority based upon Medicare rates set by CMS. Accordingly, for this reason and for the reasons stated above, Signature's comment is not accurate, and has no merit.*"

While Providence is correct that CMS sets the Medicare rates, its rebuttal response does not explain how its own rate was calculated in this application. Rather, the clarification provided in the screening response explains how revenues are calculated and is restated below.
"Providence Hospice prepared its pro forma financial statements based upon our experience providing hospice services in Washington. We perform our standard financial planning and analysis on a payor basis, rather than building revenue models using levels-of-care rates and percentages. Our volume-based approach drives the pro forma utilizing a rate per patient day that assumes a consistent ratio between the levels of care. While we recognize there are multiple valid approaches to forecasting revenue, we believe a volume-based approach by payor for an agency with significant historical experience like Providence Hospice is superior to using levels-of-care rates and percentages. It is well recognized that hospice patients may require different intensities of service during the course of their care. While a patient may be admitted at a particular level of care, changes in their condition may necessitate a change in their level of care. Consequently, a volume-based approach that holds constant the current distribution of reimbursement types more accurately captures service intensity."

Annual Net Operating Income
Signature expressed concerns regarding the proposed 23% annual net operating income projected by Providence and requested clarification how it was calculated because it is higher than the historical 14% at Providence's current hospice agencies. In rebuttal, Providence explained the difference is related to higher salaries, wages, and benefits relative to net operating revenues for the existing agency when compared to the proposed Pierce County services. The explanation addresses the concerns raised on the topic.

Expense Line Items-State License Renewal and B & O Tax
Providence's understanding that no additional fee will be required for the expansion of an existing agency is correct. Instead, in-home services licensing and renewal fees are based on an agency's number of FTEs. As the number of FTEs increases for the King County agency's license, the renewal fee will also increase. Providence also clarified where the state license renewal fee is included in the pro forma Revenue and Expense Statement.

Providence's explanation for omitting B & O tax as a non-profit entity addresses the concerns raised.

Balance Sheet
The comments under this topic focus on Providence's omission of a Pierce County-only balance sheet. Providence proposes its existing King County agency would expand hospice services into Pierce County. Under this structure, the department must evaluate the agency as a whole. While Providence appropriately provided its Pierce County-only utilization, staffing, revenues, and expenses, Providence also appropriately provided its King County agency, with Pierce County operations, projections for review. Providence did not provide a separate pro forma balance sheet for Pierce County operations because the services will be provided through the King County agency. Instead, Providence provided a combined King County agency with Pierce County operations projected balance sheet. The pro forma financial statements provided for the Providence application are appropriate for the way Pierce County services will be provided within the existing King County agency.

Providence's projected revenue and expenses statements, summarized in Table 28 above for Pierce County-only operations, show profitability in all three projection years. Providence provided a statement showing its projected King County operations without the addition of Pierce County and a combined King and Pierce County statement. The combined statement summarized in Table 29 above also shows profitability in all three projection years.

The pro forma balance sheet provided for Providence's combined King and Pierce County operations shows financial stability in all three projection years. The balance sheet demonstrates that the King County agency is financially healthy company that is able to support the expansion of hospice services.

None of the concerns raised in public comment regarding utilization, revenues, expenses, and projected statements provided raise to the level of denial of this project. All costs in the pro forma Revenue and Expense Statement can be substantiated by assumptions provided in the application.

Based on the information reviewed in the application, the department concludes the immediate and long-range operating costs of this project can be met. **This sub-criterion is met**.

AccentCare, Inc./Seasons

This applicant proposes a new agency in Pierce County. If approved, it will be operated as one of its many agencies throughout the nation. To support its utilization assumptions, AccentCare, Inc./Seasons provided extensive data showing the rates by diagnosis for patients using hospice services from the World Health Organization, as well as national data from the National Hospice and Palliative Care Organization. With that information, the projected need in the planning area, and considering the existing providers in Pierce County, AccentCare, Inc./Seasons provided a 10-step methodology to determine its projected patient days, market share, and average daily census for its new Pierce County hospice agency. The results of this applicant's calculations are shown in the table below: [source: Application, pp41-47]

Applicant's Table 16

	2022	2023	2024	2025
ALOS	**40**	**55**	**62.66**	**62.66**
Seasons' Patient Days	**2,345**	**6,007**	**13,184**	**18,786**
Seasons' Share of Unmet Days	9.6%	17.6%	30.0%	35.0%
Seasons' ADC	**13**	**16**	**36**	**51**
Seasons' Share of Unmet Census	19.1%	17.6%	30.0%	35.0%

AccentCare, Inc./Seasons provided the following explanation for its average length of stay (ALOS) shown in the table above. [source: March 30, 2021, screening response, pp7-8]

"Seasons Pierce looks to the experience of other start up programs to gauge the initial, ramp-up period when becoming established. The project establishes a new hospice agency that must become licensed and certified before initiating service. While the project expects to achieve at least the Washington state average by its second year, lower lengths of stay are the norm during the start-up period and first year.

The projection forecast appearing on pages 41 – 47 of the application refers to Exhibit 13 that includes a spreadsheet titled, Seasons Proxies. That spreadsheet shows Seasons' recent start-up experience, identifying the program location, start date, admissions, patient days, average length of stay (ALOS) and average daily census (ADC) for the first 3 years. The averages and medians for each criterion is also provided. The forecast model conforms to the results. The projections assume an ALOS of 40 during the initial 6-month period and 55 for the first calendar year (months 7 – 18) before reaching the statewide average of 62.66 for subsequent years. For comparison, the average start-up achieved an ALOS of 53 and median ALOS of 51 in the first year (months 1-12), rising to an ALOS of 67 and median ALOS of 72 in the second year. The third year ALOS is 75, with a median ALOS of 83.

Attachment 1 of this screening response adds detail to the initial Seasons Proxies Exhibit from the application to include the averages for the first six months of operation that were reviewed in developing the forecast. The six-month ALOS of 39 is similar to the 40 days used in the model, while the second and third years exceed the model estimate of 62.66 days. This model keeps estimates conservative even though experience indicates that greater utilization and longer lengths of stay are possible. This assures the state that projections are not only reasonable, but achievable, leaving no doubt about the applicant's ability to achieve projected results."

AccentCare, Inc./Seasons' projected utilization is summarized in the department's Table 31 below. [source: Application, pdf41]

Department's Table 31
AccentCare, Inc. Pierce County Projected Utilization

	Partial Year 2022	Full Year 1 2023	Full Year 2 2024	Full Year 3 2025
Admissions	59	109	210	300
Number of Visits	1,759	3,277	6,312	8,994
Total Patient Days	2,345	6,007	13,184	18,786
Number of Visits Per Patient*	30	30	30	30
Average Length of Stay	39.75	55.11	62.78	62.62
Average Daily Census (rounded)	13	16	36	51

* Numbers may not add due to rounding

The assumptions used by Seasons Hospice to project revenue, expenses, and net income for the hospice agency for projection years 2022 through 2024 are below. For the sake of brevity, some full table details from the application are not included. [source: Application, Exhibit 15]

*"**Patient Care Revenues:***
Revenues are forecast on the basis of the Applicant's historical experience in other services area. Charges are set to be generally consistent with expected Medicare reimbursement by level of service.

In order to reflect patient care services rendered, charges assessed to charity care patients and to bad debts are initially recorded as private pay revenue. The allowances for charity care and bad debts are deducted from the gross revenues projected for the private pay payor group.

All payor groups are projected to access the four categories of patient care routine, continuous care, respite, and GIP in the same distribution.

Non-Operating Revenues:
Non-Operating revenues are billings for physician services outside of the Medicare hospice benefit. The amount shown is based on the experience of the Seasons-Affiliated program Seasons Hospice and Palliative Care of Oregon.

Net Patient Service Revenues:
Net Patient service revenues by payor are computed as follow:

- *Medicare: Medicare Net patient service revenues are forecast on the basis of the October 2021 Medicare rates applicable to the Applicant's proposed service area. For purposes of computing the blended routine care rate, it is assumed that 52 percent of the routine patient days delivered at the proposed hospice will be reimbursed at the rate applicable to days 1 – 60. The balance of the projected patient days will be reimbursed at the rate applicable to days 61 and beyond. This mix of routine days is based on the experience of SHCM with start-up programs.*
- *Medicare Managed Care: It is assumed that managed care providers will negotiate and average discount of 5 percent below the published Medicare rates.*
- *Medicaid: It is assumed that net reimbursement for Medicaid patients will be approximately 10 percent lower than published rates for Medicare patients.*
- *Other Payors: Net reimbursement for other payors is projected on the basis of percentages of charges.*

Applicant's Table of Other Payor Breakdown

Payor	***% of Charges Collected***
Healthy Options	*80%*
*Private Pay**	*12%*
Third Party Insurance	*95%*
*Other***	*75%*

** A portion of the write-off from Private Pay Charges is attributable to Charity Care.*
*** Other payors include relatively small payors such as VA, Worker's Comp and Tri-Care.*

Expenses
Advertising: *Advertising costs are bases on the 2019 experience of Seasons Hospice and Palliative Care of Oregon, which was $21,728. No inflation adjustment has been made to this amount. Advertising costs are treated as fixed and do not respond to changes in clinical volume. An advertising budget of $2,000 is also included in the pre-opening expenditures of the Applicant.*

Depreciation and Amortization: *Depreciation and Amortization is computed on the basis of the capital assets to be acquired in connection with this project. Depreciation is forecast on a straight-line basis with useful lives provided by the Northwestern University Kellogg Business School.* [table omitted]

Dues and Subscriptions: *The Applicant has projected the cost of dues and subscriptions based on its experience with other start-up programs. It is assumed that this line item is not sensitive to increases in clinical volume. No inflation adjustment is made to this amount.*

Education and Training: *The budget for this line item is based upon the 2019 expenses at of Seasons Hospice and Palliative Care of Oregon for Conferences and Training, which was $941, its expenses for Employee Relations which was $6,390, and its Recruitment Costs of $3,883. Conferences and Training Costs are treated as fixed costs and do not respond to changes in clinical volume. Employee Relations Costs are treated as variable.*

Based on the 24,814 patient days delivered at Seasons Hospice and Palliative Care of Oregon in 2019, the $6,390 expense for Employee Relations coverts to a per diem cost of approximately $0.26 per diem. ($6,390 / 24,814 = $0.0.26) [table omitted]

No inflation adjustment has been made to this amount. This budget does not reflect salary costs of professional clinical mangers who will be employed by the Applicant in connection with this project. Those costs are captioned under Salaries and Wages, Payroll Taxes and Employee benefits.

Employee Benefits: *Employee benefits are projected to equal 15 percent of salaries and wages. This percentage does not include provision for Employer FICA contributions, which are forecast under the caption of Payroll Taxes.*

Information Technology Computers: *The budget for this line item reflects the acquisition of the costs of purchasing computer hardware, cell phones, computer monitors, desk phones and applicable charges for internet connections and telecom charges. Such charges will be incurred as staffing levels require. For this reason, the largest expense is in year one. Internet and telecom charges are fixed, others are incremental.* [table omitted]

Insurance: *The insurance expense of $12,500 is based on the experience of other Seasons-affiliated organizations. This expense is not forecast to be sensitive to increases in clinical volume.*

Interest: *There is no long or short-term debt forecast in connection with this projector its operations.*

Legal and Professional: *Legal and Professional fees are based upon the $13,474 in printing costs and $5,241 in Outside services expensed at of Seasons Hospice and Palliative Care of Oregon in 2019. The outside services are treated as 100 percent fixed. 80 percent of the printing expense of $13,474 is treated as fixed – or $10,779. The balance of $2,695 is considered to be variable and computes to a per diem amount of $0.011 per diem ($2,695 / 24,824 = $0.011).* [table omitted]

Licenses and Fees: *Licenses and Fees include a $5,000 annual provision for state and local licenses. In addition to this amount, the following computer software and licensing fees are projected in connection with the office computer equipment to be acquired in connection with the project.* [table omitted] *These costs added to the $5,000 annual license allowance referenced above result in the projections that appear in the pro forma income and expense statement.*

Medical Supplies: *Medical Supplies are forecast on the basis of the experience of Seasons Hospice and Palliative Care of Oregon in 2019. These expenses include Clinical Supplies of $44,962, DME Expense of $138,722, Pharmacy Costs of $179,385, and Open Access of $6,866. These amounts sum to $369,935. Application of the 24,814 patient days delivered at of Seasons Hospice and Palliative Care of Oregon in 2019 results in a per diem expense of $14.91.* [table omitted]

Payroll Taxes: *Payroll Taxes are projected to equal 6.5 percent of Salaries and Wages.*

Postage: *Postage is based on an estimated per-diem expense of $0.10 per patient day of care.*

Purchased Services: *Purchased services consist of the fees paid to hospitals and nursing homes that provide inpatient services on a subcontracted basis to the Applicant's projected hospice inpatients. It is assumed that these facilities will be paid an amount to 85 percent of the GIP charges. The computations used to project the costs of purchased services appear in the table below.*

Applicant's Table

Projection of Purchased Services Expense		Initial 6 Months	Year 1	Year 2	Year 3
GIP Days		35	90	198	282
Projected GIP Per Diem Charge		$ 1,200	$ 1,200	$ 1,200	$ 1,200
Projected GIP Per Diem Contract Payment	85%	$ 1,020	$ 1,020	$ 1,020	$ 1,020
Total Purchased Services		$ 35,879	$ 91,907	$ 201,715	$ 287,426

Rental \ Lease: *The amount shown under rental and lease expense represents the costs of leasing the office space from which the proposed hospice will conduct its operations. The lease amounts are documented in the Appendices to this application. The lease terms state that the monthly rental expense is inclusive of utilities, property taxes, and other costs of operating the leased space. A small additional provision is added for the cost of utilities in common areas of the rental property. The total rental and other costs as defined in the lease agreement are illustrated in the table below.*

Applicant's Table Showing Lease Costs

			12-Month Periods Ended Dec 31,		
	Pre-Opening	Six Months Ended Dec 31, 2022	2023	2024	2025
Rental Expense	$ 57,842	$ 20,844	$ 42,833	$ 44,118	$ 45,442
Utilities, Taxes and Other	$ -	$ 327	$ 1,310	$ 1,965	$ 2,620
Total	$ 57,842	$ 21,171	$ 44,143	$ 46,083	$ 48,062

Repairs and Maintenance: *The Applicant estimates that repairs and maintenance will be relatively minor expenditures in its early years of operations, but has included a budget of $3,500 per year to cover unexpected costs of this type.*

Salaries and Wages: *Staffing levels are detailed in Tables 25 and 26 of the application, with detail for salaries and wages appearing in Workpapers 9 and 10 of the pro forma. Staffing levels are based*

on the projected daily census of the proposed hospice and Seasons staffing model. Salary expense for the pre-opening period includes provisions for pre-opening hiring of staff to permit orientation and training before clinical operations commence.

Supplies: *The Supply line item refers to general office supplies. This line item is assumed to be variable with respect to clinical volume. A provision of $1.00 per diem is forecast for this line item.*

Telephones\Pagers: *The expenses included in this line item include the Information Systems and Call Center expenses at of Seasons Hospice and Palliative Care of Oregon in 2019. These expenses totaled $91,751 and are assumed to be fixed with respect to the clinical volume changes forecast in this application.*

Service Fees: *Service Fees consist of the management fee paid by the Applicant to Seasons. This fee is fixed at $60,000 per year.*

Washington State B&O Taxes: *This tax is computed as 1.5 percent of Revenues.*

Travel, Patient Care, and Other: *The expenses included in this line item include the following line items form the 2019 Income and expenses statement of Seasons Hospice and Palliative Care of Oregon.*

- *Other Direct Expense: $204,581*
- *Travel: $2,323*
- *Other Operating Expenses: $9,932*
- *Total: $216,836*

These costs include not only travel, but other operating costs. For budgeting purposes, the following assumptions were made concerning the sensitivity of these expenses to clinical volume.

Line Item	Amount	Percent Fixed	Percent Variable	Amount Fixed	Amount Variable
Other Direct Expenses	$ 204,581	0 %	100 %	$ 0	$ 204,581
Travel	$ 2,323	70 %	30 %	$ 1,626	$ 697
Other Operating Expenses	$ 9,932	100%	0 %	$ 9,932	$ 0
Total	$ 216,836			$ 11,558	$ 205,278
Seasons Oregon Patient Days 2019					24,814
Variable Per Diem Expense Travel and Other					$ 8.27

The detail of the forecast of this line item is presented below:

Projection of Travel, Patient Care and Other Expense		Initial 6 Months	Year 1	Year 2	Year 3
Fixed Costs					
Travel		$ 820	$ 1,626	$ 1,626	$ 1,626
Other Operating Costs		$ 5,007	$ 9,932	$ 9,932	$ 9,932
Variable Costs					
Patient Days		2,345	6,007	13,184	18,786
Variable Per Diem Costs		$ 8.27	$ 8.27	$ 8.27	$ 8.27
Variable Travel and Other Cost Projection		$ 19,399	$ 49,694	$ 109,067	$ 155,410
Total Education and Training Expense		$ 25,226	$ 61,252	$ 120,625	$ 166,968

Contributions to Foundation: *These amounts reflect the commitment of the Applicant to provide funding for identified special programs as discussed in the application.*

In addition to the detailed assumptions provided by the applicant above, AccentCare, Inc./Seasons provided the following clarifications in response to screening questions. [source: March 30, 2021, screening response, p10, 11, 12, 13 and 14]

Continuous Care Rate

"The Applicant has assumed that all Continuous Care patients will receive a full 24 hours of care each day. The charge and reimbursement levels are consistent with this assumption. The appropriateness of this assumption is validated by the fact that the rates for Pierce County closely, if not exactly, conform to this model. Continuous Care patients represent only 0.2 percent of projected patient days and the effect of this assumption is not material to the projected results of operations in any of the forecast years."

Routine Days

"The reason that the percentage of patients billed at the lower longer-stay rate appears high relative to the projected ALOS for all patients has to do with the distorting impact that very long length of stay patients can have on reimbursement. The attached chart illustrates this effect in a simplified manner."

Example for Illustration

		Patient Days Billed at		
	Patient Days	60 And Under	Over 60	Total
Patient 1	50	50	0	50
Patient 2	20	20	0	20
Patient 3	15	15	0	15
Patient 4	5	5	0	5
Patient 5	100	60	40	100
Total	190	150	40	190
ALOS	38.0			
Percentage		79%	21%	100%

"The ALOS in this example is only 38 days, which might suggest that none of the patients would be billed that the rate for days 61 and over. In fact, over 20 percent of the patient days are billed at this

rate. Seasons has based its projections on its experience with start-up hospices in other service areas and believes that the split it has projected is a reasonable one."

Lease Expenses

"The project address identified on pages 9 and 63 of the application is 4301 South Pine Street, Tacoma, Washington and will not change. The term "pre-occupancy relocation" refers to suites within the building that will be available at the time of commencement, ensuring total rental area measured in square feet will remain approximately the same, should the suite numbers included in the assigned Suite 85 change. The "pre-occupancy relocation" clause states "In the event of any relocation according to this Section, the Premises will continue to be commonly known as Suite 85." Therefore, the project address does not change.

The provision further states that "if the relocation space is larger than 2,182 rentable square feet, the Monthly Base Rent will be unaffected." The Table below presents the computations performed to estimate the rental expenses."

Computation of Weighted Rental Expense	$ 18.00	$ 18.54	$ 19.10	$ 19.10	$ 19.67	$ 20.26	$ 20.87
		2021	Jan - Jun 2022	Jul - Dec 2022	2023	2024	2025
	Jan		$ 3,373		$ 3,474	$ 3,578	$ 3,685
	Feb	$ 3,373	$ 3,474		$ 3,578	$ 3,685	$ 3,796
	Mar	$ 3,373	$ 3,474		$ 3,578	$ 3,685	$ 3,796
	Apr	$ 3,373	$ 3,474		$ 3,578	$ 3,685	$ 3,796
	May	$ 3,373	$ 3,474		$ 3,578	$ 3,685	$ 3,796
	Jun	$ 3,373	$ 3,474		$ 3,578	$ 3,685	$ 3,796
	Jul	$ 3,373		$ 3,474	$ 3,578	$ 3,685	$ 3,796
	Aug	$ 3,373		$ 3,474	$ 3,578	$ 3,685	$ 3,796
	Sep	$ 3,373		$ 3,474	$ 3,578	$ 3,685	$ 3,796
	Oct	$ 3,373		$ 3,474	$ 3,578	$ 3,685	$ 3,796
	Nov	$ 3,373		$ 3,474	$ 3,578	$ 3,685	$ 3,796
	Dec	$ 3,373		$ 3,474	$ 3,578	$ 3,685	$ 3,796
Total Rent Expense before Add-Ons		37,100	20,742	20,844	42,833	44,118	45,442
Rent Per Square Foot Before Add-Ons		$ 18.54	$ 19.00	$ 19.10	$ 19.62	$ 20.21	$ 20.82

The rental amounts per square foot in the final line (above) represent the weighted average rental rates for the time periods in each projection element.

The table below provides the computations used to develop the final lease expenses once the addons are included. The total shown comport with the numbers in the financial projections.

	2020	2021	Jan-Jun 2022	Jul-Dec 2022	2023	2024	2025
Rental Rate Base Per Square Foot	$ -	$ 18.54	$ 19.00	$ 19.10	$ 19.62	$ 20.21	$ 20.82
Add-On for Utilities	$ -	$ -	$ -	$ 0.3	$ 0.6	$ 0.9	$ 1.2
Add-On for Property Taxes		$ -	$ -	$ -	$ -	$ -	$ -
Total Rent Per Square Foot	$ -	$ 18.54	$ 19.00	$ 19.40	$ 20.22	$ 21.11	$ 22.02
Square Feet		2,183	2,183	2,183	2,183	2,183	2,183
Months		11	6	6	12	12	12
Rent Expense		$ 37,100	$ 20,742	$ 21,171	$ 44,143	$ 46,083	$ 48,062
Rent		$ 37,100	$ 20,742	$ 20,844	$ 42,833	$ 44,118	$ 45,442
Utilities		-	$ -	$ 327	1,310	1,965	2,620
Property Taxes		-	$ -	$ -	-	-	-
Total	$ -	$ 37,100	$ 20,742	$ 21,171	$ 44,143	$ 46,083	$ 48,062

"Based on these computations, the Applicant does not believe that there are errors in the financial projections."

Medical Director Hours and Reimbursement

"The proposed Medical Director contract for Seasons Pierce provides for the minimum required time for this position, estimated at one hour per week, and to perform the minimum necessary medical administrative services.

The proposed Medical Director serves a medical administrative role as specified in Exhibit A of the Medical Director Agreement (found in Exhibit 16 of the application.) Responsibilities include participating in monthly leadership and quality meetings, providing quality oversight and medical expertise, supervising team physicians, establishing relations with the medical community, assist in developing education and research programs, and performing other administrative duties as necessary.

The applicant believes that 1 hour per week is the minimum commitment required to provide these administrative services. This is consistent with the experience of other Seasons hospice agencies in operation and meets the conditions of participation for Medicare and Medicaid services."

Following is a table summarizing the projected revenues and expenses for AccentCare, Inc./Seasons proposed Pierce County agency. [source: Application, Exhibit 15]

Department's Table 32
AccentCare, Inc/Seasons Pierce County Revenue and Expense Statement for 2022-2024

	Partial Year 2022	Full Year 1 2023	Full Year 2 2024	Full Year 3 2025
Net Revenue	$494,849	$1,267,612	$2,782,120	$3,964,268
Total Expenses	$856,686	$1,755,929	$2,596,591	$3,158,339
Net Profit / (Loss)	($361,837)	($488,317)	$185,529	$805,929

For the summary above, 'Net Revenue' is gross revenue minus deductions for contractual allowances, bad debt, and charity care. Total expenses include all expenses associated with the operations of new Pierce County agency.

A four-year summary of the projected balance sheets for AccentCare, Inc./Seasons' proposed Pierce County agency is shown in the table on the following page. [source: Application, Exhibit 15]

Department's Table 33
AccentCare, Inc/Seasons Pierce County Balance Sheet for Years 2022 through 2025

ASSETS	Partial Year 2022	Full Year 1 2023	Full Year 2 2024	Full Year 3 2025
Current Assets	$3,101,692	$980,655	$1,232,893	$2,084,909
Property and Equipment	$183,360	$91,680	$91,680	$91,680
Other Assets*	$11,345	($7,547)	($18,106)	($28,665)
Total Assets	$3,296,397	$1,064,788	$1,306,467	$2,147,924

LIABILITIES	Partial Year 2022	Full Year 1 2023	Full Year 2 2024	Full Year 3 2025
Current Liabilities	$70,368	$121,007	$177,157	$212,685
Long-Term Debt	$0	$0	$0	$0
Equity	$3,226,029	$943,780	$1,129,309	$1,935,240
Total Liabilities, Long-Term Debt, and Equity	$3,296,397	$1,064,787	$1,306,466	$2,147,925

*less accumulated depreciation

The applicant also provided pro forma financial statements for AccentCare, Inc. that include all four hospice applications submitted by AccentCare during this 2020 concurrent review cycle.[35] The combined information is summarized in the tables below. [source: Application, Exhibit 15]

Department's Tables 34
AccentCare, Inc./Seasons with King, Pierce, Snohomish, and Thurston Counties
Revenue and Expense Statement for Years 2020 through 2025

	Full Year 2020	Full Year 2021	Full Year 2022
Net Revenue	1,402,902,348	1,604,759,298	1,743,162,779
Minus Total Expenses	1,223,355,302	1,607,581,905	1,705,233,472
Net Profit / (Loss)	**$179,547,046**	**($2,822,608)**	**$37,929,307**
Plus 4 Washington Hospice Projects	$0	$0	($1,784,051)
Net Profit / (Loss)	**$179,547,046**	**($2,822,608)**	**$36,145,256**

	Full Year 2023	Full Year 2024	Full Year 2025
Net Revenue	$1,883,861,298	$2,034,946,142	$2,192,512,166
Minus Total Expenses	$1,821,088,689	$1,946,981,066	$2,080,192,276
Net Profit / (Loss)	**$62,772,609**	**$87,965,076**	$112,319,890
Plus 4 Washington Hospice Projects	($2,194,960)	$633,591	$2,800,956
Net Profit / (Loss)	**$60,577,659**	**88,598,667**	**$115,120,846**

[35] During this 2020 hospice review cycle, AccentCare, Inc/Seasons submitted applications for King, Pierce, Snohomish, and Thurston counties.

For the combined summary above, "Net Revenue" is gross revenue minus deductions for contractual allowances, bad debt, and charity care. "Total Expenses" includes all expenses associated with the operations of the parent, AccentCare, Inc./Seasons.

AccentCare, Inc./Seasons also provided projected balance sheets that includes all four hospice applications submitted by AccentCare during this 2020 concurrent review cycle. The combined information is summarized in Table 35 below. [source: Application, Exhibit 15]

Department's Table 35
AccentCare, Inc./Seasons
Combined Balance Sheet Years 2022 through 2025

ASSETS	**Full Year Year 2022**	**Full Year 1 Year 2023**	**Full Year 2 Year 2024**	**Full Year 3 Year 2025**
Current Assets	$342,109,692	$354,925,148	$378,262,141	$404,249,542
Property and Equipment	$45,913,892	$45,913,892	$45,138,92	$45,913,892
Other Assets	$1,820,776,880	$1,763,366,803	$1,292,731,717	$1,648,546,648
Total Assets	**$2,208,800,464**	**$2,164,205,843**	**$2,130,132,750**	**$2,098,710,082**

LIABILITIES	**Full Year Year 2022**	**Full Year 1 Year 2023**	**Full Year 2 Year 2024**	**Full Year 3 Year 2025**
Current Liabilities	$192,407,898	$199,621,553	$214,968,183	$231,355,312
Long-Term Debt	$1,137,635,383	$1,023,054,499	$885,669,709	$725,540,014
Equity	$878,757,183	$941,529,791	$1,029,494,867	$1,141,814,756
Total Liabilities, Long-Term Debt, and Equity	**$2,208,800,464**	**$2,164,205,843**	**$2,130,132,759**	**$2,098,710,082**

Public Comment

The Pennant Group/Symbol-Oppose
"It appears that Seasons does not agree with the CN departments need methodology. Seasons states that patients have lower lengths of stay than the 62.66 that the DOH has identified. It is not feasible to predict that the average length of stay will be shorter during a startup in Pierce County. It is impossible to know how long a patient will live or when they will discharge once they are admitted to a hospice agency. It is also not possible to assume the average length of stay will increase over time in Pierce County. Changing the average length of stay number also changes the numeric need in the County. In addition, lower lengths of stay affect overall operations of a hospice agency. Lower lengths of stay over a given period results in more patient turnover, more starts of care, more business development efforts, and so on, increasing the stresses on staff in all areas of the operation. This leads to the question, why did Seasons choose not to use the DOH's length of stay of 62.66, a number the CN department has provided through their proven and reliable method? As stated earlier in our response to Providence, we are struggling to understand why these applicants are so fixed on using their unverified ALOS numbers, when we all have the trusted and verified ALOS provided by the CN Department.

Seasons responded in their screening that the Medical Director would be held accountable to work a minimum of 1 hour a week. However, in the Medical Director contract it states that the Medical

Director will work no less than 8 hours a week. Based on the contract, the pro forma is inaccurate. Furthermore, the Medical Director hours or .25FTE are static across all three years. How will the Medical Director manage an increasing census with a very limited number of hours? The Medical Director is also responsible to cover on-call services for the agency. It is unrealistic that the Medical Director can provide all these responsibilities only working 1 hour per week. How can the Department determine financial feasibility when one of the biggest costs to a hospice agency (Medical Director reimbursement) is so disproportionally stated?

After stating that "Hospice services are overwhelmingly accessed by elderly patients who are Medicare beneficiaries," Seasons states that "The Applicant has projected that Medicare recipients will, in most cases, adopt a Medicare supplement program." When patients qualify for the Medicare hospice benefit, the agency is reimbursed by Medicare Part A, and it overrides any supplemental contract for all hospice services. This would not result in a lower reimbursement as Seasons suggests. Based on this, how can the CN department determine financial feasibility since Seasons stated that a large portion of their revenues/reimbursement would be coming from a Medicare supplemental program?
Footnote #1 above states: *"When a Medicare beneficiary enters hospice, the hospice benefits are provided via Original Medicare, even if the beneficiary had previously been enrolled in Medicare Advantage. - https://www.medicareresources.org/faqs/does-medicare-cover-hospice-care/"*

In addition to the points made above, the payer mix that Seasons used is not possible as their Medicare and Medicare Advantage percentages are incorrect. This is further reason financial feasibility cannot be determined.

The following are additional flaws we found in the financials and assumptions of Seasons:

- *They state that Medicaid reimbursement is 10% lower than Medicare. However, Medicaid reimburses a few cents more than Medicare.*
- *The FTE's for Medical Director, Physician-Team Support, Physical Therapist, Occupational Therapist, and Speech Therapist are static from 2022 through 2024, yet the ADC is projected to grow from 13 in 2022 to 51 in 2024. At a minimum, the Physician will need to work more for an ADC of 51 versus an ADC of 13. The same applies for other FTE's, such as the Social Worker and Chaplain. Financial feasibility cannot be determined with these static and highly inaccurate numbers.*
- *Many line item costs for the first 6 months of 2022 operations leading up to Medicare certification are missing. Where is DME, Pharmacy, Medical Supplies, IT, Education and Training, etcetera? Financial feasibility cannot be determined without these costs.*
- *Initial state license and bi-annual renewal fees are not shown. Financial feasibility cannot be determined without these costs.*
- *There are no line items for specific revenue and expenses in the combined pro forma. How can the CN Department determine financial feasibility without seeing these line items?"*

<u>Continuum Care-Pierce County-Oppose</u>
"At page 496 of its application, Seasons notes that its Medical Director is assumed to work only one hour per week. When questioned about this in screening, Seasons stated:

*The proposed medical Director contract for Seasons Pierce provides for the **minimum (emphasis added)** required time for this position, estimated at one hour per week, and to perform the **minimum** (emphasis added) medical administrative services.*

Seasons Pierce also notes that the responsibilities include:
..participating in monthly leadership and quality meetings, providing quality oversight and medical expertise, supervising team physicians, establishing relationships with the medical community, assist in developing education and research programs and performing other administrative duties, as necessary.

The applicant believes that 1 hour per week is the minimum commitment required to provide these administrative services.

The Medical Director identified for Pierce County is the same medical director that Seasons identified for each of the four applications it submitted in the 2020-2021 concurrent review cycle. In fact, this person is the Chief Medical Officer for Seasons Hospice at the corporate level and is based in Illinois. Continuum questions how the CMO of Seasons Hospice will be able to perform the Medical Director requirements with such a limited time commitment. The costs associated with the Medical Director in the pro forma financials ($7,500) are only for the minimum 1 hour per week. If, as Continuum and Seasons suspect, that additional time is needed for medical directorship, the pro forma financials are not accurate and therefore, financial feasibility cannot be determined."

<u>Envision Hospice of Washington-Oppose</u>
*"Seasons Hospice and Palliative Care of Pierce County, LLC is wholly owned by AccentCare, Inc. While Seasons has many fine points to their certificate of need application their certificate of need application cannot be approved because of the level of Medical Director and physician services proposed in their certificate of need application. In their own words in response to Question 19 (page 14) Seasons indicated .03 FTE represented the "**minimum'** commitment of hours to fulfill the administrative responsibilities outlined in Exhibit A of the Medical Director Agreement provided in Exhibit 16 of the application'. Exhibit A of the Medical Director Agreement outlines two and one half pages of duties. Many of these duties are volume-based such as "Face to Face" encounters with patients or reviewing revocation of eligibility. In the first full year of operation Seasons will provide 6,007 hospice days, which will triple by the third year to 18,786 hospice days. Yet, the Medical Director is expected to carry out all of the listed functions with no increase in professional hours. This is an unrealistic and wholly unreasonable expectation! Medical Director expense could easily double or triple in cost from $7,500 to $22,500. Season indicates that they are satisfied with the results of this approach but it is different from how hospices in Washington State provide physician direction.*

Seasons also contracts with physicians that work with hospice teams as well as providing 7-days per week continuous call coverage. In response to Question 9 (page 9), Seasons describes these physician services as separate and distinct from Medical Director services and refers to Attachment 2 in its application, which includes a specimen "Physician Independent Contractor Agreement". The agreement refers to "Group" which may be an individual hospice physician or some amalgamation of physicians who as a "Group" will receive $50,000 annually to provide a list of services that are expected to take 8 hours per week plus continuous call time. Exhibit A of this agreement identifies

duties of the "Group" covering 3 pages. The same 8 hours per week for providing a number of direct care services is supposed to be sufficient for a patient volume of 6,007 hospice days that triples to 18,786 hospice days for services which in large part are variable based on volume. This is also an unrealistic expectation. "Group" physician services of $50,000 per year should double or triple over the 3-year period.

In reviewing the Seasons application, the Program will be required to determine if the model of care represents a reasonable approach from a program and financial standpoint. Table 1 (Page 9) compares total physician services, Medical Director and General Medical Services support provided in the six hospice applications for Pierce County. As Table 1 shows, there is variance among hospices about what the level of physician services should be. For example, Envision Hospice physician services requires approximately .16 hours per hospice day while Providence of Seattle Hospice requires .045 hours per hospice day for Pierce County. The Seasons application continuously declines to .025 hours per hospice day for Pierce County and as noted above is insufficient to provide even minimum Medical Direction (listed at .03 FTE) or 24-hour continuous physician support of the hospice patient and hospice team since the hours per hospice day declines precipitously from year to year.

Envision does not believe that the Program can approve a project with Medical Director services at .03 FTE that is charitably considered the minimal support level -- and then see volume triple over the three-year period with no adjustment in Medical Director hours."

Providence Hospice of Seattle-Oppose

"There are issues with respect to whether Seasons' application satisfies the financial feasibility criterion set forth in WAC 246-310-220(1).

In order for Seasons' application to be approved, it must satisfy the financial feasibility criterion set forth in WAC 246-310-220(1): "The immediate and long-range capital and operating costs of the project can be met." As discussed below, there are issues and unanswered questions with respect to whether the application satisfies the criterion.

Seasons forecasts Net Income equal to negative $488,316 in 2023, positive $185,529 in 2024, and positive $805,930 in 2025. In addition, Seasons forecasts $206,067 in pre-operating operation). Seasons thus forecasts significant operating losses before an increase in operating margin of $673,845 between 2023 and 2024, and another increase of $620,401 between 2024 and 2025. A shift in operating margin over the initial years of operation is normal. However, Seasons projects a very optimistic turnaround driven by increased utilization without corresponding increases in staffing.

Between 2023 and 2025, Seasons projects that expenses per patient day will decline from $292 per patient day to $168 per patient day. Over two-thirds of this decline is driven by decreases in staffing costs per patient day. Over the period from 2023 to 2025, Seasons projects patient days to triple, and while it increases its projected RN FTEs correspondingly, it only doubles the number of hospice aides, and projects no other increases to its clinical staff. This raises questions regarding either the reliability of the Seasons financial projections or the basis for its staffing projections. As another staffing concern, Seasons identifies $146,224 in salaries and wages in the pre-operational period, but does not include any allocation for payroll taxes and benefits in this period. Seasons is thus missing at least $22,000 in pre-operational expenses in its financial statements.

There are significant questions regarding the sufficiency of the services to be provided by Seasons' medical director given that (1) he will only be providing one hour of services per week and (2) he will apparently be serving as the medical director for all of the Seasons group hospice agencies while being based in Illinois.

As discussed below, there are significant questions regarding the sufficiency of the services to be provided by Seasons' medical director. First, the medical director is only required to provide one hour of services per week to Seasons' proposed Pierce County hospice agency. Second, it appears that the medical director will also be serving as the medical director for all of the Seasons group hospice agencies while being based in Illinois. This raises concerns with respect to both (1) the reliability of Seasons' financial projections under the financial feasibility criterion and (2) the reliability of Seasons' FTE projections under the structure and process of care criterion.

Dr. Balakrishnan Natarajan has been identified as the proposed medical director for Seasons' proposed Pierce County hospice agency. It appears that Dr. Natarajan serves as the medical director for all of the Seasons group hospice agencies in his position as "Chief Medical Officer of Seasons Hospice since 2005." It also appears that he will not be based in Washington, but instead will be based at the Seasons group's headquarters in Rosemont, Illinois: the Illinois physician licensure information provided by Seasons identifies his address as "Seasons Hospice, Rosemont, Il." The Seasons group consists of 31 hospice agencies. Thus, if Seasons' proposed Pierce County agency is approved, Dr. Natarajan will apparently be serving as the medical director for 32 hospice agencies across the country.

Dr. Natarajan will only be providing one hour of medical director services per week to the Pierce County hospice agency. The Medical Director Agreement provided by Seasons states: "Physician shall provide approximately 1 hour of Medical Director Services per week, which may vary from week to week." Seasons confirmed the one hour per week figure in its response to a screening question asked by the Department: "The proposed Medical Director contract for Seasons Pierce provides for the minimum required time for this position, estimated at one hour per week, and to perform the minimum necessary administrative services." One hour per week equals 0.025 FTE per year.

The fact that Dr. Natarajan, first, will apparently be serving as the medical director for 32 hospice agencies, and, second, will only be providing one hour of services per week to Seasons' Pierce County agency raises significant questions regarding the sufficiency of the medical director services that will be provided to the Pierce County agency. As noted above, one hour per week equals only 0.025 FTE per year. Seasons' FTE projection for the medical director position in each of the first three full years of operation is 0.030 FTE per year, suggesting that Seasons rounded up from 0.025 FTE per year. In contrast, the projected FTE for Providence Hospice's "Medical Director/Physicians" FTE line item is 0.4 in 2024 (the third full year of operation).

Of additional concern is the fact that the "Medical Director Services" to be provided by Dr. Natarajan include the following requirement: "Prior to a Patient's third and subsequent recertifications, Physician shall ensure a face-to-face encounter with the Patient to gather clinical information findings that support continued hospice care and also attest that such a visit took place, all in the manner required by Applicable Laws." Given that Dr. Natarajan will only be providing

one hour of services per week and, in addition, will apparently also be serving as the medical director for the other 31 hospice agencies in the Seasons group, there are questions as to his ability to engage in "a face-to-face encounter" with each patient in view of the number of patients, as well as in view of the fact that he is apparently based in Rosemont, Illinois.

Accordingly, there are significant questions regarding the sufficiency of the medical director services to be provided by Dr. Natarajan to Seasons' proposed Pierce county hospice agency. These questions in turn raise concerns with respect to both (1) the reliability of Seasons' financial projections under financial feasibility sub-criterion and (2) the reliability of Seasons' FTE projections under the structure and process of care criteria."

Providence provided several footnotes within its statements above. Footnote #50 states: *"With respect to another staffing issue, Seasons identifies $146,224 in salaries and wages in the pre-operational period (Seasons Application, p. 447), but Seasons does not appear to have included any allocation for payroll taxes and benefits in this period. Thus, it appears that approximately $22,000 in pre-operational expenses may have been omitted."*

Rebuttal Comment

AccentCare, Inc/Seasons provided rebuttal statements focusing on the public comments restated above. The rebuttal statements are restated below by commenter.

AccentCare, Inc/Seasons Rebuttal to The Pennant Group/Symbol

"Seasons Pierce County agrees with the CN Department's need methodology for determining need for additional hospice programs and has therefore applied in response to published need to establish a new hospice in Pierce County. Symbol confuses the state's need methodology with an applicant's forecast model for determining its utilization projections specific to the hospice agency. A change in average length of stay (ALOS) of the state's need methodology would change the need number, but Seasons Pierce County's utilization projections are based on admissions, with Seasons Pierce County assuming a market share of the unmet admissions. (Refer to Table 15 of the application.) Therefore, the number of admissions projected for Seasons Pierce County would not change if a different ALOS was used.

Symbol again confuses the state's need methodology that utilizes a statewide ALOS in its calculation with a conservative forecast methodology for a new hospice agency. First, many factors determine hospice length of stay, including a patient's diagnosis, with some conditions progressing more rapidly than others, and when that person is referred to hospice, which is also influenced by a hospice's ability to establish relationships within the community and educate gate keepers and the general public. For these reasons, length of stay varies from patient to patient and from hospice to hospice. Seasons Pierce County forecasts its utilization based in part on the unmet need, but also on its own operational experience, to provide an accurate, conservative future estimate of service to erase all doubt about achieving the projections.

There are many ways of developing a forecast methodology and many different variables. There is no single methodology that is right for every occasion. For instance, a forecast methodology that projects a static ALOS over a period of time, may in fact have some years with a lower ALOS and other years with a higher ALOS so that an average is achieved across all years. In this instance,

Seasons Pierce County takes a more conservative and precise approach for a new hospice agency based on start-up experience for this particular hospice program and how it operates, with a lower ALOS in the beginning, that levels off at the statewide ALOS by the second full year of operations. In fact, if one were to look at the first two months of a forecast period, it would be mathematically impossible to achieve an average length of stay of 62.66 days, given the program is operating for less than 62 days, which is why a lower ALOS is assumed for the first six months than for the next 12-month period. Therefore, as time goes by, and more patients and discharges occur, the ALOS increases. Seasons provides evidence of this in Exhibit 13 of its CN application, demonstrating its start-up experience. The ALOS for all start-up hospices does indeed increase from 53 in year 1, to 67 in year 2, to 75 in year 3 as shown in the exhibit.

It is true that more frequent patient turnover and starts of care occur at lower lengths of stay, which is the case when a new hospice agency first opens and begins operations. This reflects a ramp up period which is sensitive to the process of obtaining Medicare and Medicaid certification. Seasons Pierce County recognizes this and staffs appropriately, with economies of scale improving over the forecast period. As stated previously, there are many reliable methods of projecting need and of forecasting utilization. Seasons uses sound, verifiable assumptions in its methodology, with evidence and assumptions provided in its application and screening responses. Please also refer to responses of items 1 & 2 above as to why Seasons Pierce County ramps up its ALOS to reflect the start of operations.

The pro forma is accurate. The Medical Director Agreement provided as Exhibit 16 of the application states the "Physician shall provide approximately 1 hour of Medical Director Services per week…" (See excerpt below from page 496 of the application.)

> (b) Compensation After Licensure. In consideration for the Medical Director Services provided by Physician hereunder once Seasons is licensed as a hospice provider, Seasons will pay Physician $7,500.00 annually, paid in biweekly installments. Physician shall provide approximately 1 hour of Medical Director Services per week, which may vary from week to week.

As stated in response to Screening Question 19, "The proposed Medical Director serves a medical administrative role as specified in ***Exhibit A*** *of* ***the Medical Director Agreement*** *(found in* ***Exhibit 16*** *of the application.) Responsibilities include participating in monthly leadership and quality meetings, providing quality oversight and medical expertise, supervising team physicians, establishing relations with the medical community, assist in developing education and research programs, and performing other administrative duties as necessary." Seasons Pierce County affirms that the one hour per week estimate "is consistent with the experience of other Seasons hospice agencies in operation and meets the conditions of participation for Medicare and Medicaid services."*

The role of the Medical Director is different from the role of the "physician support team" as described in response to Screening Question 7. "The term "physician support team" refers to the individual physicians who lead hospice teams in providing direct patient care, e.g., making visits to patients. These services are separate and distinct from the medical administrative duties/services provided by the Medical Director." Collaboration occurs with the Physician Team Support to

provide patient care, including face-to-face encounters, and to ensure on-call services. See excerpts from the Medical Director Agreement (included as Exhibit 16 of the application), below.

> (ii) Collaboration. Physician shall have the ability to work collaboratively with Patients' Attending Physicians to effectively implement the hospice program. Physician shall also have the ability to work collaboratively with Seasons' employees and volunteers as part of the IDG.

> (iii) Participation and Support. Physician shall ensure proper team physician participation and support in team meetings. Physician shall also ensure proper team physician support to the hospice nurse, Patient care manager/team manager, and other clinical team members. Physician shall participate with the Patient care manager/team manager in the yearly formal evaluation of the team physician. Physician shall ensure that a physician on-call rotation is established so that there is team physician support available 24 hours-a-day, 7 days-a-week.

Seasons does not concede that its projections are incorrect because it is far from clear on what basis Symbol argues that they are not. It is true that Seasons projects a higher percentage of Medicare HMO patients than is the national or state-wide average. However, Seasons wishes to take notice of the fact that the Medicare HMO programs may be more attractive to older recipients whose clinical needs may make the added cost of the Medicare HMOs more attractive. It is also important to note that the only effect of the larger than average Medicare HMO utilization is a slight reduction in net revenues. This provides for a more conservative forecast and does not in any way impede the Program's ability to rely on the projections.

They state that Medicaid reimbursement is 10% lower than Medicare. However, Medicaid reimburses a few cents more than Medicare. Once again, Symbol is arguing a point that has no analytical substance. The discount provides an element of conservatism to the projections and does not impair the Program's ability to assess the financial feasibility of the Seasons proposal.

Seasons' staffing projections are based on its experience in other markets and its history of establishing new hospice programs. Many positions in a start-up organization must be filled at artificially high levels simply to provide needed coverage. Even contracted positions must, in most cases, offer base levels of compensation that may and often do exceed actual hours worked. For example, the physician contract assumes that even in the first days of operations, the contracted physician team support staff will have to be paid for the equivalent of 8 hours per day even if the ADC is only 13. This pattern of staffing to provide needed coverage applies to other positions cited in this objection. The medical staff and other positions cited in this objection are reasonable and do not impede the ability of the Program to evaluate the Application.

The budget for January through June 2022 includes the cost of hiring and training core administrative and clinical staff, rental costs and other costs associated with pre-certification. These costs are detailed in the assumptions to the financial projections and are reflected in the Income and Expense Statement. Certain items, including telecommunications equipment, IT equipment, and furnishings are acquired during the pre-certification period [but] *are not expensed in that period. The expense for these items is captioned as depreciation expense in the operating years following*

certification. However, the cash flow implications of these acquisitions are reflected in the Cash Flow Statement for the period ended June 30, 2022.

There is a line item in the financial projections for licenses and fees appearing on page 447 of the application. Amounts shown for the first six months ending December 31, 2022 and following three calendar years are $15,681, $19,040, $21,540, and $24,040, respectively.

The financial information in the combined statements are there to establish the ability of Accent Care to absorb any operating losses that might be generated by the simultaneous opening of four Seasons hospices in Washington State. The Program does not need detail from the Income statement or Balance Sheets of Accent Care to conclude that any losses generated by the hospice programs under consideration are quite small in the context of the cash reserves and earnings of Accent Care."

AccentCare, Inc/Seasons Rebuttal to Continuum Care of Pierce

"Seasons Pierce County does not agree that additional time is needed for medical directorship over and above that designated in its application. The above statement is speculative and has no basis. The projected staffing for the proposed hospice is developed based on years of experience in starting new hospice agencies in a variety of markets."

AccentCare, Inc/Seasons Rebuttal to Envision Hospice of Washington

"Seasons Pierce County confirms its estimated FTE's for both the Medical Director and Physician Team Support provided in the application and screening information. In reference to the Medical Director Agreement, Envision confuses ***engaging*** *in a Face-to-Face Encounter with* ***ensuring*** *a face-to-face encounter. Exhibit A of the Medical Director Agreement submitted as Exhibit 16 of the application states that the Medical Director "shall ensure a face-to-face encounter with the Patient to gather clinical findings…" This does not mean that the Medical Director must perform all face-to-face patient encounters, but that the encounters occur.*

In regard to Medical Director hours during the projection period, as Envision should understand, in a start-up setting, increases in staffing will not be strictly proportional to increases in census, especially for administrative positions. Seasons Pierce County proposes an efficient hospice agency that meets state and federal requirements, including conditions of participation in Medicare and Medicaid.

Seasons Pierce County supplies a sample copy of a Physician Independent Contractor Agreement in response to screening question #7 which requests clarification of the role of the physician support team and contract. The sample contract is provided in Attachment 2 of the screening response, with the comment, "The individuals who Seasons Pierce will contract with for such services are still being identified and as such, so there are no draft contracts for the service, only this sample form of agreement. The rates for services set forth in the sample Physician Independent Contractor Agreement and the financials are based on rates Seasons Hospice pays for the same services at its other affiliated hospice agencies." The amounts provided in the pro forma correspond to the utilization projections.

Envision has mischaracterized the Seasons staffing plan for medical support. Seasons projects 0.23 FTEs in the roles of Medical Director and medical support, not the 0.03 referenced by Envision.

Physicians will be available when needed to provide patient and managerial care and all of Seasons' staffing projections are compliant with all applicable state and federal regulations. The Seasons staffing levels for physician positions do not increase over the course of the projection period because in the early years it will be necessary for Seasons to contract for more hours than it will actually require. Seasons anticipates that any physician or physician group with which it would contract would require a minimum level of compensation to accept the agreement. As with other staffing positions in the early years of operation, it is necessary to provide coverage for all services even if the clinical caseload is lower than staffing levels would indicate.

Envision has again mischaracterized the Season's physician staffing plan. The 0.03 FTE figure referenced in this question refers to the contracted hours to provide for the ongoing development and revision of the planned hospice's clinical policies and procedures. In addition to this staffing, Seasons projects 0.2 FTEs for additional physician services connected with patient care. Seasons has developed this projection based on its experience in the operation of many hospice programs across the United States and can assure the Program that this model is consistent with high quality medical care."

AccentCare, Inc/Seasons Rebuttal to Providence Hospice of Seattle

"Our review of the RN levels for 2020 published by the Bureau of Labor statistics for the Seattle-Tacoma- Belleview MSA indicates a median RN salary of $75,330. The Bureau of Labor Statistics does not publish separate wage rates for Pierce County, by Salary.com reports an average salary for RNs in Pierce County of $77,281 and for Hospice RNs of $81,500. All of these figures are well below the $85,000 in salary projected in the Seasons application.

*Furthermore, for most of the other positions in the table provided by Providence, Seasons Pierce County actually proposes **higher** wages than the median for the **Seattle-Tacoma-Belleview** market. These include: Physicians, Clinical Nutritionists, Hospice Aides, Occupational Therapists, Physical Therapists, and Speech Therapists – in other words, all of the key clinical positions. Although the budgeted salary for the positions of Chaplain and Medical Social Worker are slightly below the median for the Seattle market, the differences are minor. In summary, the Providence critique lacks foundation.*

Overall, the Seasons Pierce County proposal indicates it offers competitive wages and opportunities for employment. As stated on pages 76-83 of the application, Seasons Pierce County recognizes staffing barriers and offers solutions of how to overcome them, providing examples of hospice agencies that were able to open during the pandemic, information on programs that attract talent to the industry, such as internship programs, continuing education, and the Compassionate Allies Program, recruitment and retention practices, and research initiatives. Combined, these programs and services not only attract personnel to the hospice agency from across the nation, but also expands the workforce within the area through professional development opportunities.

Seasons projects that it will pay an average of 21.5 percent of base wages on employee benefits and payroll taxes. This level has proven successful in other geographic areas in attracting highly qualified staff."

[Providence states:] *"A shift in operating margin over the first years of operation is normal, however Seasons projects a very optimistic turnaround driven by increased utilization without corresponding increases in staffing." (Page 10, Header C. through page 11, 2nd paragraph.)*

The above statement is false. Staffing increases proportionate to the increase in patient census throughout the projection period. See Table 27 on page 71 of the application where employees increase from 12.10 to 23.10 over the 3.5 year period. As Providence should understand, in a start-up setting, increases in staffing will not be strictly proportional to increases in census. In the start-up phase, Seasons Pierce County will employ staff in various patient care positions such as nursing, social services, and music therapy to provide coverage even if there will not really be enough patient activity to keep such staff occupied with patient care. As an example, in the initial six-month period, seasons projects an ADC of 12.7, yet intends to have 2.0 RNs on staff. This number of RNs is above the number of nurses required to care for 12.7 patients on a daily basis but is required to meet RN coverage requirements. It is for this reason that the RN staff is not increased in the subsequent period (however, nursing aides increase), when an ADC of 16.5 is projected. The same logic applies to most other positions and especially to the administrative staff.

Seasons Pierce County utilizes a staffing matrix that ensures sufficient staff based on census levels. As a new hospice agency, ramp up results in increasing staffing efficiencies. The Pro Forma is reliable, resulting in financially viable hospice operations. The ramp up of census and corresponding staffing reflects a new hospice agency that must obtain Medicare and Medicaid certification during its initial start, as well as obtaining accreditation. While the hospice is initiating operations, it is developing relationships with providers, practitioners, and community leaders to "jump start" the program. Therefore, by the second and third year, census rises to a point of achieving economies of scale, contributing to the operating margin. The proposed utilization and staffing reflect other start-up hospice agencies of Seasons Hospice & Palliative Care in similar markets.

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. AccentCare, Inc./Seasons based its projected utilization of the Pierce County hospice agency on specific factors:

- The numeric methodology showing an unmet need of an average daily census of 60 patients in Pierce County by the end of year 2021.
- Average annual length of stay for partial year one (2022) projected to be 40; by the end of year three (2025), average length of stay is projected to be 62.66.
- Projected market share of Pierce County unmet admission of 15% in year one that increases to 35% in full year three.
- Market share of Pierce County unmet patient days of 9.6% in year one that increases to 35.0% in full year three.

The Pennant Group raised concerns regarding the applicant's projected length of stay of 40 and 55 in partial year one (2022) and full year one (2023), respectively. In rebuttal, AccentCare, Inc./Seasons explained its approach to projecting its utilization as a new agency in Pierce County. The department concludes that the approach used by this applicant is both conservative and reasonable.

Pro Forma Financial Statements

Since AccentCare, Inc./Seasons submitted four hospice applications in the year 2020 current cycle, it provided financial statements, with varied scenarios anticipating a mixture of potential approvals. These various statements were helpful for the department to determine potential impacts of one project on existing operations as well as on other potential approvals or denials.

The department first examined the financial feasibility of the Pierce County project alone. AccentCare, Inc./Seasons provided extensive assumptions used to prepare the proposed agency's pro forma Revenue and Expense Statement. As summarized in Table 32, the new agency is expected to operate at a net loss in partial year one (2022) and full year one (2023). Once profitable in year two (2024), the agency is expected to increase profits to $805,929 by the end of full year three (2025).

Concerns were raised about some of the line items within the pro forma Revenue and Expense Statement provided by AccentCare, Inc./Seasons for the Pierce County agency. The concerns are addressed below, by topic.

Medical Director Hours and Fees

Four entities provided comments on this topic. The concern under this sub-criterion is that the medical director is projected to work one hour each week, resulting in an 0.03 FTE. All entities voiced concerns that the costs identified for the medical director line item are understated. In rebuttal, AccentCare, Inc./Seasons confirms that the costs in the medical director line item is accurate and reflects both the medical director agreement and the way the applicant staffs its hospice agencies. AccentCare, Inc./Seasons further clarifies that '[T]*he role of the Medical Director is different from the role of the "physician support team" as described in response to Screening Question 7*'and describes the differences between medical director and physician support team related to patient care. While the applicant's use of a medical director and a physician support team is not typically seen in hospice applications, this approach is not a basis for denial if the patient care services are provided to patients and the costs for those services are clearly shown and explained in the application materials. AccentCare, Inc./Seasons was able to demonstrate both for this Pierce County project.

In addition to comments regarding the medical director costs addressed above, Providence and The Pennant Group each identified concerns with other line items in the projected statements. Below is a review of the concerns by item.

Durable Medical Equipment (DME), Pharmacy, Medical Supplies, Information Technology (IT), Education and Training

In public comment, The Pennant Group states that these line items are not included for the first 6 months of operation, partial year 2022. In rebuttal, AccentCare, Inc./Seasons clarified that some of the costs for hiring and training staff, rental, and other costs associated with pre-certification are included in the year 2022 statement. Other costs, such as telecommunication, equipment (DME), IT, and furnishings are not expensed in 2022, rather they are capital expenditure in a prior period, and the depreciation costs are recognized in 2022 and subsequent years. This approach is acceptable.

Renewal Fees

The Pennant Group states that the state license and renewal fees are not included in the projected financial statements. In rebuttal, AccentCare, Inc./Seasons identifies where they are in the pro forma statement. The department reviewed the statement and noted the line items are included.

Combined Statement Line Items are Omitted

The Pennant Group states that there are no line items for specific revenue and expenses in the combined pro forma Revenue and Expense Statement. In response, AccentCare, Inc./Seasons asserts that the combined statements are used by the department to determine the financial health of the applicant if all four projects submitted during this concurrent review cycle are approved. Therefore, the department does not require this level of detail to determine if any losses generated by the hospice programs under review can be covered by the applicant as a whole. The department concurs with the applicant's statements regarding the purpose of the combined statements.

Payroll Tax Allocation

Providence asserts that the $146,224 in salaries and wages shown in the pre-operational period does not appear to include any allocation for payroll taxes and benefits. As a result, approximately $22,000 in pre-operational expenses may have been omitted. In rebuttal, AccentCare, Inc./Seasons does not appear to address the question directly. Rather, the applicant provides the following response. [source: AccentCare, Inc./Seasons rebuttal responses, pdf 12]

> *"Seasons projects that it will pay an average of 21.5 percent of base wages on employee benefits and payroll taxes. This level has proven successful in other geographic areas in attracting highly qualified staff."*

The rebuttal response provided by the applicant is helpful to identify the percentage attributed to employee benefits and payroll taxes. However, the response does not directly answer the question of whether the employee benefits and payroll taxes are included in the first six months of year 2022 prior to the agency's operational date of July 2022. Based on the applicant's detailed information provided on pdf 447 of the application, the department was able to calculate the 21.5% for benefits and payroll taxes and concludes that the costs are included in the July 2022 pre-opening amounts shown.

Net Profits are Optimistic

Providence states that the applicant's net profits shown in full years two and three (2024 and 2025, respectively) are optimistic and provides detailed rationale for this assertion. In response, AccentCare, Inc./Seasons clarifies that staffing increase are proportionate to the increase in patient census thought the projections and discusses the comparison of staff and patient increases. The applicant also provides clarification on its assumptions used to determine staffing for its new agency. AccentCare, Inc./Seasons' responses are clear and concise. The department concurs that the staffing is appropriate for the agency and the projections are not unreasonably optimistic.

The department concludes that none of the concerns provided in public comment regarding utilization, revenues, expenses and projected statements result in denial of this project. All costs in the pro forma Revenue and Statement Statements can be substantiated by assumptions provided in the application materials. Based on the information reviewed in the application, the department

concludes the immediate and long-range operating costs of this project can be met. **This sub-criterion is met.**

Signature Group, LLC

Signature Group, LLC does not own or operate a hospice agency in Washington State, however it is approved to operate home health agencies in this state. Signature Group, LLC clarified that this Pierce County hospice agency would be operated separately from its other in home service agencies. [source: March 31, 2021, screening response, pdf1]

Signature Hospice provided the assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice agency. The utilization assumptions are restated below. [source: Application, pdf10-11]

"To obtain the projection for total number of visits, we multiplied the projected number of visits per patient by the total number of admissions in each year.

Our assumption is that the current providers will grow their admissions by 15%, so that leaves an unmet need of approximately 331 for the year 2022. If the Department awards one Certificate of need, our projections are of 99 admissions in year one, which represents 30% of the unmet need.

Even if two CONs are issued, we still project that we would admit 99 patients in year one, leaving 70% for another agency to assist with.

As we grow in the following years, we project that the unmet need will continue to grow by approximately 155 per year for the county, based on the year over year data in the DOH Need Methodology. We are projecting the ability to handle 35% of this unmet need in 2023, increasing our admissions to 153. If we maintain the growth of 5%, we could absorb 40% of the unmet need in 2024, increasing admissions to 215.

To identify a projected number of visits per patient, we utilized our EMR, HomeCare HomeBase, analytics platform. We looked at the entire state of Oregon's hospice agencies and found that the average number of visits per patient over the course of 2020 was 16 visits. This takes into account all types of visits; aide, skilled, MSW, etc.

We do not have any existing hospice agencies in Washington, so utilizing the data from Oregon's hospice agencies was a logical way to obtain a projection for visits per patient. Oregon has a similar demographics and market size to what we expect to see in Washington."

Based on the assumptions identified above, the applicant provided its projected admission, days, average length of stay and average daily census for the new Pierce County hospice agency. The data is summarized in the table on the following page. [source: Application, pdf10 and March 31, 2021, screening response, Exhibit 1]

Department's Table 36
Signature Group, LLC Pierce County Projected Utilization

	CY 2022 (Year 1)	CY 2023 (Year 2)	CY 2024 (Year 3)
Admissions	99	153	215
Total Days	1,584	2,448	3,440
Projected Visits Per Patient	16	116	16
Average Length of Stay	62.66	62.66	62.66
Average Daily Census*	17	26	37

*Numbers are rounded to whole number

Signature Group, LLC also provided its assumptions used in the pro forma Revenue and Expenses statements. [source: March 31, 2021, screening response, Exhibit 1]

Expenses	Assumptions
Admissions	*See explanation in Question A.2.*
Visits per patient	*Based on HCHB analytics data for all Oregon Hospice agencies in 2020*
Average Length of Stay	*State Determined*
Standard Rate	*Value based on current opperational experience in other Hospice markets*
Contractual Adjustment	*The difference between the Standard Rate and the Rate per Day*
Rate per Day	*Total revenue divided by patient days - obtained from the Revenue Assumptions Rates. Adjusted from Standard Rate for contractual adjustments*
Patient Days	*Average Length of Stay x Admissions*
Average Daily Census	*Patient Days Divided by 365*
Medicare	*95% x Admissions x ALOS x Rate per Day*
Managed Medicare	*0% x Admissions x ALOS x Rate per Day*
Medicaid	*4% x Admissions x ALOS x Rate per Day*
Commercial	*1% x Admissions x ALOS x Rate per Day*
Total Revenue	*Total Revenue is the total revenue of Medicare, Managed Medicare, Medicaid, and Commercial minus contractual adjustments with payers*
Revenue Reductions	
Sequestration	*2% revenue reduction of Medicare revenue as required by the Budget Control Act.*
Bad Debt	*1% of Total Revenue*
Charity	*1% of Total Revenue*
Net Revenue	*Total Revenue - Revenue Reductions (which is the total of Sequestration, Bad Debt, and Charity)*
Direct Costs	
Salaries - RN	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - LPN	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - Clinical Manager	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - HHA (CCNA's)	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - Medical Director	*CONTRACT (Hourly Rate x Hours Worked)*
Salaries - Spiritual Counseling	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - Volunteer Coordinator	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - Medical Social Worker (MSW)	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Total Direct Salaries	
Payroll Tax	*8% of Total Direct Costs/Salaries*
Benefits	*12% of Total Direct Costs/Salaries*
Pharmacy	*$7/PPD. Statistical average of actual costs in Oregon, Utah, and Idaho.*
DME	*$7/PPD Statistical average of actual costs in Oregon, Utah, and Idaho.*
Medical Supplies	*$4/PPD Statistical average of actual costs in Oregon, Utah, and Idaho.*
Mileage	*11 miles/PPD at 48 cents per mile*
Other Direct Costs	*3% of net revenue per year - infusion, ambulance, palliative, and contract labor*
Respite Costs	*Based on industry expectations, the expenses associated typically equal the revenue*
Inpatient Costs	*Based on industry expectations, the expenses associated typically equal the revenue*
TOTAL DIRECT COST	
GROSS MARGIN	*Net revenue - total direct costs*

Admin Costs	
Salaries - Administrator	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - Business Office Manager	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - Intake/Scheduler	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - Sales - Patient Service Rep	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Salaries - Clinical Manager	*FTE x annual compensation (hourly compensation x 2080 hours per year)*
Total Admin Cost	
Payroll Tax	*8% of Total Admin Costs/Salaries*
Benefits	*12% of Total Admin Costs/Salaries*
Marketing	*Lump Sum by year for Advertising, promotional materials, dues, public relations. Increasing by 10% for years 2 and 3. Based on historical budget data of an agency in a similiar county in Oregon.*
Education and Training	*Lump sum by year for continuing education, seminars, etc. Based on historical budget data of an agency in a similiar county in Oregon.*
Capital Expenditure	*Equipment, furniture, replacements for equipment, and misc signage*
IT & Software Maintenance	*Lump sum by year for HCHB Maintenence Fees, Forcura, Microsoft licenses. Based on historical budget data of an agency in a similiar county in Oregon.*
Home Office Allocation	*Management fee of 5% of net revenue, includes accounting, IT, and legal services*
Licenses and Fees	*Accreditation for the first year plus initial license costs, then WA license maintenance fees for years 2 and 3*
Purchased Services	*Lump sum by year for Contract Labor; music therapy, massage therapy, etc. Based on historical budget data of an agency in a similiar county in Oregon.*
Office Supplies	*Lump sum by year for Office supplies - assumed to be $500 per month. Based on historical budget data of an agency in a similiar county in Oregon.*
Internet/Phone/Data	*Lump sum by year for Land line/ Internet, Efax, cell phone plans/data, and HCHB data. Based on historical budget data of an agency in a similiar county in Oregon.*
Travel	*Lump sum by year for Lodging/Travel: Includes mileage and any misc travel costs associated with office staff. Based on historical budget data of an agency in a similiar county in Oregon.*
Insurance - Liability	*Lump sum by year - assumed to be $500/month for liability insurance*
Depreciation	*Straight line depreciation*
B&O Tax	*2% of Net Revenue*
Rent expense	*The rent expense represents the pro rata share (approximately 10% based on space utlization) of the total rent of the shared space. The total rent is calculated, based on the lease agreement, and considers rate adjustments over the three years of the Proforma. See the memorandam, Exhibit 7, showing the agreed upon rental amount of $8,400 annually between Prime Home Health, LLC and Signature Pierce LLC.*
Interest	*Allocated based on line of credit usage - 8% of the net borrowed or un-used line fee.*
Total Expense	*Sum of admin costs, expenses, and direct costs*
Net Income	*Net Revenue Minus Total Expenses*
NI %	
EBITDA	
EBITDA%	
AP	*Total of respite, inpatient, SNF, contract labor, medical supplies, pharmacy,other direct costs, and expenses and then divided by 12 to account for the 30 day payment schedule*
Payroll	*Total of salaries, payroll tax, and benefits for each of the 24 payroll periods*

Signature Group, LLC provided the following clarifications regarding some revenue and expense line items. [source: March 31, 2021, screening response, pdf5-7]

Contractual Adjustments

"Under the revenue reductions line on the P&L, there are three line items listed: Sequestration, Bad Debt, and Charity. Sequestration is a required revenue reduction from the Budget Control Act in 2011. It accounts for 2% of revenue reductions for Medicare specific revenue. Bad debt is calculated as the company standard of 1% of total revenue. Charity is also calculated as the company standard of 1% of total revenue.

These three line items make up the Revenue Reductions that are seen on the P&L in Exhibit 1. Contractual adjustments were considered in our original Proforma P&L revenue numbers but did

not have specific line items in the original version showing this. We have calculated contractual adjustments in our rate section of the Proforma P&L as "Standard Rate" and "Contractual Adjustment" to show how we got to the "Rate Per Day" of $201.27.

As we don't have Hospice currently in Washington, we used our closest Hospice agency, in Portland Oregon, to get an applicable Standard Rate and contractual adjustments. This relationship is explained in our response to screening question 12.

Total revenue is revenue earned from Medicare, Managed Medicare, Medicaid, and Commercial minus contractual adjustments. Net Revenue is the Total Revenue minus the Revenue Reductions (Sequestration, Bad Debt, and Charity)."

Home Office Allocation

"During technical assistance calls with Karen Nidermayer prior to submitting the application, we were informed that the Home Office Allocation does not constitute a management agreement. This assumption should have been labeled as a 'Allocation' instead of being labeled as a 'management fee.' "Management fee" is an internal term that we utilize that recognizes the support of the Signature Home Office to the agencies. These are services provided by our company, not provided by an outside source."

Medical Director Hours/Fee

"We assume the Medical Director would be a .25 FTE/Contractor. Based on a 2,080-hour work year, a quarter of that would be 520 hours."

In addition to the assumptions above, Signature Group, LLC, provided a copy of the following agreements that have associated costs. [source: Application, Exhibit 14 and 15]

- Medical Director Agreement; and
- Lease Agreement for the site,

Based on the assumptions above, below is a summary of the projected Revenue and Expense Statement for the Pierce County hospice agency. [source: March 31, 2021, screening response, Exhibit 1]

Department's Table 37
Signature Pierce County Revenue and Expense Statement - 2022 through 2024

	CY 2022 (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Net Revenue	$1,199,830	$1,854,283	$2,605,692
Total Expenses	$1,258,554	$1,897,720	$2,187,765
Net Profit / (Loss)	**($58,724)**	**($43,437)**	**$417,927**

Signature Group, LLC also provided the projected balance sheets for the proposed Pierce County hospice agency. The three-year summary is shown in the table on the following page. [source: March 31, 2021, screening response, Exhibit 1]

Department's Table 38
Signature Pierce County Balance Sheet for 2022 through 2024

ASSETS	**Year 1** 2022	**Year 2** 2023	**Year 3** 2024
Current Assets	$227,158	$351,765	$787,072
Property and Equipment	$8,333	$6,833	$9,333
Other Assets	$0	$0	$0
Total Assets	**$235,491**	**$358,598**	**$796,405**

LIABILITIES	**Year 1** 2022	**Year 2** 2023	**Year 3** 2024
Current Liabilities	$235,492	$358,599	$378,479
Long-Term Debt	$0	$0	$0
Equity	$0	$0	$417,927
Total Liabilities, Long-Term Debt, and Equity	**$235,491**	**$358,598**	**$796,405**

The applicant states that the proposed hospice agency will be licensed separately from the other Signature operations and did not provide combined financial statements for this project.

Public Comment

Continuum Care of Pierce-Oppose
"Signature's financial assumptions only assume 2% for B&O taxes; this is too low and hence, financial feasibility of the project cannot be determined."

Providence Hospice of Seattle-Oppose
"The issues discussed below relate to errors, ambiguities, and/or unanswered questions relating to Signature Pierce's pro forma financial statements and supporting documentation. These issues establish that Signature Pierce's application does not satisfy WAC 246-310-220(1).

Signature Pierce has omitted certain pre-operational expenses that are commonly incurred in the establishment of new hospice programs.
Signature Pierce identifies only two items as start-up costs: "Licenses & Fees" and the "CON Application Fee." It does not identify any pre-operational expenses related to staffing or other expenses which will be incurred prior to opening its proposed new hospice agency. Signature Pierce assumes it will have no new staff prior to January 1, 2022, when it begins treating patients. Given that Signature Pierce anticipates serving 99 persons representing 6,203 patient days in its first year of operation,169 this is not reasonable.

Further, Signature Pierce states it will incur $13,062 in start-up expenses related to "Licenses and Fees" in 2022. This is listed under the 2022 expense line "Licenses and Fees." In addition, Signature Pierce anticipates annual expenses related to Licenses and Fees equal to $1,856 per year in 2023 and 2024. Thus, it apparently assumes no annual expenses related to Licenses and Fees in 2022, apart from the start-up expenses previously noted. The implication of this treatment of expenses is that Signature Pierce will obtain all its licenses and pay all its fees after opening its

hospice agency. If any annual licenses have to be obtained or fees have to be paid prior to the agency's opening in January of 2022, then Signature Pierce will incur license expenses in addition to its start-up expenses in 2022. Loading all of the start-up expenses related to Licenses and Fees into 2022 while assuming no other expenses related to this expense line item in this year is not reasonable.

A number of the assumptions used by Signature Pierce to calculate particular line item expenses are unreliable.

Other expense categories appear consistent with Signature Pierce's stated assumptions, but the reliability of some of these assumptions is questionable. This includes Signature Pierce's line item expenses for salaries and wages, depreciation, interest, and the majority of its "Admin Costs."

With regard to salaries and wages, Signature Pierce assumes no increase in clinical staffing between 2023 and 2024 despite over a 40% increase in utilization. This is not credible. Signature Pierce will either be forced to hire additional clinical staff, or, alternatively, place additional burden on its existing staff. These decreases in salary costs per patient day drive profitability in Signature Pierce's financial model. Expenses per patient day decline from $198 in 2023 to $162 in 2024, a decrease of $35. $34 of this $35 (95%) is a result of decreases in staffing costs, of which $26 (76%) is a result of decreased clinical staffing costs.

With regard to depreciation, Signature lists depreciation costs related to equipment expenditures equal to $4,166.67 in 2022, $5,500 in 2023, and $7,500 in 2024. We note first that, since these equipment expenditures result from "revenue growth," it is inappropriate for Signature Pierce to treat them both as Operating Expenses and carry them as assets in its Balance Sheet. Moreover, Signature Pierce applies different depreciation lengths to these equipment expenditures without explanation or justification. The depreciation amounts in the pro forma statement, combined with the equipment amounts in the Cash Flow Statement, imply a depreciation period of 3 years for equipment purchased in 2022 and 2023 and 5 years for the equipment purchased in 2024. Signature Pierce has provided no explanation for the varying depreciation periods.

The interest amounts presented in the pro forma financial statement reflect an apparent debt balance at the start of operations in 2022 of $166,000 and associated interest of $13,280. Signature Pierce has provided no explanation of the source of the $166,000. Since the proposed agency is a new agency, and this interest has been allocated to Signature Pierce's hospice agency, this may reflect project-related expenditures which Signature Pierce has not declared. Alternatively, Signature Pierce may have loaded credit line expenses from other agencies onto its proposed Pierce County hospice agency without providing an explanation.

Several of Signature Pierce's expense line items within its "Admin Costs" category have no justification aside from being "[b]ased on historical budget data of an agency in a similar county in Oregon," which Signature Pierce identifies in its screening responses as Multnomah County. The line items are Marketing, Education and Training, IT & Software Maintenance, Purchased Services, Office Supplies, Internet/Phone/Data, and Travel. Signature Pierce provides a comparison of Census Bureau Data for Multnomah and Pierce counties in its screening responses, but it does not explain why these expenses are disconnected from its patient utilization projections and thus reflect marginal costs which decrease over time. For example, Signature Pierce lists Purchased Services as equal to

$5,000 in 2022, $6,500 in 2023, and $8,000 in 2024, which consist of "Contract Labor; music therapy, massage therapy, etc." However, staffing costs should vary with the agency's patient utilization, rather than by an arbitrary $1,500 each year. The Signature Pierce financial model thus presumes declining amounts of Purchased Services per patient day each year. Implicit in this is an apparent assumption that fewer of these services will be provided over the forecast period.

There is an inconsistency in Signature Pierce's calculation of the expenses for the mileage line item. With regard to its mileage calculations, Signature Pierce states that it assumes "11 miles/PPD at 48 cents per mile." However, the pro forma statement reflects an expense of about $2.78 per patient day. Applying Signature Pierce's stated assumptions would result in increased expenses of about $15,500 in 2022, $24,000 in 2023, and 34,000 in 2024."

The Pennant Group/Symbol-Oppose

- *The CN department stated the following regarding Signature's service sharing with the home health agency, "Furthermore, it is unclear how the hospice agency will pay for services provided from the adjoining home health agency without there being some associated costs." We are unable to find Signature's answer to shared staffing with the home health. As we understand it, an applicant is required to show the financials of an operation that it is sharing staff with, and they are required to show the percentage of staffing and the percentage of costs for each operation for the shared staff. Signature did not provide this information, therefor, financial feasibility cannot be determined.*
- *On page 7 of Signature's screening response, the Department asked them to clarify if the Medical Director will be working just 520 hours and Signature responded that this is correct. Upon review of Signature's pro forma, the Medical Director hours stay static across the projection years. This is highly unusual. How will Signature and the Medical Director adjust for the growth in census of 30% from 2023 to 2024? To further this point, Signature kept several field staff roles static in cost and FTE for 2023 and 2024. Their ability to meet the needs of patients as ADC grows will be compromised if they do not add FTE's. These issues make financial feasibility tough to determine.*
- *Signature used a "standard rate" of $250 for their pro forma revenue calculations. This rate is not an actual reimbursement rate from Medicare, and it is $25+ more than the day 1-60 Medicare rate. In addition, the contractual adjustment should only be applied to managed care contracts, not the Medicare rate. Finally, the rate per day is incorrect. All of these show the pro forma is inaccurate and cannot be used to determine financial feasibility.*
- *Costs for DME and Pharmacy are shown as identical per each year, 2022, 2023, and 2024, in Signature's pro forma. This is not possible. This is another reason financial feasibility cannot be determined.*
- *Signature shows the bi-annual state license fee in both 2023 and 2024. This fee is not paid each year, as it is bi-annual. Financial feasibility cannot be determined.*
- *The CN Department requested that a term be included in the memorandum of understanding, stating, "The relationship between Signature Pierce and Prime Home Health LLC is unclear. Furthermore, the amount of lease costs that would be assigned to the hospice are unclear. Please provide, at minimum, a memorandum of understanding between Prime Home Health LLC and Signature Pierce identifying the costs that would be assigned to Signature Pierce* ***as well as the term of*** *this agreement and ensure this reflects in the pro forma." The memorandum does not include the term, therefor, financial feasibility cannot be determined."* [emphasis in original]

Signature Group Rebuttal Comments

In response to the comments submitted by Continuum above, Signature Hospice provided the following rebuttal statements.

"We have reviewed the Washington States Department of Revenue B&O tax rates again to confirm our assumptions and have not found any B&O rates over 3.6% and all others are less than 2%. Furthermore, Signature's existing Home Health agency that serves the planning area, Prime Home Health, LLC., incurs a B&O tax less than 2% of revenue.

Upon review of Continuums application, their assumptions state ".018 X total revenue (or 1.8%) for all taxes, permits, and B&O." Continuums financial assumptions only assume 1.8% for B&O taxes and other taxes. (Page 90 & 95 of Continuums Application and page 21 & 26 of the Screening Response)

Given that Continuums percentage is lower and includes other taxes/items that Signatures application does not, it seems odd that they would question our assumptions."

Footnote #1 included in the statements above provided the following link:
https://dor.wa.gov/taxes-rates/business-occupation-tax

In response to the comments submitted by Providence Hospice above, Signature Hospice provided the following rebuttal statements. For clarity, the responses are broken down by topic.

Start Up Costs

"We believe that Providence's analysis of our startup costs and our 2022 expenses being financially infeasible is not accurate. In previous years, the state has approved other CONs (ex. Eden Hospice in Whatcom County in the 2019-2020 review cycle) with $0 startup costs.

In addition, we have previously explained how our staff will be shared with the Home Health agency in the early stages of the startup. We stand by our statement in our application on page 22 and in our Screening Response on page 3 and do not believe that this methodology of thinking and planning makes our project financially infeasible.

Lastly, they state that our startup costs are incorrectly allocated. This is also incorrect. We wanted to ensure that all costs were accounted for in the Pro Forma and therefore included the year 1 licenses and fees costs of $13,062 in the appropriate line item. The CON application fee was already paid for when the application was submitted in January 2021 and was accounted for in 2021."

Salaries & Wages

"Our staffing model is based on the HCHB staffing matrix, which utilizes ADC to base the number of staff required. This is a tried-and-true model from a reputable EMR company who provides this same data to companies across the US as a standard to follow when utilizing their EMR. Our ADC in years 2023 and 2024 fall within the same grouping highlighted below, so therefore the number of staff does not change.

Applicant's Table

2017 FIELD STAFFING MATRIX - *Hospice*

STAGE	Hospice ADC	TOTAL STAFF	RN	LN	MSW	CH	MD	HHA	RD	AN	On Call RN *(Additional staff)*	Maximum # Certified Preceptors *(NOT additional staff)*
1	0-25	5	2	PRN	1	1	0.25	1	PRN	0	0	1
2	26-40	10	3	1	1	1	0.25	3	PRN	1	0	2
3	41-60	12	3	1	1	1	0.25	4	PRN	1	1	3
4	60-90	15	4	1	1	1	0.5	6	PRN	1	1	3
5	91-120 (2 teams)	23	6	1	2	2	0.5	9	PRN	1	2	4
6	121-150	30	8	2	2	2	0.5	12	PRN	2	2	4
7	151-180	36	10	2	2	2	0.5	15	PRN	2	3	5
8	181-210 (3 teams)	45	12	3	3	3	0.75	18	PRN	3	3	5
9	211-240	52	15	3	3	3	0.75	21	PRN	3	4	6
10	241-270 (4 teams)	61	17	3	4	4	0.75	24	PRN	4	5	7
11	271-300	67	19	4	4	4	1	27	PRN	4	5	8

Source: HCHB Staffing Matrix (page 174 of the CN application)

Equipment Depreciation

"This is simply incorrect. Our depreciation applied is a straight line."

Interest Amounts in Pro Forma

"Our internal accounting process divides interest on an accounts receivable borrowing base line of credit among all companies/agencies. Our proforma is consistent with the internal accounting process.

All startup costs, capital expenditures, associated with this project will be funded with cash. Signature would consider use of a borrowing base line of credit the normal course of conducting business and not part of any startup costs or debt financing for this project.

The line of credit interest on the balance sheet is 8% percent of our revenue, which is consistent with how we budget across all of our agencies."

Other Line Items in Pro Forma

"Marketing, education and training, IT and software maintenance, office supplies, internet/phone data, and travel are all expenses that we do not believe would be based on patient utilization projections.

Thank you for drawing our attention to the Purchased Services line item. We have adjusted our pro forma to reflect a per patient per day rate for this line item. In the scope of this project, this resulted in an immaterial change to the financial statements, please see attached in ***EXHIBIT 1****."*

Mileage Calculation

"The mileage calculation assumption was poorly written. We pay at 48 cents per mile and assume an average of 11 miles traveled per patient, based on experience in a similar county in Oregon. This is how we calculate mileage across all agencies and budgets: (48 cents per mile X 11 miles X ADC X Visits) X 12 months."

In response to the comments submitted by The Pennant Group/Seasons above, Signature Hospice provided the following rebuttal statements. For clarity, the rebuttal responses are broken down by topic.

Staff Sharing

"The so-called "sharing of staff" will only occur during the months leading up to the start of operations in January 2022. But, the staff will be employed by both entities and paid by Signature Hospice Pierce, LLC dba Northwest Hospice, LLC for the work performed for Signature Hospice Pierce. Since they are employed and paid for by Signature Hospice Pierce, it is not technically sharing of staff and therefore we do not need to provide financials of the Home Health entity."

Medical Director Costs

"As stated above, the medical director was staffed at .25 for all 3 years. This staffing rate was based on the HCHB Staffing Matrix, which we use to staff our agencies currently and what we used to create our predictions for this project."

Applicant's Table

2017 FIELD STAFFING MATRIX - *Hospice*

STAGE	Hospice ADC	TOTAL STAFF	RN	LN	MSW	CH	MD	HHA	RD	AN	On Call RN *(Additional staff)*		Maximum # Certified Preceptors *(NOT additional staff)*
1	0-25	5	2	PRN	1	1	0.25	1	PRN	0	0		1
2	26-40	10	3	1	1	1	0.25	3	PRN	1	0		2
3	41-60	12	3	1	1	1	0.25	4	PRN	1	1		3
4	60-90	15	4	1	1	1	0.5	6	PRN	1	1		3
5	91-120 (2 teams)	23	6	1	2	2	0.5	9	PRN	1	2		4
6	121-150	30	8	2	2	2	0.5	12	PRN	2	2		4
7	151-180	36	10	2	2	2	0.5	15	PRN	2	3		5
8	181-210 (3 teams)	45	12	3	3	3	0.75	18	PRN	3	3		5
9	211-240	52	15	3	3	3	0.75	21	PRN	3	4		6
10	241-270 (4 teams)	61	17	3	4	4	0.75	24	PRN	4	5		7
11	271-300	67	19	4	4	4	1	27	PRN	4	5		8

Source: HCHB Staffing Matrix (page 174 of the CN application)

Standard Rate of $250

"The state asked us to provide a standard rate on our proforma in the Concurrent Response, so that is why we included the standard rate and contractual adjustments in our updated P&L. To reiterate our assumptions, the standard rate was obtained by utilizing current operational experience in other hospice markets. Contractual adjustments were considered in our original Proforma P&L revenue numbers but did not have specific line items in the original version, in the application, showing this.

Cornerstone took issue with our rate per day but did not provide any explanation as to why. Our rate per day is based on the 2021 Washington Hospice Rates for Pierce County, included on page 112 of the Application. The methodology behind our Rate Per Day is broken down on the Revenue Assumption page of our Proforma."

DME and Pharmacy Costs

"The DME and pharmacy costs are based on a per patient per day (PPD) rate. This rate is $7/patient/day for both of these line items and is based on experience and budgets in other markets.

PPD rates are static and therefore fluctuate as the census changes. The DME and Pharmacy costs accurately increases year over year in our Proforma as the ADC grows.

There might have been confusion from Cornerstone based on the fact that the PPD rate is the same for both line items, but this is an accurate calculation for Signature Hospice Pierce's P&L.

Since the rate per patient per day is the same for these two-line items, then these costs will be the same year over year."

State License Fee

"This was an oversight of the application process for Washington. The P&L should have a $0 in the 2024 line item of 'Licenses and fees". The adjusted P&L is attached in ***EXHIBIT 1."***

Signature Pierce and Prime Home Health LLC Relationship

"As our memorandum on page 36 of the Screening Response states:

> *"If a Certificate of Need is awarded to Signature Hospice for Pierce County, Washington, Prime and Signature Hospice agree to negotiate a formal sublease agreement to set forth the specific terms of their arrangement for the Subleased Premises; provided, however, the terms of the sublease will not be inconsistent with the terms of this Agreement."*

The amendment to the lease on page 69 of the Screening Response grants the tenant the option to renew for an additional 3 years after the base lease expires on 2/29/24. This would extend the lease to the end of February 2027, well beyond the proforma years.

To re-clarify for Cornerstone, and as both the memorandum and the amendment state, the sublease to Signature Hospice Pierce will go through 2/28/27 if we are granted the CON, since the terms of the sublease will align with the terms of the agreement. The proforma included the projected lease amounts for all 3 years which was listed as $8400 per year. Cornerstones statement that our lease costs associated with hospice is unclear is simply incorrect."

Projected FTEs for Field Staff

"Again, our staffing model is based on the HCHB staffing matrix, which utilizes ADC to base the number of staff required. This is a tried-and-true model from a reputable EMR company who provides this same data to companies across the US as a standard to follow when utilizing their EMR. Our ADC in years 2023 and 2024 fall within the same grouping highlighted below, so therefore the number of staff does not change.

Applicant's Table

2017 FIELD STAFFING MATRIX - *Hospice*

STAGE	Hospice ADC	TOTAL STAFF	RN	LN	MSW	CH	MD	HHA	RD	AN	On Call RN *(Additional staff)*	Maximum # Certified Preceptors *(NOT additional staff)*
1	0-25	5	2	PRN	1	1	0.25	1	PRN	0	0	1
2	26-40	10	3	1	1	1	0.25	3	PRN	1	0	2
3	41-60	12	3	1	1	1	0.25	4	PRN	1	1	3
4	60-90	15	4	1	1	1	0.5	6	PRN	1	1	3
5	91-120 (2 teams)	23	6	1	2	2	0.5	9	PRN	1	2	4
6	121-150	30	8	2	2	2	0.5	12	PRN	2	2	4
7	151-180	36	10	2	2	2	0.5	15	PRN	2	3	5
8	181-210 (3 teams)	45	12	3	3	3	0.75	18	PRN	3	3	5
9	211-240	52	15	3	3	3	0.75	21	PRN	3	4	6
10	241-270 (4 teams)	61	17	3	4	4	0.75	24	PRN	4	5	7
11	271-300	67	19	4	4	4	1	27	PRN	4	5	8

Source: HCHB Staffing Matrix (page 174 of the CN application)

Cornerstones comment about our Administrator and Sales – Patient Services Rep wages increasing over the same period of time is simply inaccurate. The FTE count increases for these 2 roles, thereby increasing the cost of those positions each year. The actual hourly wage does not increase as you can very clearly see from the table below."

Applicant's Table

Staffing Details

Pierce Hospice HCHB's staff to patient ratio (based on ADC)	$ Rate/hr	FTE Count 2022	FTE Count 2023	FTE Count 2024	Cost 2022	Cost 2023	Cost 2024	TOTAL
Administrative								
Salaries - Administrator	$ 56.00	0.50	0.75	1.00	$ 58,240.00	$ 87,360.00	$ 116,480.00	$ 262,080.00
Salaries - Business Office Manager	$ 33.00	1.00	1.00	1.00	$ 68,640.00	$ 68,640.00	$ 68,640.00	$ 205,920.00
Salaries - Intake Coordinator/Scheduler	$ 24.00	1.00	1.00	1.00	$ 49,920.00	$ 49,920.00	$ 49,920.00	$ 149,760.00
Salaries - Sales- Patient Service Rep	$ 34.00	0.50	1.00	1.50	$ 35,360.00	$ 70,720.00	$ 106,080.00	$ 212,160.00
Salaries - Clinical Manager	$ 50.00	0.50	1.00	1.00	$ 52,000.00	$ 104,000.00	$ 104,000.00	$ 260,000.00
Total Admin		**3.50**	**4.75**	**5.50**	**$ 264,160.00**	**$ 380,640.00**	**$ 445,120.00**	**$ 1,089,920.00**
Total Staff		**8.75**	**14.25**	**15.00**	**$700,960.00**	**$1,094,080.00**	**$1,158,560.00**	**$2,953,600.00**

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Signature Group does not currently operate a hospice agency in Washington State. Signature Group does operate home health agencies in Bellevue, Bellingham, and Federal Way.

With no specific Washington State hospice experience, the applicant based its projected utilization of the hospice agency on specific factors:

- Previous and similar-sized startups in Oregon that resulted in projected unduplicated admissions of 99 in year one; 153 in year two; and 215 in year three.
- Statewide average length of stay of 62.66 days used for all three years of operation.

Based on the assumptions above, the department concludes the utilization assumptions provided by Signature Group, LLC for its Pierce County agency are reasonable.

Signature Group, LLC provided its pro forma Revenue and Expense Statement, Balance Sheets, and assumptions used. Public comments were submitted that focus on a number of the assumptions and

the applicant provided rebuttal comments. The department's evaluation of the issues raised is below by topic.

Revenue Topics:

- Standard Rate of $250
  Comments provided under this topic do not include a rationale of why Signature's rate would/could be incorrect. However, Signature Group provided a concise explanation of the source of the rate and the calculations used to determine the rate within this application.

Expense Topics:

- Start-up Costs
  Concerns were raised regarding the way the start-up costs are shown for this application. In rebuttal, Signature Group, LLC explained that it wanted to be sure all costs associated with this project were shown in the pro forma statements. While some costs expended in 2021 were accounted for in year one (2022) of the statement, this approach is acceptable with the appropriate explanation.
- Salaries and Wages
  Signature Group, LLC's rebuttal response and associated table clearly explain the approach used to determine staff salaries and wages. The approach is both logical and acceptable.
- Staff Sharing
  The applicant clarifies that it will only 'share staff' during the months leading up to the start of operations of the new hospice agency and clearly explained how staff would be compensated during this time. The department concurs that this is not a long-term sharing of staff while the new agency is operational, and financial statements for the home health agency are not required for this project.
- Equipment Depreciation
  Signature Group, LLC clarifies that its depreciation is applied straight line. This is acceptable.
- Interest Amounts in Pro Forma
  The applicant's extensive explanation regarding how it shows interest amounts in its statement is consistent with accounting practices and is acceptable.
- State License Fee
  Signature Group, LLC noted that this expense line item was incorrect and should be $0 for year 2024. In addition, the applicant included a revised pro forma Revenue and Expense Statement in its rebuttal responses. The revised statement is referenced as Exhibit 1.
- Projected FTEs for Field Staff
  Signature Group, LLC provided a table showing how its projected the number of FTEs based on the HCHB staff model. Further, the applicant explained how its Administrator and Sales – Patient Services Representative wages are calculated and shown in the statement. Both explanations are acceptable.
- Signature Pierce and Prime Home Health LLC Relationship
  Signature Group, LLC quoted sections from the memorandum of understanding provided for the sub-lease agreement. The section explains that the formal sub-lease agreement will be executed if this project is approved. The applicant asserts that the language in the memorandum ensures that the costs for the sub-lease will be $8,400 annual. The information is in the memorandum.

- DME and Pharmacy Costs
  Signature Group, LLC provided a clear and concise explanation of the durable medical equipment (DME) and pharmacy costs and explained why they are similar and both accurate. The explanation is reasonable.
- Medical Director Costs
  The applicant confirmed that the medical director was staffed at 0.25 FTE for all three projection years. This staffing rate is also based on the HCHB Staffing Matrix used to project other staff for the new agency. Signature Group, LLC also provided a staff table confirming the reasonableness of the staffing.
- Mileage Calculation
  Signature Group, LLC concedes that the mileage calculation assumption is confusing, and provided a clearer formula used to determine those costs. The formula assumes 48 cents a mile and an average of 11 miles traveled per patient based on experience in a similar county in Oregon. This explanation is helpful for understanding the assumptions used to determine the annual amount for this line item.
- Other Line Items in Pro Forma
  Marketing, education and training, IT and software maintenance, office supplies, internet/phone data, and travel
- Purchased Services
  Signature Group, LLC noted that this expense line item was incorrect and adjusted the line item to reflect a per patient day rate. In addition, the applicant included a revised pro forma Revenue and Expense Statement in its rebuttal responses. The revised statement is referenced as Exhibit 1. Signature Group, LLC also asserts that the changes to the statement are immaterial.

As noted above, Signature Group, LLC's rebuttal comments included detailed explanations to alleviate any concerns with the assumptions and financial documentation provided in the application. However, the responses associated with the 'state license fee' and 'purchased services' line items also resulted in submission of a revised pro forma Revenue and Expense statement provided with the rebuttal responses. While the applicant states that the changes to the statement are immaterial, the submission of revised documents during rebuttal is unacceptable in a Certificate of Need review.

The process used for Certificate of Need reviews is outlined in the program's rules and is structured as a public process. The structured process that allows for application submission, screening, public comment, and rebuttal processes is intentional. The way information is provided to the department and given to the public for review promotes the program's goal of providing transparent and predictable decisions. Providing unsolicited new pro forma financial statements in rebuttal undermines the public process in a review because new information submitted in rebuttal cannot be examined and commented upon by interested persons.

Even though Signature Group, LLC states that the revised financial statements provided in rebuttal are immaterial, the department is unable to substantiate that assertion during the final stages of review of an application. For these reasons, the department must conclude that Signature Group, LLC's Pierce County financial information provided in the application and screening responses is inaccurate and cannot be relied upon in this review. As a result, the department cannot complete its financial review of this project under this sub-criterion.

In summary, based on the information available, the department cannot complete the review of the immediate and long-range operating costs of the Signature Group, LLC Pierce County project. **This sub-criterion is not 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.

Continuum Care of Pierce LLC

The capital expenditure for this project is $108,800, including office and IT equipment, software, leasehold improvements, legal and consulting fees, and applicable sales tax. In response to this sub-criterion, Continuum provided the following statements. [source: Application, pdf24]

"*The capital costs related to equipment, software and legal/consulting are based on Member experience, including the recent opening in Q4 of 2019, of the Snohomish County agency for which Managing Member Samuel Stern is the operator and 10% owner. The managing members provided the estimated breakdown of the above.*

The leasehold improvements include costs to improve the space to make it functional for our staff including constructing partition walls to create separate workstation areas/offices, a conference room, closets, and room for medical supply storage. This is the same space as was included in the 2020 Pierce County application. The cost estimates related to this space was found to be acceptable in the analysis."

Continuum also provided the following statement related to start-up costs.

"*The members of Continuum will provide the startup costs identified above. Included in Exhibit 5 are the underlying assumptions. This information was prepared by Continuum and its managing member*." [source: Application, pdf25]

"*Per our TA conference call with CN Program staff, on January 29, 2021, the startup costs were consolidated with the ½ year 1 expenses and the underlying assumptions for the ½ year costs are detailed in the financial assumptions by specific line item (Exhibit 5).*" [source: Application, pdf24]

"*To clarify, the balance sheet line items (for property and equipment), which were listed as 'start up' refer to items in the capital expenditure for the project. Table 3 provides additional information to tie the amounts on the balance sheet to the capital expenditure (see Table 5 of the application). The capital expenditure has been capitalized consistent with GAAP (and is therefore, depreciated each year). The balance sheet also reports the accumulated depreciation amount.*"

Applicant's Table

Table 3
Total Property and Equipment (From Balance Sheet)

Capital Expenditure	Total Amount	Line Item on Balance Sheet
Software, including sales tax	$19,500	Start Up
Legal/ Consulting	$20,430	Start Up
SubTotal	**$39,930**	**Start Up**
Leasehold Improvements, Signage, including sales tax	$39,970	Leasehold Improvements
Office Equipment and Computers/Communication Devices for Clinical Staff, including sales tax	$28,900	Furniture and Equipment
Total	**$108,800**	

Source: Applicant

[source: March 31, 2021, screening response, pdf5-6]

Continuum provided the following statements regarding the project's impact on capital costs and operating costs and charges for healthcare services. [source: Application, pdf25-26]
"*Continuum does not expect the project to affect the charges for its services and, importantly, this project will have no effect on billed rates to patients, providers, or payers. Continuum's charges for hospice services are not determined by its capital expenditures nor its initial pre-opening and operating deficits.*

As noted in earlier sections of this application, Continuum will focus on the underserved populations. To the extent that these populations currently use higher-cost health care services (ED visits, hospitalizations) that are reduced when they are enrolled in a hospice program, overall costs and charges for health care services will decrease.

The establishment of a new hospice agency that will improve access and availability and target disparities is both the "right thing to do" and consistent with value-based care delivery, Washington's Medicaid transformation efforts (Healthier Washington) and Washington's 2018 State Health Assessment. In addition to better access and enhanced equity, studies demonstrate that patients enrolled in hospice were less likely to be hospitalized, admitted to intensive care, or undergo unnecessary invasive procedures.

As the Members have in other markets, Continuum will work with the patient and family to manage the use of aggressive therapies, i.e., radiation for pain management on a case-by case basis. We also use music, equine, virtual reality, art, massage, aroma, and other therapies to manage pain and symptoms. All these programs have improved the quality of life of the patient and have supported the management of costs.

Further, while not in the pro forma, Continuum intends to establish a palliative care program in Pierce County and will work with existing health care providers to identify patients appropriate for palliative care.

Palliative care programs are designed to support patients that are not yet eligible for, or have not yet requested, hospice care, but have advanced chronic illnesses. Palliative care programs can and do also support patients engaged in curative treatment. The goal of a palliative care program is to keep patients stable and out of the hospital by providing home-based services.

Continuum's palliative care service will provide pain and non-pain symptom management, education to promote patient and family awareness of illness trajectory and treatment choices, and psychosocial and spiritual support. The typical disease group of patients enrolled in palliative care include cancer, COPD, heart failure and dementia. The palliative care team typically provides in-home medical consultation, caregiver support and advance care planning.

Research has found that patients enrolled in palliative care cost less than similar patients who are not in a palliative care program simply because they have fewer hospital visits. Palliative care is also demonstrated to improve quality of life for both the patient and the family. Because of their success in reducing costs and improving patient and family satisfaction, they are increasingly sought out by insurers.

The capital costs for the project are only about $100,000 and are solely for minor equipment and some minor tenant improvements. The capital cost for these items are not used for any rate setting purposes."

Continuum provided the following statements regarding how the project will be financed. [source: Application, pdf27]
"*Continuum will use reserves from the managing members to fund the capital expenditure, startup costs and initial operating deficits. Included in Exhibit 8 is a letter from Ariel Joudai, Continuum's CFO confirming this financial commitment.*
The capital expenditure will not be debt financed."

Public Comment
The Pennant Group/Symbol – Oppose [source: pdf4]
"*Continuum's capital expenditure of $108,000 is excessive compared to other applicants. In addition, the stated rent expense of $51,105 in 2022 is excessive compared to the rent expense shown for 2023, 2024, and 2025. This shows a lack of cost containment, especially compared to a few other applicants*."

Continuum Care of Pierce Rebuttal Comment [source: pdf19]
"***D. The Continuum capital expenditure is complete and comprehensive. From an accounting perspective we choose to depreciate the costs, as opposed to expensing them.***
Our capital expenditure is based on experience, including that recently experienced in the startup of Snohomish. As noted on page 23 of our application, our capital expenditure is comprised of the following:

Commenter's Table

Office Equipment and Computers/Communication Devices for Clinical Staff, including sales tax
Software, including sales tax
Leasehold Improvements, Signage, including sales tax
Legal/ Consulting

In contrast, Symbol's capital expenditure, included on page 21 of its CN application indicates that the only expenses it has are for 'equipment', and sales tax is also reported as $0. There is no further detail. In review, the Symbol capital expenditure is incomplete and should be disregarded.

This is reason to deny the Symbol application."

Department Evaluation

The estimated capital expenditure for this project is $108,800 with no construction, that includes start-up costs approximated at $39,930. All the estimated capital costs are for office and IT equipment, software, leasehold improvements, legal and consulting fees, and applicable sales tax.

Continuum provided a letter dated January 28, 2021 from its Chief Financial Officer, Ariel Joudai, CPA demonstrating its financial commitment to this project, including the capital expenditure, any start-up costs, and any initial operating deficits. [source: Application, Exhibit 8]

Continuum also provided a letter dated March 18, 2021 from Signature Bank, signed by Danny Mashiah, Bank Officer – Associate Group Director demonstrating one of the applicant's members has access to sufficient funds to support the project. [source: March 31, 2021, screening response, Attachment 1]

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 96.3% of its patients would be eligible for Medicare or Medicaid; and revenue from Medicare and Medicaid is projected to be 96.6% of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Pennant provided comment stating that it believes Continuum's estimated capital expenditure "*excessive compared to other applicants*" and rent to be "*excessive compared to the rent expense shown for 2023, 2024, and 2025*". Continuum's pro forma model is somewhat different from other applicants in this review in that it included it start-up costs ($39,930) in its capital expense, choosing to depreciate the costs; and included its "*License to Cert*" rent and operating costs ($15,663) for September 2021 through December 2021 in year 2022 expenses under its own line item. Although this model is unusual, Continuum sufficiently explained these details in its assumptions and screening responses.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

Envision Hospice of Washington, LLC

The capital expenditure for this project is $7,000 and there are no construction costs; all costs are associated with furniture, phones, computer equipment, copier, and applicable sales tax. In response to this sub-criterion, Envision provided the following statements.

"*First, the Hospice Need methodology calculates a need for an additional hospice in Pierce County, so the costs of hospice services are based on growth in the target population needing hospice services and receiving hospice services. The 2019 - 2020 hospice need methodology showed that hospice admissions as a percent of overall deaths, declined from 2016 through 2018. The 2020-2021 methodology shows that this percentage has stabilized at approximately the 2018 admissions percentage level but hospice use in Washington State is significantly lower than national average rates for hospice patients.*

Various studies on the cost-effectiveness of hospice, both federally and privately sponsored, provide strong evidence that hospice is a cost-efficient approach to care for the terminally ill.

An early study for CMS concluded that during the first three years of the hospice benefit, Medicare saved $1.26 for every $1.00 spent on hospice care. The study found that much of these savings accrue over the last month of life, which is due in large part to the substitution of home care days for inpatient days during this period.

Additional research on hospice supports the premise that cost savings associated with hospice care are frequently unrealized because terminally ill Medicare patients often delay entering hospice care until they are within just a few weeks or days of dying, suggesting that more savings and more appropriate treatment could be achieved through earlier enrollment.

Envision Hospice of Washington is uniquely suited to expand its current hospice services to serve the residents of Pierce County. Envision Home Health of Washington received Medicare certification for its King County home health agency in 2015 and added Pierce County in 2017. In only four years, the diverse and energetic staff of the new agency have grown that start-up to 17,767 visits annually in King and Pierce Counties in 2019 and successfully navigated the Covid-19 pandemic in 2020 providing 15,516 visits. With the 2018 CON approval of its Thurston County hospice. The 2019 hospice CON approvals for King and Snohomish Counties allow coordination with home health services as well as economies of scale for hospice services in Pierce County. Co-locating with the home health agency will reduce lease costs for both hospice and home health services. This draft memorandum is included in Appendix E." [source: Application, pdf27-28]

"*Envision Hospice of Washington, LLC is responsible for 100% of the capital costs.*

There are no start-up costs as the addition of the Pierce service area will not require any additional management staff, office space or other expense as Envision Hospice of Washington, LLC is currently licensed and operating in the adjacent King and Thurston areas. In fact, Envision Hospice of Washington, LLC is currently serving some patients in Pierce County under the Governor's temporary waiver of certificate of need for hospice services without incurring additional cost or issue. Generally, these services are provided by Envision staff who reside in Pierce County." [source: Application, pdf26]

Envision provided a letter of financial commitment to demonstrate how the project will cover the costs of operation until Medicare reimbursement is received. It is signed by Rhett Andersen, Finance Partner of Envision Hospice of Washington, LLC, dated January 21, 2021; and commits to all the costs of the project. [source: Application, Appendix P]

Envision also submitted a letter from Chase Bank signed by Blake E. Horton, Business Relationship Manager, confirming that Envision Home Health of Washington, LLC has $1,397,268 in its account as of March 31, 2021. [source: April 26, 2021 screening response, Attachment 2]

There was no public comment or rebuttal provided under this sub-criterion for this applicant.

Department Evaluation

The estimated capital expenditure for this project is $7,000 with no construction, with no start-up costs. All the estimated capital costs are for furniture, phones, computer equipment, copier, and applicable sales tax.

Envision provided a letter dated January 21, 2021 from its Financial Partner, Rhett Anderson demonstrating the financial commitment to this project, including any necessary working capital. [source: Application, Appendix P]

Envision also provided a letter dated March 31, 2021 from Chase Bank, signed by Blake E. Horton, Business Relationship Manager demonstrating Envision has access to sufficient funds to support the project. [source: April 26, 2021, screening response, Attachment 2]

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 95% of its patients would be eligible for Medicare or Medicaid. Gross revenue from Medicare is projected to equal the same percentage of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

The capital expenditure for this project is $5,000, which includes a phone system, computer equipment, IT equipment and applicable sales tax. In response to this sub-criterion, Pennant provided the following statements.

"*The Pennant Group Inc. is responsible for the estimated capital costs identified above. Pennant's 10Q is shown at Exhibit 9*." [source: Application, pdf22]

"*All costs include sales tax*." [source: Application, pdf24]

"*This project will not have a negative impact on the costs and charges of health services in the planning area. Hospice care has been shown to be cost-effective and is documented to reduce end of life costs. This project proposes to address the hospice agency shortage in the county and will*

improve acess [sic] *to care. Over time, this will reduce the cost of end of life care and benefit patients and their families.*

The capital and start-up costs of this project are minimal, estimated at $20,500, they will not have an unreasonable impact on the costs and charges of health services in the planning area. Hospice care has been shown to be cost-effective and is documented to reduce end of life costs. This project proposes to address the hospice agency shortage in the county and will improve acess [sic] *to care. Over time, this will reduce the cost of end of life care and benefit patients and their families*." [source: Application, pdf23]

Pennant estimated its start-up costs to be $15,500, which represents start-up recruitment, marketing/advertising, and travel expenses. Pennant based these costs on its experience opening other hospice agencies in Washington State, and expects the costs to be similar to start-up costs Pennant has experienced in other states. [sources: Application, pdf22-23 and March 31, 2021, screening response, pdf7]

Pennant also provided the following statement about how the project will cover the costs of operation until Medicare reimbursement is received. [source: Application, pdf23]
"*The Pennant Group Inc. is responsible for the estimated start-up costs identified above. Pennant's 10Q is shown at Exhibit 9*."

Pennant provided a letter of financial commitment to demonstrate how the project will cover the costs of operation until Medicare reimbursement is received. It is dated January 4, 2021; and signed by Morgan Boatman, Corporate Controller, of The Pennant Group, Inc., committing to all the costs of the project. Pennant also submitted a copy of The Pennant Group, Inc.'s Securities and Exchange Commission 10-Q for periods ending December 31, 2019, and September 30, 2020 in order to document that existing capital is available. [sources: Application, Exhibit 12 and March 31, 2021, screening response, Exhibit 9]

Continuum Care of Pierce Rebuttal Comment [source: pdf19]
"*In contrast, Symbol's capital expenditure, included on page 21 of its CN application indicates that the only expenses it has are for 'equipment', and sales tax is also reported as $0. There is no further detail. In review, the Symbol capital expenditure is incomplete and should be disregarded.*

This is reason to deny the Symbol application."

Department Evaluation
The estimated capital expenditure for this project is $5,000 with no construction, and start-up costs approximated at $15,500. All the estimated capital costs are for movable equipment and associated sales tax; and start-up costs are associated with recruitment, marketing, and travel expenses.

Continuum added in its rebuttal some comments about Pennant's estimated capital expense, however, being that it is new information that Pennant was not provided an opportunity to rebut, it will not be considered by the department.

Pennant provided a letter dated January 4, 2021, from the Corporate Controller of The Pennant Group, Inc., Morgan Boatman, demonstrating its financial commitment to this project, including the projected capital expenditure and any start-up costs. [source: Application, Exhibit 12]

Pennant also provided its Securities and Exchange Commission FORM 10-Q, Quarterly Report ending September 30, 2020, demonstrating Pennant has access to sufficient funds to support the project. [source: March 31, 2021, screening response, Exhibit 9]

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Since Medicare patients typically make up the largest percentage of patients served in hospice care; and for the proposed project, the applicant projected that 98.93% of its patients would be eligible for Medicare or Medicaid. Gross revenue from Medicare and Medicaid is projected to 98.6% of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Based on the information reviewed, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes that this Pierce County project, **meets this sub-criterion**.

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence provided the following statements related to this sub-criterion. [source: Application, pdfs 37-38]

"Providence Hospice has a long history of providing quality hospice services in King County in a cost-efficient manner. We believe our significant support infrastructure, economies of scale, established care protocols, and seasoned care teams will not adversely impact costs or charges when Providence Hospice expands its services into Pierce County.

In fact, when delivered appropriately and in timely manner, hospice care has been shown to be cost-effective and is documented to reduce end-of-life costs without sacrificing quality of care. Research literature supports the cost-effectiveness of hospice care. In one study, researchers analyzed the association of hospice use with survival and health care costs among patients diagnosed with metastatic melanoma. They found that patients with four or more days of hospice care had longer survival rates and incurred lower end-of-life costs. The patients with four or more days of hospice incurred on average costs of $14,594, compared to the groups who received one to three days of care, and no hospice care at all ($22,647 and $28,923, respectively)"

Footnote #6 states: *"Cost "Savings Associated with Expanded Hospice Use in Medicare, Journal of Palliative Medicine, Volume 18, Number 5, April 2015*"

"In a more recent study, researchers simulated the impact of increased hospice use among Medicare beneficiaries with poor-prognosis cancer on overall Medicare spending. The study identified 18,165 fee-for-service Medicare beneficiaries who died in 2011 with a poor-prognosis cancer diagnosis, and matched them to similar patients who did not receive hospice services. Using a regression model to estimate the difference in weekly costs, the study estimated an annual national cost savings between $316 million and $2.43 billion with increased hospice use. Under realistic scenarios of expanded hospice use for Medicare beneficiaries with poor-prognosis cancer, the program could save $1.79 billion annually.6 While the study was limited to poor-prognosis cancer patients, they

are the largest single group who receives hospice care. Based on current research and experience, Providence Hospice expects the project will contribute to overall lower end-of-life costs resulting in overall lower charges for health services.

The proposed project does not require any capital expenditures or construction costs, as Providence Hospice will be managing the Pierce County agency out of its established offices in Tukwila. As noted above, there will be minimal start-up costs of $24,438, but these minor costs will not lead to or contribute to any unreasonable impact on the costs and charges for hospice services in the planning area."

Regarding start-up costs, Providence provided the following statements. [source: Application, pdf37]
"We have included $24,438 in start-up costs to cover additional minor medical and office supplies, admission packets and brochures, minor PC and printer equipment, initial staff licensing, costs to set up the Epic electronic health record, and minor legal/regulatory costs. All start-up costs are detailed in Exhibit 14 along with all assumptions used in determining these expenses.

Start-up costs are included in the first-year operating expenses of the project, and are categorized in their respective expense category. The applicant, Providence Hospice, is the entity responsible for the estimated start-up costs.

Please see Exhibit 19, which provides a letter of financial commitment from the Chief Financial Officer for Providence Home & Community Care related to the start-up costs."

There was no public comment or rebuttal comments provided under this sub-criterion for this applicant.

Department Evaluation
As noted earlier, there is no capital expenditure associated with this project because this project is an expansion of Providence's King County hospice agency. The department has reviewed and approved in-home service applications with no capital expenditure in the past.

Providence Hospice noted that it expected start-up costs of $24,438 related to equipment, furnishing, and office supplies and provided a letter of financial commitment from its CFO of Providence Home and Community Care specific for those costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For Pierce County operations, the applicant projected that approximately 92% of its patients would be eligible for Medicare. Gross revenue from Medicare is projected to equal a similar percentage of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

AccentCare, Inc./Seasons

For its application, Seasons Hospice projected an estimated capital expenditure of $91,680 for the establishment of the hospice agency. The costs are solely for office furnishing, office equipment, and associated sales tax. There is no construction required for this project. [source: Application, pdf64]

AccentCare, Inc./Seasons also provided the following statements regarding pre-opening/start up costs necessary for the proposed hospice services. [source: Application, pdf66]
"Start-up costs and assumptions are detailed in the financial schedules included in Exhibit 15. Capital expenditures include furnishing and equipping office space. Pre-opening expenses include office rent, salaries for staff and their orientation and training, and advertising are identified, and reflect pre-opening expenses of similar projects. Specifically, operations for Seasons Hospice & Palliative Care of Oregon, are used as a proxy. The cash assets allow the applicant to cover preopening costs, costs incurred prior to obtaining Medicare certification, and the projected losses for the initial partial year (July 1, 2022 – December 31, 2022) and first full year of operation (CY 2023). The hospice breaks even in calendar year 2024, showing a profit of $185,529."

The applicant identified the start-up costs to be $214,401, which includes rent and rental security deposit, staffing and benefits, and advertising for staff. [source: Application, Exhibit 15]

AccentCare, Inc./Seasons also provided a letter of financial commitment from its Chief Financial Officer, Ryan Solomon, confirming the availability of the necessary funds and commitment to use them in the establishment of this proposed hospice agency. [source: Application, Exhibit 17]

Specific to this review criterion, AccentCare, Inc./Seasons provided the following statements. [source: Application, pdfs67-68]
"The project is not expected to impact costs and charges for healthcare services in the planning area. The majority of hospice care is reimbursed by Medicare and Medicaid. Hospice reimbursement and charges are on the basis of patient day and core services. The hospice must meet all the service needs of each patient, and funds received from the per diem rate are used to cover the cost of care, including any contracted services. Therefore, the hospice is responsible for fiduciary activities.

Two caps exist on the hospice program. One cost cap is based on the number of enrolled Medicare beneficiaries. That amount is the absolute dollar limit per Medicare beneficiary that a hospice can receive. The cap works like this: if the hospice's total payments exceed the total payments received calculated as the total number of Medicare patients multiplied by the cost cap, the hospice must repay the difference. CMS sets the cost cap for the Fiscal Year 2021 at $30,683.93 per beneficiary.

Under the per beneficiary cap, the hospice receives a per diem rate whether or not the beneficiary receives care so long as the beneficiary remains enrolled. Thus, the daily rate, set for each core service, covers the care the beneficiary receives. The per diem rate must cover all the services specified in the plan of care the hospice provides to each beneficiary. Thus, the hospice is at financial risk should care exceed the per diem rate, furnishing all necessary services.

A second cost cap applies to the hospices that limits the use of inpatient care, the most costly core service, to not more than 20% of total annual patient days. Rates to hospices under this cap receive

both wage and geographical rate adjustments. Refund for overpayment should the 20% limit be exceeded occurs. (Information about cost caps appears in Exhibit 19.)

For Seasons Pierce County, Exhibit 15, work papers #2 through #6 provide the relevant information respectively, patient days by setting and payor, patient charges by service and payor, and net revenues by payor and setting."

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

Department Evaluation

The combined capital expenditure and start-up costs total $306,081, with $91,680 for capital expenditure and $214,401 for start-up costs. AccentCare, Inc. /Seasons provided a letter from its Chief Financial Officer demonstrating its financial commitment to this project, including the project capital expenditure and any cash flow requirements (start-up costs).

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 92% of its patients would be eligible for Medicare or Medicaid. Gross revenue from Medicare is projected to equal a similar percentage of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

Signature Group, LLC

The capital expenditure for this project is $12,500 and all costs are associated with moveable equipment, which includes furniture, phones, computers/monitors, tables, printers, and signage. There are no construction costs. [source: Application, p21]

Signature Group, LLC also estimated its start-up costs to be approximately $35,030, of which $21,968 was already expended for the review fee when the application was submitted. The remaining start-up costs are dedicated to licenses and fees for the new agency. [source: Application, pdf21]

In response to screening questions regarding start up costs, Signature Group, LLC provided the following clarification. [source: March 31, 2021, screening response, pdf3]
"To clarify how Hospice will pay for services provided by the Home Health agency, prior to generating revenue from Hospice billing, the costs will be paid for with cash on hand as demonstrated in the attached bank letter (Exhibit 2) and the letter from our CFO (Exhibit 3). After, it will be paid for with revenue generated by Hospice billing. These costs are allocated and factored into the Signature Pierce Hospice Proforma P&L. Shared employees or services between the adjoined agencies are fully accounted for in the hospice applications Proforma P&L in wages and rent. This discussion is only included to answer the question regarding how hospice will pay for services provided by home health, these services are not a startup cost."

Focusing on both the estimated capital expenditure and the start-up costs identified above, Signature Group, LLC provided the following statements. [source: Application, pdf21-23]
"There is no construction for this project. We will be utilizing current home health office space.

Non-capital expenditures in Table 14 include the licenses and fees and the CON application fee. Licenses and Fees is a line item in the P&L and includes the cost of the initial state license, ACHC accreditation, CMS 855A enrollment fee, and the initial CLIA license.

Our first-year projections in the Proforma take into consideration the startup costs listed above. They include assumptions around hiring and growth, which is one of the reasons why staffing and salaries are not included in either start up table above. The first couple months after the CON is awarded, we will begin to recruit, hire, and onboard an Administrator. It will take several months to find and hire and train an Administrator. However, while that is occurring, the we will rely on shared staff with the Home Health operation that we will share space with. Some of current home health staff, including the Administrator and some the nursing staff, will take over the duties related to the start up. They will have capacity and are aware of this. Therefore, we anticipate the salary for the Admin would not start until 2022. We have accounted for growth in the following years. This is done to reduce startup costs and utilize the resources we already have.

As we continue to grow during the first year, and subsequent years, we will continue to hire staff that are hospice specific.

We would not include home office salaries in the startup costs because it is part of their current roles and salaries to complete the licensing, set up, and general project management of startups and acquisitions. The initial labor costs related to licensing, set up and general management of startups and acquisition is incurred by Signature's Home Office. It would not be until the first year, 2022, when Signature Hospice Pierce starts treating patients and therefore generating revenue, that we would account for Home Office Allocations, as projected on the P&L. This line item is a calculated as a percentage of revenue and therefore increases as the Hospice agency grows over the years.

Signature Hospice Pierce, LLC will be sharing an office space with the current Home Health agency in Federal Way. Since we would be sharing existing infrastructure at the office such as phones and printers, we have decreased our startup costs compared to if we were renting a whole new space."

There was no public comment or rebuttal comments provided under this sub-criterion for this applicant.

Department Evaluation
The combined capital expenditure and start-up costs total $47,530, with $12,500 for capital expenditure and $35,030 for start-up costs. Signature Group provided a letter from its Chief Financial Officer, Ron Odermott, CPA, demonstrating its financial commitment to '*fund the launch and operations*' of this project, including the project capital expenditure and any cash flow requirements (start-up costs).

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 99% of its patients would be eligible for Medicare or Medicaid. Gross revenue from Medicare is projected to equal a similar percentage of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **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 direct 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.

Continuum Care of Pierce LLC

Continuum provided the following statements regarding the source of the $108,800 capital expenditure and any additional start-up costs for this project.

"*Continuum will use reserves from the managing members to fund the capital expenditure, startup costs and initial operating deficits. Included in Exhibit 8 is a letter from Ariel Joudai, Continuum's CFO confirming this financial commitment*.

The capital expenditure will not be debt financed." [source: Application, pdf27]

"*No audited financial statements exist for Continuum and there is no parent entity. As noted in response to Question #13, the managing members will be contributing the financial resources necessary to establish the proposed agency*." [source: Application, pdf28]

"*The members of Continuum will provide the startup costs identified above. Included in Exhibit 5 are the underlying assumptions. This information was prepared by Continuum and its managing member*." [source: Application, pdf25]

"*Included in Attachment 1 is a letter from Signature Bank documenting that the managing member (Sam Stern) has sufficient account balances to meet the $1.3 million member contribution listed on the balance sheet*." [source: March 31, 2021, screening response, pdf8]

Public Comment

Providence Hospice of Seattle – Oppose [source: pdf26-27 and pdf31-32]

"***B. Continuum has failed to provide complete and adequate financial information regarding its owners, and has not, as required by the Department, submitted audited financial statements for the owners.***

The Department requires hospice CN applicants to 'provide the most recent audited financial statements' for the applicant and for 'any parent entity responsible for financing the project.' As

noted above, Samuel and Goldy Stern are the only members of Continuum, and thus are its sole owners. Therefore, under WAC 246-310-010(6)(b), the Sterns are applicants as well. Accordingly, they are required to submit their most recent audited financial statements. They have failed to do so.

As a rationalization for failing to provide audited financial statements for the Sterns, Continuum argues that 'there is no parent entity.' However, this argument is not relevant and is without merit: the Sterns are both applicants under WAC 246-310-010(6)(b). The Department requires 'the applicant' to submit audited financial statements. Therefore, the Sterns, as applicants, must submit financial statements. It would clearly be unfair to the other applicants, and constitute disparate treatment, if the Sterns are relieved of the requirement to provide audited financial statements simply because they are private individuals, not legal entities.

The Department requires CN applicants to provide complete and adequate information in order to enable it to render a fully-informed decision on their applications: 'A person proposing an undertaking subject to review shall submit a certificate of need application in such form and manner and containing such information as the Department has prescribed and published as necessary to such a certificate of need application.' The Department's hospice application form is crafted to obtain the necessary information. Continuum and the Sterns have failed to comply with the Department's informational requirements. In the absence of the required information, the Department cannot properly evaluate whether Continuum's application satisfies each of the four CN review criteria. Accordingly, the Department must deny Continuum's application.
...

2. Continuum's application does not satisfy WAC 246-310-220(3).

As discussed below, the financial documents and supporting documentation provided in Continuum's application fail to establish that the proposed Pierce County hospice program can be 'appropriately financed' in accordance with WAC 246-310-220(3). Continuum's pro forma Balance Sheet shows 'Members' Contributions' of $1,300,000 in 2022, which are not repaid through 2025. These Contributions will apparently be made by the Sterns, although, as far as we can determine, the specific source is not identified by name in the application or in other documentation. This dearth of information is of concern given that, as discussed in detail in Section IV.B above, Continuum has failed to provide complete and adequate financial information for the Sterns, and has not submitted audited or unaudited financial statements for them.

Continuum has provided a financial commitment letter with its application. However, the letter merely states that the unidentified 'managing members' of Continuum 'have sufficient capital available' to fund 'the defined capital expenditure as well as the start-up costs and/or any initial operating deficits for Continuum.' But the letter contains absolutely no details regarding either (1) the amount of 'sufficient capital' that is 'available' or (2) what the capital consists of. Accordingly, the letter does not provide enough information to establish that the project can be funded. Additionally, in its screening responses, Continuum submitted a letter from Signature Bank stating that, as of March 18, 2021, Mr. Stern had 'personal' bank account balances with 'a current balance that exceeds $4,000,000.' However, this account balance is simply a snapshot in time and says nothing about Mr. Stern's current and future financial commitments and the ability of the current balance to cover them. Further, Continuum's pro forma income statement shows large operating

losses in the six months of operation in 2022, and there is no cash flow statement provided. This raises concerns with respect to the reliability of Continuum's financial projections, including its ability to appropriately finance its proposed hospice program.

In addition, Continuum's capital expenditures will be $108,800. It projects an operating loss of $776,219 in partial year 2022, then positive net income thereafter. However, from a cash flow perspective, it appears that cumulative net income remains negative though at least part of 2025. Therefore, the $1.3 million Members' Contributions may not be sufficient to finance all of the capital expenditures, start-up costs, and potential operating losses for the proposed program. However, in the absence of (1) a cash flow statement for Continuum and (2) complete and adequate financial information for the Sterns, the Department cannot accurately determine the ability of Continuum and the Sterns to fund the proposed hospice program.

Accordingly, Continuum has not provided sufficient reliable financial information to enable the Department to evaluate whether '[t]he project can be appropriately financed.' Therefore, the Department cannot conclude that the application satisfies WAC 246-310-220(3)."

Continuum Care of Pierce Rebuttal Comment [source: pdf6]
"***C. Continuum has provided copies of all required financial information. There are no audited financials for Continuum of Pierce LLC.***

Exhibit 8 of Continuum's CN filing included a letter from our CFO dated January 28, 2021. The letter was addressed to Eric Hernandez, Program Manager and read:

> *The managing members of Continuum Care of Pierce LLC. have sufficient capital available to fund these costs and these funds have been included in the pro forma balance sheet submitted with this application in the line item as 'member contributions.*
>
> *Also, please note that in past CN filings Continuum has either set-aside funds in a separate bank account for the above reference needs, or indicated that we are prepared to do so, if requested by Certificate of Need Program staff. Because this has not been a factor considered by the Program in past CN analyses, we have not established the separate account prior to filing this application. Please advise if this is an expectation. We are also prepared to provide a letter from our bank confirming availability of the funds if requested.*

The Program confirmed that no audited financials were required in its February 26, 2021, screening questions. Specifically, Question number 8 reads:

> *The department understands that no audited financial statements exist for Continuum and that there is no parent entity. However, since the project is completely reliant on Continuum's reserves from managing members the department now requests any form of confirmation from a third party which substantiates Continuum's financial status. This could be in the form of a letter from a bank confirming available funds. Please make sure the amount available is at least as much as is committed to the project (estimated capital expense, start-up costs, and member contributions), that the confirmation is recent, and that it does not include account numbers or private information.*

In response, Continuum provided (as Attachment 1 to the screening response) the requested bank letter confirming the necessary available funds."

Department Evaluation

The estimated capital cost for this project is $108,800. Continuum intends to finance this project using available reserves from its managing members; and a letter dated January 28, 2021 from its Chief Financial Officer, Ariel Joudai, CPA demonstrating its financial commitment to this project, including the capital expenditure, any start-up costs, and any initial operating deficits. [source: Application, Exhibit 8]

Continuum also provided a letter dated March 18, 2021 from Signature Bank, signed by Danny Mashiah, Bank Officer – Associate Group Director demonstrating one of the applicant's members has access to sufficient funds to support the project. [source: March 31, 2021, screening response, Attachment 1]

Providence commented that submission of audited financials should be required of Continuum's financing, managing members. The main purpose of requesting audited financial statements in an application is to allow the department to review the financial health of the entity that is providing the funding for the project. However, as has been department's practice, if no audited financials are reasonably available, the department is satisfied with a letter from a third party to demonstrate adequate available funds or financing. In response to screening Continuum provided such a letter. Providence further states "*[i]t would clearly be unfair to the other applicants, and constitute disparate treatment, if the Sterns are relieved of the requirement to provide audited financial statements simply because they are private individuals, not legal entities.*" It has been the department's position that when audited financial statements are available this is an effective tool to gauge the availability of resources and to review the financial health of an applicant. However, in the absence of such documents, the department does not require additional burden and cost of applicants that may have organizational operations more modest than that of some other applicants. Providence additionally stated of the letter Continuum provided that "*this account balance is simply a snapshot in time and says nothing about Mr. Stern's current and future financial commitments and the ability of the current balance to cover them.*" The department notes that Continuum did submit its projected pro forma balance sheet through the projection period which does indicate the applicant's, Continuum's projected assets and liabilities.

Providence provided additional public comment questioning the viability of Continuum's project, listing several issues, including the specific sources of member contributions listed on the balance sheets; a lack of detail in the financial commitment letter; that partial year 2022 losses are substantial; and that there were no cash flows submitted. Continuum did not respond directly to each of these issues raised but did rebut Providence's comments as related to the requirements in rule. The department concludes that Continuum's approach is appropriate because documentation was provided to demonstrate that assets are sufficiently available to cover all of the project's cost.

Public comments suggest that the project cannot be appropriately financed. Continuum provided a clear explanation to the key arguments. Based on the information here, the department concludes that Continuum is likely able to appropriately finance this project. If this project is approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. The department concludes that **this sub-criterion is met.**

Envision Hospice of Washington, LLC

Envision provided the following statements regarding the source of the $7,000 capital expenditure for this project.

"*Envision Hospice of Washington, LLC is responsible for 100% of the capital costs.*

There are no start-up costs as the addition of the Pierce service area will not require any additional management staff, office space or other expense as Envision Hospice of Washington, LLC is currently licensed and operating in the adjacent King and Thurston areas. In fact, Envision Hospice of Washington, LLC is currently serving some patients in Pierce County under the Governor's temporary waiver of certificate of need for hospice services without incurring additional cost or issue. Generally, these services are provided by Envision staff who reside in Pierce County." [source: Application, pdf26]

Envision provided a letter of financial commitment to demonstrate how the project will cover the costs of operation until Medicare reimbursement is received. It is signed by Rhett Andersen, Finance Partner of Envision Hospice of Washington, LLC, dated January 21, 2021; and commits to all the costs of the project. [source: Application, Appendix P]

Envision also submitted a letter from Chase Bank signed by Blake E. Horton, Business Relationship Manager, confirming that Envision Home Health of Washington, LLC has $1,397,268 in its account as of March 31, 3021. [source: April 26, 2021 screening response, Attachment 2]

Public Comment

Providence Hospice of Seattle – Oppose [source: pdf18-20]

"***2. The historical financial performance of Envision and Envision Home Health raises questions regarding their ability to implement, fund, and support the proposed Pierce County hospice program.***

Envision and its parent, Envision Home Health, are pursuing an extremely aggressive expansionary business model. An examination of their overall financial performance in recent years raises concerns regarding their capacity to support the start-up and ongoing operation of yet another new hospice program. As discussed above, Envision's opening of two of its recently approved hospice programs has been marked by actual patient volumes which fall far below the optimistic volume projections presented by Envision in its CN applications for those two programs. This suggests that the business model being pursued by Envision and Envision Home Health is based upon over-optimistic expectations, is subject to over-extension and non-performance, and may not be sustainable. This calls into question the long-term financial feasibility of the proposed Pierce County hospice program.

Based upon the 2018 through 2020 financial statements provided for Envision Home Health, Envision's parent, it appears that Envision Home Health is not a large financial operation, generating net incomes of $236,981 in 2018, $349,099 in 2019 and $447,601 in 2020. Its Balance Sheet shows that Total Assets were only approximately $1.2 million in 2018, increased slightly to approximately $1.49 million in 2019, and increased to approximately $2.0 million in 2020. Its Cash Flow Statement shows a Cash Balance of only $662,073 at the end of 2020. The table below provides details relating to the historical financial statements."

Commenter's Table

Table 2: Envision Home Health of Washington, LLC, Historical and Forecast Financial Statements

	Envision Home Health of Washington, LLC						
	Actuals			Forecast--Includes Envision-Pierce County			
	2018	2019	2020	2021	2022	2023	2024
Statement of Revenues and Expenses							
GrossRevenue							
Net Revenue	$ 4,451,060	$ 4,850,512	$ 5,047,440	$ 7,582,310	$ 8,446,132	$ 9,196,702	$ 10,379,183
Patient Care Costs	$ 2,470,193	$ 2,912,074	$ 2,770,687	$ 3,915,052	$ 4,371,395	$ 4,802,454	$ 5,482,078
Administrative Costs	$ 1,743,886	$ 1,589,338	$ 1,829,151	$ 2,600,027	$ 2,899,784	$ 3,013,787	$ 3,276,589
Total Costs	$ 4,214,079	$ 4,501,412	$ 4,599,838	$ 6,515,079	$ 7,271,179	$ 7,816,241	$ 8,758,667
EBITDA	$ 236,981	$ 349,099	$ 447,601	$ 1,067,232	$ 1,174,953	$ 1,380,462	$ 1,620,516
Depreciation	$ 1,595	$ 571	$ 571	$ 9,673	$ 8,823	$ 7,986	$ 7,986
Net Income (Pre-Tax)	$ 236,981	$ 349,099	$ 447,601	$ 1,067,232	$ 1,166,130	$ 1,372,476	$ 1,612,531
Percent Annual Change, Net Income		47.3%	28.2%	138.4%	**9.3%**	**17.7%**	**17.5%**
Balance Sheet	Actuals			Forecast			
Assets							
Current Assets	$ 1,204,357	$ 1,462,871	$ 1,971,111	$ 2,929,078	$ 3,574,385	$ 4,118,488	$ 4,857,342
Total Property and Equipment	$ 4,831	$ 4,260	$ 5,845	$ 39,351	$ 36,300	$ 27,085	$ 17,871
Other Assets	$ 35,351	$ 27,508	$ 23,296				
Total Assets	$ 1,244,539	$ 1,494,639	$ 2,000,252	$ 2,968,430	$ 3,610,685	$ 4,145,574	$ 4,875,213
Total Current Liabilities	$ 173,464	$ 82,879	$ 145,674	$ 318,774	$ 456,640	$ 527,907	$ 618,640
Long term Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Shareholder Equity	$ 1,071,074	$ 1,411,760	$ 1,854,578	$ 2,649,656	$ 3,154,045	$ 3,617,667	$ 4,256,574
Total Liabilities & Equity	$ 1,244,539	$ 1,494,639	$ 2,000,252	$ 2,968,430	$ 3,610,685	$ 4,145,574	$ 4,875,214
Cash Flow Statement	Actuals			Forecast			
Net Cash From Operations	$ (135,079)	$ 190,175	$ 425,368	$ 721,953	$ 1,155,103	$ 1,747,702	$ 2,166,341
Net Cash Used in Investing	$ (1,713)		$ (2,156)				
Cash Flows from Financing Activities					$ (7,000)		
Used For:							
Dividends	$ (185,568)	$ -	$ -	$ -	$ 1,000,000	$ (1,500,000)	$ (1,800,000)
Net Increase <Decrease> in Cash	$ (322,360)	$ 190,175	$ 423,212	$ 721,953	$ 148,103	$ 247,702	$ 366,341
Summary							
Cash Balance at Beginning of Period	$ 371,046	$ 48,686	$ 238,861	$ 662,073	$ 1,384,026	$ 1,532,129	$ 1,779,831
Cash Balance at End of Period	$ 48,686	$ 238,861	$ 662,073	$ 1,384,026	$ 1,532,129	$ 1,779,831	$ 2,146,172
Historical Statements, Envision Aplication, Appendix Q, pp.272- 275.							
Projected Statements, Envision Application, Appendix L, pp. 201-203.							

As shown by the table, Envision Home Health has not experienced significant dollar-amount growth during the most recent three-year period, with a modest dollar-amount increase in net income (pre-tax) over the period. As discussed above, Envision has recently commenced operations at three hospice programs in Thurston, King, and Snohomish Counties, is preparing to commence operations at a fourth program in Kitsap County, and is now seeking approval to open a fifth new program in Pierce County. Arguably, Envision Home Health does not have sufficient financial capacity to take on additional projects that carry risk. This raises questions as to the overall financial feasibility of Envision's proposed Pierce County program, given that Envision Home Health faces uncertainties associated with the establishment of five new hospice programs over a relatively short period of time.

Envision Home Health's projection of a 138.4% increase in net income over the period from 2020 through 2021 is very optimistic. It should be noted that this is followed by a drop in the annual percentage increase to 9.3% from 2021 through 2022, then over 17% growth per year during the periods from 2022 through 2023 and from 2023 through 2024. These increases are based upon projected net income of $1.06 million in 2021, $1.16 million in 2022, $1.37 million in 2023, and $1.6 million in 2024. These are highly optimistic projections, particularly given, as discussed above, the slow patient volume growth in its recently-opened hospice programs compared with the aggressive patient volume projections contained in the CN applications for those programs.

In summary, the table shows stable, but modest, historical actual performance by Envision Home Health, but very rapid growth from 2020 through 2021. This sort of performance is more indicative of a pure start-up entity with no actual performance to benchmark. Envision Home Health could meet these targets, but the forecast is highly uncertain given the performance of Envision's recently-opened hospice programs in Washington. Thus, there are questions regarding the ultimate ability of Envision and Envision Home Health to implement, fund, and support the proposed Pierce County hospice program."

Envision Hospice of Washington Rebuttal Comment [source: pdf10 and pdf14]
"*In its overall summary, Providence raised two points:*

1. First, the pro forma financial statements provided by Envision must be reliable and, as such, demonstrate that 'the immediate and long-range capital and operating costs of the project can be met' and that the project 'can be appropriately financed.' Turning to financing the project, the Program requested that Envision document that it had capital available to finance the immediate capital and operating costs.

2. Second, Providence then asserts that even if the statements appear to be reliable, the Department must also evaluate the overall financial reliability of Envision and of Envision Home Health, its parent organization. If there are concerns about the financial capacity or reliability of Envision or Envision Home Health, this raises concerns about the financial feasibility of the project in general.

***Envision responds** by noting that in the screening questions for this project, the Program asked the following question:*

> *16. 'The department understands that no audited financial statements may exist for Envision. However, since the project is completely reliant on Envision's reserves the department now requests any form of confirmation from a third party which substantiates Envision's financial status. This could be in the form of a letter from a bank confirming available funds. Please make sure the amount available is at least as much as is committed to the project, that the confirmation is recent, and that it does not include account numbers or private information.'*

Page 14 of the response to the screening question was a letter from Chase Bank confirming that Envision had over $1.397 million in uncommitted funds available. This fully satisfies both summary concerns raised by Providence. In addition, Envision noted in its reply that this form of conformation has met the Department's requirements of the last six hospice applications Envision has submitted.

2. The historical financial performance of Envision and Envision Home Health raises questions regarding their ability to implement, fund, and support the proposed Pierce County hospice program.

Appendix K, Page 196 shows Envision Home Health and Hospice, LLC with a year-end 2021 Balance Sheet shareholder equity of $2,649,556 has the financial wherewithal to support the project. Appendix L, Pages 201 – 204 Envision net revenue growth is over twice the annual year-to year growth of Providence, while net income growth is over three times the year-to-year net income

growth through 2024. In 2024, net income as a percent of net revenue is approximately the same between Providence Hospice of Seattle and Envision Home Health and Hospice. The Envision response to the above comments under A. and A. 1, as well as this section documents that Envision can implement and fund the Pierce County expansion."

Department Evaluation

The estimated capital cost for this project is $7,000. Envision intends to finance this project using available reserves. Envision a letter dated January 21, 2021 from its Financial Partner, Rhett Anderson demonstrating the financial commitment to this project, including any necessary working capital. [source: Application, Appendix P]

Envision also provided a letter dated March 31, 2021 from Chase Bank, signed by Blake E. Horton, Business Relationship Manager demonstrating Envision has access to sufficient funds to support the project. [source: April 26, 2021, screening response, Attachment 2]

Providence provided public comment questioning the "*...historical financial performance of Envision and Envision Home Health,*" stating in summary that the organization's overall financial performance in recent years raises questions about whether Envision can support start-up and ongoing operational costs of another agency. Providence examines Envision's balance sheets, stating that only modest increases in pre-tax income are shown. However, these modest increases are demonstrated while Envision is starting up multiple other projects, as noted by Providence. Providence speculates Envision does not have sufficient capital for the risk associated with another new business. Providence further states that some of Envision's projections are "*very optimistic*" particularly when viewed next to Envision's other hospices' recent performance. Providence closes its comment with the concession that Envision could meet its targets.

Envision rebutted these comments, pointing to its letter from Chase Bank confirming more than sufficient liquid funds to cover its relatively modest capital expenditure. Envision additionally pointed to its pro forma balance sheets stating that "*Shareholder Equity*" is more than sufficient to cover this cost. Envision continues to compare its projected performance to that of Providence's; however, the department does not consider applicant's relative financial performance to one another in this sub-criterion. The department does, however, concede that applications may be compared to judge reasonableness of assumptions. It is important to note that whether Envision's past projects did or did not meet targeted projections is not a reviewable metric for this evaluation; rather the department considers whether there is confirmed access to sufficient funding for a project's capital expense, start-up, and operating deficits.

Because the capital expense for this project is small relative to the cash available to the applicant, the department concludes that Envision is likely to be able to appropriately finance this project. If this project is approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. The department concludes that **this sub-criterion is met.**

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

Pennant provided the following statement regarding the source of the $5,000 capital expenditure and additional start-up costs for this project. [source: Application, pdf25]

"*The Pennant Group Inc. is the source of financing. The commitment of funds letter is shown at Exhibit 12.*

This project will not be debt financed through a financial institution."

Pennant provided a copy of The Pennant Group, Inc.'s Securities and Exchange Commission 10-Q for periods ending December 31, 2019, and September 30, 2020, in order to document existing capital is available. [source: March 31, 2021, screening response, Exhibit 9]

Public Comment
Providence Hospice of Seattle – Oppose [source: pdf44]
"***B. The financial condition of The Pennant Group, Inc. raises significant concerns as to whether the proposed Pierce County hospice program 'can be appropriately financed' in accordance with WAC 246-310-220(3).***
As noted above, the Department has determined that The Pennant Group, Inc. ('Pennant'), not Cornerstone, is the applicant. The supporting documentation in the application indicates that Pennant will 'fully finance the establishment of' the proposed Pierce County hospice program. Therefore, the Department must evaluate Pennant's financial condition and business model in order to determine whether the financing commitment provided by Pennant is reliable. Pennant, which is publicly traded, is a very large organization, with Total Assets of $480.1 million in the nine months ended 2020. However, it should be noted that, as of September 30, 2020, Pennant had only $53.4 million in Current Assets, and $8.3 million in Cash, as compared to Current Liabilities of $83.3 million. Thus, it appears that Pennant has used debt to finance operations, raising questions as to its current liquidity. Therefore, there are significant concerns as to whether Pennant will have the financial wherewithal to provide the financing necessary for the establishment of the hospice program, thus raising questions as to whether the program can be 'appropriately financed' in accordance with WAC 246-310-220(3)."

The Pennant Group/Symbol Rebuttal Comment [source: pdf4]
"*Providence represented to the Department that Pennant's financial condition and business model draw into question its ability to be appropriately financed. This indicates a fundamental misunderstanding of our business model and financial viability. The Pennant Group, Inc. is a holding company with over 80 home health, hospice, and home care independent operating agencies in 14 states. As a business model, Pennant is a consolidator of businesses within the home health, hospice, and home care industries, which means that Pennant is continuously acquiring businesses within these industries. As a result, Pennant maintains little cash on hand as is consistent with other companies that have a similar business model.*

To fund its acquisitions and operations, Pennant has access to a Revolving Credit Facility of $150,000,000 of which there is approximately $110,000,000 available. Under the terms of the Revolving Credit Facility, Pennant is well within rights to fully borrow against the line of credit to support operations and continue to acquire. In alignment with its business practice, Pennant will maintain a drawn balance and continue to acquire businesses.

Lastly, from 2016-2020, Pennant has generated an average of $17.8 million in positive cash flow from operations; thus, Pennant's successful model of operation generates cash operationally. In

consideration of these items, Pennant has more than adequate funds to appropriately finance a hospice business within Washington."

Department Evaluation

The estimated capital cost for this project is $5,000. Pennant intends to finance this project using available reserves; and provided a letter from its Corporate Controller demonstrating financial commitment to this project. Additionally, Pennant provided its third quarter Form 10-Q for year 2020. This report independently confirms Pennant has more than necessary working capital to finance this project. This approach is appropriate because documentation was provided to demonstrate assets are sufficient to cover this cost.

Providence provided public comment questioning the "…*financial condition of The Pennant Group, Inc.,*" stating in summary that Pennant's Form 10-Q showed less in combined "*Current Assets*" and "*Cash*" than in "*Current Liabilities*". In rebuttal, Pennant states that its business model intentionally keeps liquid cash at a minimum, that it has access to more-than-sufficient funding, and that its business model continually generates "…*more than adequate funds to appropriately finance a hospice business within Washington.*" Because the capital expense for this project is small relative to the cash available to the applicant, the department concludes that Pennant is likely to be able to appropriately finance this project.

If this project is approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

In response to this criterion, Providence provided the following statement. [source Application pdf36]
"…there are no capital costs for this project."

Focusing on its startup costs, Providence provided the following information and assumptions used to determine the $10,038 estimated for start-up costs. [source: Application, Exhibit 14]

Category/Item	Start-up Costs	Basis of Assumption
Professional Fees:		
Legal/Regulatory	$ 2,720	Updating any contracts with providers. Review of policies for State regulatory requirements. Legal - 8 hours at $250 per hour = $2,000; Compliance 8 hours at $90 per hour = $720
Supplies:		
Medical Supplies	$ 584	Update car stock for clinicians working in Pierce County at $120 per clinicial. Initial assumption based on 3.2 clinical FTE equivalent (RN/LPN and Hospice Aides); Increase medical supplies in inventory and creams/lotions ($200).
Office Supplies	$ 200	Paper for printer, additional pens/post-its for touchdown area, flip charts for planning
Purchased Services:		
Printing and Publications	$ 1,125	Admit Packets ($5 x 150 = $750); 300 Brochures ($1.25 each x 300 = $375)
Advertising and Marketing	$ 750	Update Website (5 hours x $50 - $250); Mailings to physician's offices and facilities ($1.00 x 500 = $500)
Other Purchased Services	$ 16,000	Epic set-up Costs: 1 Epic analyst for a 2.5 weeks ($100 x 40 x 2.5 = $10,000), Contract setup (~8 hrs. * $75 = $600), reports (8 hrs. x $75 = $600), chg of acctg reports (2x 40 x $60 = $4,800)
Other Expense:		
Equipment (PC, Printers, etc.)	$ 2,500	1 computer in office for touchdown at $1,500 to include all peripherals (screen, keyboard, etc.); Additional printer for growth at $1,000
Licensing (clinicians)	$ 559	Licensing fee of $120/RN, $166/OT, $85/Hospice Aide, $116/MSW, and $478/ Physician License annually (pro rated by FTE count per category)

Source: Providence Hospice of Seattle

There was no public comment or rebuttal comments provided under this sub-criterion for this applicant.

Department Evaluation

There is no capital expenditure associated with this project. However, the applicant stated that approximately $10,038 is available for start-up costs and provided a letter of commitment to demonstrate the availability of funding for start-up. [source: Application, Exhibit 19] Because there is no capital expenditure associated with this project, this **sub-criterion does not apply to the Providence project.**

AccentCare, Inc./Seasons

The estimated capital costs for this project are $91,680 for office furniture and electronic communication devices. The applicant provided a listing of equipment needed for the agency. [source: Application, pdf65-66]

An additional $214,401 is required for start-up costs which includes rent and rental security deposit, staffing and benefits, and advertising for staff. [source: Application, Exhibit 15]

In response to this sub-criterion, the applicant provided the following statements. [source: Application, pdf 65 and Exhibit 17]

"*The applicant entity has $2 million in assets provided by the owners of Seasons Hospice & Palliative Care of Pierce County Washington, LLC. A letter from the Chief Financial Officer for AccentCare, Inc. on behalf of Seasons Hospice & Palliative Care of Pierce County Washington, LLC (found in Exhibit 17) commits to available funding for the hospice's capital costs, pre-opening expenses, and operating deficits in the initial year of operation. The applicant's audited financial statement will document the $2 million in cash. The hospice has the option of using Seasons Healthcare Management, LLC, for purchasing equipment and furnishing the office in Pierce County. The items above reflect the types of expenditures made in connection with start-up hospice programs. The item costs reflect corporate pricing agreements with the Seasons Healthcare Management, LLC's vendors and are inclusive of applicable state and local sales taxes.*

Pre-opening expenses include office rent, salaries for staff and their orientation and training, and advertising are identified, and reflect pre-opening expenses of similar projects. Specifically, operations for Seasons Hospice & Palliative Care of Oregon, are used as a proxy. The cash assets allow the applicant to cover preopening costs, costs incurred prior to obtaining Medicare certification, and the projected losses for the initial partial year (July 1, 2022 – December 31, 2022) and first full year of operation (CY 2023). The hospice breaks even in calendar year 2024, showing a profit of $185,529.

A letter from the Chief Financial Officer for AccentCare, Inc. on behalf of Seasons Hospice & Palliative Care of Pierce County Washington, LLC demonstrates the applicant entity has $2 million dollars available to fund the hospice's non-capital expenditures prior to opening and initiating service. The CFO's letter is found in Exhibit 17."

In addition to the statements above, AccentCare, Inc./Seasons provided its 2020 Audited financial report for Seasons Hospice & Palliative Care of Pierce County Washington, LLC. [source: March 30, 2021, screening response, Attachment 3]

The applicant provided the following rationale for providing the 2020 Audited financial report for Seasons Hospice & Palliative Care of Pierce County Washington, LLC rather than the most recent audited financial statements for AccentCare, Inc.: [source: March 30, 2021, screening response, pdf9]
"The audited financial statements for Seasons Pierce, included as Attachment 3 of this screening response, demonstrate that Seasons Pierce has sufficient cash on hand to fund the capital costs and operating deficits during the startup period.

Prior to December of 2020, AccentCare, Inc., the parent and owner of Seasons Pierce, had no affiliation with the larger Seasons Hospice organization. As a result of the December 21, 2020 transaction between Seasons Hospice and AccentCare, Inc., the two organizations merged their operations, fundamentally changing the nature of the overall business. Accordingly, historical audited financial statements from AccentCare, Inc. for 2020 and earlier, is not an accurate portrayal of the current AccentCare, Inc. enterprise and would contain no information relevant to the overall Seasons Hospice organization or Seasons Pierce specifically. Because those financials are not meetings and conferences with the CN Program (and as reflected in the Program's email of December 17, 2020, provided in Attachment 4), was not to provide the 2020 audited financial statements of AccentCare, Inc. In lieu of that information, Seasons Pierce and AccentCare are providing proof of available funding for the project, including the January 27, 2021 letter from the Chief Financial Officer of AccentCare, Inc. that confirms the commitment of $2 Million in available cash (found on page 500 of the application) and the audited financial statement for Seasons Pierce (see Attachment 3 of this screening response). However, if the Program determines that despite the apparent lack of relevancy it is still necessary, Seasons Pierce and AccentCare, Inc. will provide the most recent available, historical 2019 audited financial statements for AccentCare, Inc., reflecting its financial state of affairs pre-affiliation with Seasons Hospice. (AccentCare's 2020 audited financial statements are not yet complete but could be provided to the CN Program when available if requested.)

Additionally, Attachment 5 provides a consolidated pro forma for AccentCare, Inc. going forward that includes all four (4) of the concurrent CN applications filed by Seasons affiliates in 2021, as further identified below.

- *Seasons Hospice & Palliative Care of King County, LLC*
- *Seasons Hospice & Palliative Care of Thurston County, LLC*
- *Seasons Hospice & Palliative Care of Pierce County Washington, LLC*
- *Seasons Hospice & Palliative Care of Snohomish County Washington, LLC"*

Public Comment

Providence Hospice of Seattle-Oppose
Seasons has failed to provide audited financial statements for AccentCare.
As noted above, the Department requires hospice CN applicants to submit "the most recent audited financial statements" for "the applicant." Under WAC 246-310-010(6)(b), both Seasons and

AccentCare are applicants. Seasons has submitted its most recent audited financial statements. AccentCare has not.

In its application, Seasons stated that the audited financial statements for "the applicant entity will be provided during the screening response." In its screening responses, Seasons submitted its most recent audited financial statements. However, it did not submit audited financial statements for AccentCare. It provided two rationalizations for its lack of compliance with the Department's application requirements. Both of these rationalizations are without merit.

First, Seasons claims that, due to the merger of AccentCare and the Seasons group on December 22, 2020, the historical financial statements for AccentCare are "not an accurate portrayal of the current AccentCare, Inc. enterprise and would contain no information relevant to the overall Seasons Hospice organization or Seasons Pierce specifically." However, Seasons is not in a position to dictate to the Department whether AccentCare's most recent audited financial statements are or are not "relevant" to the Department's review of Seasons' CN application. The relevancy of the financial statements is a determination to be made by the Department, not by Seasons. Neither Seasons nor any other applicant can make a unilateral decision to withhold its financial statements from the Department based upon the applicant's belief that the statements are not "relevant."

Second, Seasons argues that technical assistance it received from the Department justifies its refusal to produce AccentCare's audited financial statements. In support of this argument, Seasons provides an email from the Department which, according to Seasons, absolves Seasons from producing the financial statements. However, the Department's technical assistance email does not support Seasons' claim. The Department's technical assistance related solely to whether "the parent entity responsible for the financing of the project" is required to provide historical financial statements. However, as noted above, the Department requires audited financial statements from two entities: first, "the applicant," and, second, "any parent entity responsible for financing the project." The Department's technical assistance email says nothing about whether AccentCare, as the applicant, must produce audited financial statements. Thus, Seasons' reliance upon the Department's technical assistance email as a justification for refusing to produce AccentCare audited financial statements is without merit."

Providence provided several footnotes withing the statements above. Footnote #16 states: '*It should also be noted that the Department may have misunderstood AccentCare's status. It incorrectly refers to AccentCare as "the newly created parent." Ibid. However, AccentCare is not a "newly created parent." Rather, it is an existing corporation with which the Seasons group merged. Given that the Department's assistance may have been based upon a misunderstanding of the nature of the merger, it is not determinative in deciding whether AccentCare has failed to comply with the requirements of the Department's hospice CN application form*.'

AccentCare Inc./Seasons Rebuttal Comment

"Seasons Pierce County did not fail to provide the required audited financial statement of the applicant entity, Seasons Hospice & Palliative Care of Pierce County Washington, LLC. The audit was provided as Attachment 3 of the screening response, documenting that the applicant has $2,000,000 in cash to fund the project and cover any operating deficits during the start-up period. No other funding sources are required. As discussed with staff of the CN Office and memorialized

in the email of December 17, 2020 (Attachment 4 of the screening response), no historical audited financial statement for the parent (AccentCare, Inc.) were available that reflect the merger with Seasons Hospice & Palliative Care providers that occurred on December 22, 2020 as noted on page 5 of the application. Please also see response to comment 3, above."

Department Evaluation

In the Applicant Description section of this evaluation, the department notes that Providence expressed concerns about whether AccentCare, Inc. is the applicant for this project. In that section, the department concluded that the applicant for this project is AccentCare, Inc. Under this sub-criterion, Providence noted that if AccentCare, Inc. is not the applicant, then the appropriate financial documents needed to demonstrate compliance with this sub-criterion were not provided. Given that AccentCare, Inc. is the applicant, the necessary documentation was provided.

The combined total of capital expenditure and start-up costs for this project is $206,081. The applicant states all costs will be funded by the applicant, AccentCare, Inc. and provided a letter from its CFO demonstrating financial commitment to this project. This approach is appropriate because documentation was provided to demonstrate assets are sufficient to cover these costs and those of other projects under review by the same applicant.

If this project is approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

Signature Group, LLC

Signature Group, LLC estimated the combined capital expenditure and startup costs would be $47,530 and provided the following statements regarding the financing for this project. [source: Application, pdf23]

"Northwest Hospice, LLC is able to provide 100% of the estimated startup costs for Signature Hospice Pierce, LLC. The included bank letter [Exhibit 16] shows funds available to be used by Northwest Hospice, LLC to start up Signature Hospice Pierce, LLC."

To further demonstrate that the funding for the capital expenditure and the startup costs are available, Signature Group, LLC provided the following documents. [source: Application, Exhibits 16, 17, and 18]

- A letter dated November 13, 2020, from the Senior Treasury Service Client Manger of KeyBank Enterprise Commercial Payments confirming that the Northwest Hospice, LLC account is in good standing;
- A letter dated January 5, 2021, from the Chief Financial Officer of Signature Group, LLC confirming a financial commitment for the launch and operations of Signature Hospice Pierce, LLC; and
- A letter dated January 27, 2021, from the Chief Financial Officer of Signature Group, LLC confirming Signature Hospice Pierce, LLC is a new entity and does not have historical audited financial statements. The letter concludes with the following statement:

  "Signature Hospice Pierce, LLC will be funded with existing cash, see attached bank letter, and has an existing accounts receivable borrowing base line of credit. The line of credit is with Midcap Funding IV Trust and has a maximum available borrowing of

$11,000,000. Signature Hospice Pierce, LLC will have access to this line of credit for short term operational needs."

Signature Group, LLC provided the following statements in response to the department's request to provide most recent audited financial statements for:

- the applicant, and
- any parent entity responsible for financing the project.

[source: Application, pdf27]

"Historically, Signature Healthcare at Home and all related entities of Home Health and Hospice were under the ownership of Avamere Group, LLC. As of 1/1/21, Signature Healthcare at Home and all related entities are now under the parent company Signature Group, LLC. Because Signature recently came under new ownership, we do not have audited financials for the parent entity, Signature Group, LLC or for the applicant, Northwest Hospice, LLC. (Please reference Exhibit 1 for the new ownership structure).

In lieu of this, we have included a bank letter from Northwest Hospice, LLC which shows sufficient cash on hand to cover the capital and non-capital expenditure costs of the startup (Exhibit 16).

In addition, we have attached a letter which shows the line of credit from the parent entity that we have available to be used for this project. This letter is available in Exhibit 18."

Public Comment

Providence Hospice of Seattle-Oppose

"The financial documents provided in Signature Pierce's application fail to establish that the proposed Pierce County hospice agency can be "appropriately financed" in accordance with WAC 246-310-220(3). Signature Pierce states that Northwest Hospice, its immediate parent, will fund the capital expenditures and start-up costs for the proposed agency. At one point, Signature Pierce states that the project "is being funded from cash on hand from Northwest Hospice." To support the availability of the funding, Signature Pierce provides letters from KeyBank and Signature Group's Chief Financial Officer stating that adequate funds are available to fund the costs.

However, Signature Pierce's revised pro forma financial statement shows operating losses totaling $102,161 over its first two years of operation (2022 and 2023). Its revised pro forma balance sheet shows it would access a "Line of Credit" for two loans: $166,000 in 2020 and an additional $91,000 in 2023. The balance sheet also shows "Capital Contributions" of $58,724 in 2022 and in an additional $43,437 in 2023. It should be noted that these contributions are exactly equal to Signature Pierce's projected annual operating losses in 2022 and 2023, respectively.

The critical concern is the fact that, as discussed in detail above, the reliability of Signature Pierce's pro forma financial statements and the strength of Signature Group's overall financial condition are not supported by any reliable historical financial statements or information, which is why the Department requests audited financial statements from CN applicants. As noted above, Signature Pierce has provided a letter from KeyBank. The letter states that, as of November 13, 2020, there was $809,294 in Northwest Hospice's bank account. Northwest Hospice is the parent of a number of hospice agencies. Seven of those agencies are in operation. In addition, Northwest Hospice's

organizational chart shows that an additional nine agencies are under development, but are "not in operation yet." Accordingly, it appears that Northwest Hospice's current and future funding requirements are significant. Further, the account balance provided in the KeyBank letter is merely an outdated "snapshot" as of November 13, 2020. It does not demonstrate that future funding is available, particularly given that the balance is presumably available for use by Northwest Hospice's seven operational hospice agencies and, potentially, nine new hospice agencies that are "not in operation yet." There is no financial information available with respect to any of these sixteen hospice agencies. Thus, there is no way to evaluate the current and future cash requirements of Northwest Hospice.

Signature Pierce also provided a letter attesting to the availability of a line of credit up to $11 million through "Midcap Funding IV Trust." However, no information was provided regarding this Trust, specifically, its source of funds. Additionally, it is not clear whether the line of credit is available to Northwest Hospice only, or whether it is also available to other subsidiaries of Signature Group. Signature Group is the parent not only of Northwest Hospice, but also of NP2U, LLC, Avamere Home Health Care, LLC, Signature Health Services, LLC, and Signature Viatest, LLC. Signature Pierce has not provided financial information for any of these entities. However, if all of these entities could draw upon this line of credit, this raises questions about the extent of its availability to Signature Pierce.

In summary, Signature Pierce has not provided sufficient reliable financial information to enable the Department to evaluate whether "[t]he project can be appropriately financed." Accordingly, the Department cannot conclude that the application satisfies WAC 246-310-220(3)."

<u>Envision Hospice of Washington-Oppose</u>

"On page 27 of the application, in response to Question 14 which asked if the project "would be debt financed", Signature indicated that the project would be funded by cash on hand. In Question 13, page 26, Signature indicated that they provided further documentation in Exhibit 16 and Exhibit 17 attesting to the availability of cash on hand. In the revised financials (Screening, pages 11 – 13) as well as the original financials (pages 105- 106) Signature reports that it is using $257,000 from a line of credit at 8% interest to provide the majority of funding for the project. The interest expense associated with the borrowing amounts to $20,560 in 2023 which represents nearly 50% of the Signature operating loss in that year. This creates a serious mismatch in terms of narrative representations and representations by the chief financial officer that funding will use "cash on hand" and the pro forma that shows the majority of startup and early operations funding is from the use of short-term debt.

As Envision understands the application, Signature Group, LLC is the applicant. In a situation with operating losses and debt financing our understanding is that the Program would normally request a financial pro forma for the applicant entity holding the line of credit, which would be the parent organization along with the hospice license-holder regardless of audit status. It is difficult to understand how Mid-Cap would issue a large line of credit in the absence of the normal profit and loss statement, balance sheet and cash flow.

However, the Applicant represented that it was not using debt financing. Note Exhibit 18, where the Applicant identifies Midcap Funding IV Trust as the line of credit provider for accounts receivable

lending. This implies that there is a set of financials available to Midcap so that it can monitor lending covenants. Also note, that the Applicant specified that it would not pursue debt financing and then the financials present line of credit financing. We believe that this creates a significant obstacle to reaching a finding that the financial and narrative presentation are reliable."

Signature Group Rebuttal Comments

Focusing on the comments from Providence, the applicant provided the following rebuttal.

"There is a projected outstanding balance on a revolving line of credit as internally allocated across all of Signature's agencies. Providence is mischaracterizing this question in saying that Signature would access a line of credit for "two loans" and in fact implies that these "two loans" would be to cover losses. Providence knows the difference and is stretching and grossly mischaracterizing our application. Signature Group, LLC's line of credit is a borrowing base line of credit based on accounts receivable. The capital contribution amount required of cash is to make up our operating loss until the project is profitable.

While Providence questions our ability to fund our operations from cash on hand and doubts our ability to finance the project in the future, we have provided the state required documents to prove that the project is able to be funded and has the funds available. The letter from the CFO states the financial commitment to fund this project and references the line of credit that we have available to use from MidCap. which would be the "future" funding that Providence is concerned with. The letter from KeyBank shows that we have funds available to use presently. The provided documents show that Signature Hospice Pierce is more than financially feasible and able to fund this start up.

Signature Group, LLC was created as a new entity in the beginning of 2021 to distinguish itself from Avamere's other affiliated entities. Therefore, in the 2020-2021 CN Review Cycle, the application submitted by Signature Hospice Pierce, LLC has the "applicant" as Signature Group, LLC.

Signature was aware of potential concerns from other applicants and had 3 Technical Assistance calls with the Department of Health to provide an accurate and complete application. What was submitted in our application was supported by the state in the TA calls. The state specifically recommended providing information on our borrowing base line of credit in lieu of historical financial statements.

Based on these Technical Assistance Calls, the financial reporting in our application is in compliance with the CON process and requirements."

Focusing on the comments from Envision, Signature Group provided the following rebuttal.

"Envision's concerns about Question 14 on page 27 of Signature's application misrepresents the question and our answer. We understand the question to be specifically related to the use of "term financing" for this project and any startup costs and capital expenditures associated with it. We understand the wording of the question to be "term financing" by the use of the phrase "repayment schedule showing interest and principal amount for each year over which the debt will be amortized." We believe the State's use of the word "amortized" to clearly indicate "term financing". As stated in the application on page 27, Signature will not use term financing for this project.

Our internal accounting process divides interest on an accounts receivable borrowing base line of credit among all companies/agencies. Our proforma is consistent with the internal accounting process.

All startup costs, capital expenditures, associated with this project will be funded with cash. Signature would consider use of a borrowing base line of credit the normal course of conducting business and not part of any startup costs or debt financing for this project.

The line of credit interest on the balance sheet is 8% percent of our revenue, which is consistent with how Signature budgets across all of its agencies.

At times, Signature may draw on an accounts receivable based line of credit. The decision to do so is operational and has nothing to do with startup costs. Our application states that we will use cash for startup costs, capital expenditures, and FFE. The line of credit is to support accounts receivable, and we do not consider this, in any way, to be debt financing of this project."

Department Evaluation

The combined capital expenditure and start-up costs for this project are $47,530. Both Providence and Envision submitted concerns regarding this applicant's financing strategies and pointed out inconsistencies in statements regarding funding. In the application, Signature Group, LLC provides the following two statements regarding funding:

- *"The applicant, Northwest Hospice, LLC, will provide 100% of the capital for the equipment acquisitions listed in Table 13."* [source: Application, pdf 22]
- *"Northwest Hospice, LLC is able to provide 100% of the estimated startup costs for Signature Hospice Pierce, LLC. The included bank letter [Exhibit 16] shows funds available to be used by Northwest Hospice, LLC to start up Signature Hospice Pierce, LLC."* [source: Application, pdf 23]

In its rebuttal statements, Signature Group, LLC provides the following clarification.
"All startup costs, capital expenditures, associated with this project will be funded with cash. Signature would consider use of a borrowing base line of credit the normal course of conducting business and not part of any startup costs or debt financing for this project." [source: Signature Group, LLC rebuttal comments, pdf 4]

Initially, it does appear that the two statements are in conflict; however, as the department understands the funding strategy, Signature Group, LLC will fund the project with cash on hand obtained by Northwest Hospice, LLC. If additional funding is needed, Signature Group, LLC has the option to draw on its line of credit from KeyBank and provided confirmation that the account for Northwest Hospice, LLC is in good standing. Signature Group, LLC also has the option to draw on its line of credit from MidCap Funding IV Trust and has a maximum borrowing base line of credit of $11,000,000. The applicant also provided statements that that the line of credit is available. As a result, the department understands the initial funding strategy stated in the application and the 'back up' plan for additional cash if needed. This approach is both prudent and appropriate.

If this project is approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. With the financing condition, 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, the department determines the following applicants **met the applicable structure and process of care criteria in WAC 246-310-230:**

- Continuum Care of Pierce LLC
- Envision Hospice of Washington, LLC
- Providence Health & Services-Washington dba Providence Hospice of Seattle
- AccentCare, Inc./Seasons, LLC

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable structure and process of care criteria in WAC 246-310-230:**

- The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County
- Signature Group, LLC

The review of these applications proposing Pierce County hospice services included a wealth of community interest specifically related to death with dignity services. Community members provided comments, rebuttal, and participated in a public hearing. Some of the comments reasoned that access to such services is reviewable under several sub-criteria in this section. Arguing that requiring such services is a portion of how the department can determine and ensure quality, quality assurance, dignity, informed consent, death with dignity-related staff training, relationships with physicians who participate in end of life practices, information on scope of services, and that no discharge or transfer should be necessary to access death with dignity services. The comments and rebuttal related to death with dignity are addressed under the sub-criterion to which they are applicable.

The department considers community involvement, comments, and rebuttal helpful in making its determinations, however, only to the extent to which the department has authority to do so.

(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, using its experience and expertise the department concludes that the planning would allow for the required coverage.

Continuum Care of Pierce LLC

To demonstrate compliance with this sub-criterion, Continuum provided an FTE table with its projected full-time equivalents (FTE's) for the Pierce County agency shown on the following page. [source: March 31, 2021, screening response, pdf9]

Department's Table 39
Continuum's Pierce County FTE Projections

FTE Type	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)
Administrator	1.00	1.00	1.00
Clinical Director	1.00	1.00	1.00
Clinical Manager	0.00	0.00	1.00
Registered Nurse	3.97	5.42	7.09
Home Health Aide	3.97	5.42	7.09
MSW	1.59	2.17	2.84
Chaplain	1.59	2.17	2.84
Music Therapist	0.79	1.08	1.42
Intake	1.00	1.00	1.00
Office Manager	1.00	1.00	1.00
Team Coordinator	0.00	1.00	1.00
Marketing	1.00	1.00	1.75
Vol. Coordinator	1.00	1.00	1.00
Bereavement Coordinator	0.00	0.50	1.00
Total FTE's	**17.91**	**23.76**	**31.03**

In addition to the table above, Continuum clarified that, physical, occupational, and speech therapists, and dietitian services are under contract and not included in the table.

Focusing on staffing ratios, the applicant provided the following table and statements. [source; Application, pdf30]
"*Table 9 depicts the projected staff to patient ratio. The ratios included in the table are the average ratio across the three-year projection period. Please note that these staffing ratios were determined to be reasonable and consistent with Application requirements in the previous Pierce County application. Further, these ratios have proven to be accurate and reasonable to date at Continuum Care of Snohomish*.

Continuum's staffing was based on a review of the literature, national staffing data, and Continuum's own operating experience. The National Hospice and Palliative Care Organization (NHPCO) provides its members with many tools related to standards and practices for operating a community hospice agency. Continuum's direct patient staffing ratios (RN, HHA, chaplain and MSW) are consistent with, or in most cases better, than the NHPCO national averages. Continuum also depends upon their members' and leaders' experiences in markets when establishing staffing ratios including Continuum Care of Snohomish's recent experience."

Applicant's Table

Table 9
Proposed Staff to Patient ADC Ratio

Type of Staff	Staff / Patient Ratio
Skilled Nursing (RN)	1:10
Medical Social Worker	1:25
Hospice Aide	1:10
Chaplain	1:25
Volunteer Coordinator[4]	1:100

Source: Applicant

[source; Application, pdf30]

Continuum provided the following statements regarding the recruitment and retention of necessary staff.
"*This application proposes a new hospice agency. Key staff have not yet been recruited. Continuum anticipates that it will begin recruiting staff following CN approval and will have key staff in place by January 2022*." [source: Application, pdf31]

"*In support of our commitment to serving traditionally underserved groups, Continuum also seeks to recruit, employ, and develop a diverse staff of clinicians and caregivers with skill levels appropriate to the functions they will perform. Continuum's members have historically been successful in recruiting using multiple strategies and tools. Each local agency completes daily searches for qualified candidates through the major employment sites, LinkedIn, and their website. We also have hosted job fairs and partnered with job fairs to extend opportunities, and we allow/support staff interested in only part time employment. In markets where there is high demand for positions, we engage with recruiters that specialize in the positions we are hiring for and are familiar with the local market. We have also provided signing bonuses to attract the 'in-demand' staff.*

Continuum will offer competitive compensation packages (including 401K plans with generous matches), paid time off, a wide selection of health insurance options, dental insurance, vision insurance, life insurance, and excellent work/life balance. Continuum will also offer excellent in-service training and professional development opportunities with the main objective to enable and incentivize staff to work together to benefit patients and their families.

If Continuum is unable to recruit staff with our current tools and normal strategies, we are prepared to use staffing agencies, temporarily borrow staff from other agencies, use traveling staff and/or rely on recruiters to cast a search nationally and relocate nurses to the area.

All potential staff are extensively vetted as to character and competence using the DiSC Profile, a leading personal assessment tool used to improve work productivity, teamwork and communication. The DiSC model provides a common language that people can use to better understand themselves and adapt their behaviors with others. The DiSC tool not only helps ensure we are hiring a high quality, efficient and competent workforce of character, it also helps with staff satisfaction and

retention by increasing staff and providers' self-knowledge, improving working relationship, facilitating better teamwork, and teaching productive conflict.

New staff are provided with training and orientation and work under direct supervision during their initial period of employment. The length of direct supervision is related to their existing level of experience and the judgment of their supervisors.

As a means of employing and supporting citizens of high character, Continuum will focus on employing members of our National Guard and Reserve. In the past, our Members' agencies have been recognized by the Department of Defense and honored with a Patriotic Employer award for these efforts. The award recognizes sustained support (minimum 3 years) of the Guard and Reserve.

Volunteers will also be a critical part of the hospice team. Volunteer recruitment will commence immediately upon receipt of our State license and will include the following:

- *We will post on VolunteerMatch.org and Craigslist.org for volunteers interested in making friendly visits to patients to provide companionship and socialization, as well as volunteers who are able to provide art therapy, pet therapy, massage, hair cutting and styling, designing and delivery of flower bouquets, making lap blankets, teddy bears, etc. Presentations will be made to community service organizations regarding Continuum and the volunteer program.*
- *Depending on the community, we have worked with local colleges and university websites that connect students to volunteer opportunities, particularly for pre-med students, nursing programs, chaplaincy programs, and social work programs.*
- *In the larger assisted living facilities, volunteer opportunities will be provided to the independent-living residents.*

All applicants that apply will be thoroughly screened, undergo a full background check (using a vendor named SappHire Check), and will receive a personal interview. Once selected, volunteer orientation and training will occur as soon as the volunteer is able to schedule.

Upon award of the CN, Continuum will begin recruiting staff. The first staff to be recruited will be the administrator and the clinical director. These two positions are expected to be filled within two to three months following CN approval; their effective employment date will be at the time of the licensure survey. In addition, four months prior to opening, patient care and office support staff will be recruited; with their effective employment date at the time of the licensure survey. In years two and three, we will continue to recruit and hire direct services staff to increase staffing levels proportionate to patients served. In addition, Continuum has an implementation team set up to help with training and onboarding of new staff. If available, existing Washington State staff will be used to assure a smooth transition.

Finally, Continuum notes for the record that in the October 2020 Pierce County evaluation, the CN Program concluded that Continuum demonstrated the ability and expertise to recruit and retain a sufficient supply of qualified staff." [source: Application, pdf31-33]

Public Comment
Envision Hospice of Washington – Oppose [source: pdf13-14]
"*Minimum Required Level of Care Not Met*

This other elements of conditions of participation, § 418.102 (b), (c) and (d) that define the duties of the Medical Director are critical in this case. One hospice applicant plans to operate at an FTE level that is below its self-defined, 'minimum required' level and two other hospice applicants operate at similar or lower levels in the second and third year of operation. Table 1 is presented here for reference as Envision comments on the ability of applicants to meet the conditions of participation for the Medical Director or physician designee to substitute for the Medical Director. Each of the applicants has included a Medical Director contract or job description (or both) to show how the hospice will meet the Medical Director extensive conditions of participation. Table 1 follows, which is then followed by testimony on each hospice applicant."

Commenter's Table

Comparative Physician Hours per Hospice Day For
Six Hospice Certificate of Need Applications for Pierce County

	Full Year 1	Full Year 2	Full Year 3
Seasons Pierce County			
Days	6,007	13,184	18,786
MD FTE	0.23	0.23	0.23
MD Hours*	478.40	478.40	478.40
MD Hours per Hospice Day	0.080	0.036	0.025
Continuum Pierce County			
Days	9,125	13,870	18,300
MD FTE	0.20	0.20	0.21
MD Hours*	418.43	425.21	432.95
MD Hours per Hospice Day	0.046	0.031	0.024
Cornerstone Pierce County			
Days	18,370	27,376	37,355
MD FTE	0.325	0.443	0.535
MD Hours*	675.03	921.08	1112.02
MD Hours per Hospice Day	0.037	0.034	0.030
Signature Pierce County			
Days	6,203	9,587	13,472
MD FTE	0.250	0.250	0.250
MD Hours*	520.00	520.00	520.00
MD Hours per Hospice Day	0.084	0.054	0.039
Providence Pierce County			
Days	9,125	13,870	18,300
MD FTE	0.2	0.3	0.4
MD Hours*	416	624	832
MD Hours per Hospice Day	0.046	0.045	0.045
Envision Pierce County			
Days	10,950	16,425	21,900
MD FTE	0.83	1.25	1.67
MD Hours	1,726.40	2,600.00	3,473.60
MD Hours per Hospice Day	0.158	0.158	0.159

*Medical Director hours computed by total MD Director/physican cost divided by stated compensation rate by applicant. For Continuum, this rate was estimated at $120 per hour (the Seasons rate). Providence provided their FTE per year, used in the calculations.

Continuum Care of Pierce Rebuttal Comment [source: pdf14]
"***B. Continuum's Medical Director FTE and hours align with CMS requirements and have proven to assure quality for our agencies.***
Envision's only comment on the Continuum application relates to our budgeted FTE for medical directorship. Continuum appreciates Envision providing the 418.102 Condition of Participation: Medical Director. This CFR outlines the requirements and duties of the Medical Director, and our agreement demonstrates that Continuum will meet each of these requirements. In fact, the FTE level outlined for Pierce is the same level that Continuum Care of Snohomish has in place for the current ADC of 115, and the same model that has been employed in other agencies currently or previously owned by Continuum's members, with high quality results and ratings."

Department Evaluation
Continuum Care of Pierce, LLC, does not yet have a Washington State license to serve hospice patients; although, its members do own and operate additional agencies already licensed in the state. Continuum based its staffing ratios on national staffing data and its owning members' operating experience. This approach is reasonable.

As shown in the FTE table, 17.91 FTE's are needed in the first full year of operation (2023), which increases to 31.03 FTE's by the end of full year three (2025). Continuum also clarified that its dietician, therapy staff, and medical director would be contracted and are not included in the FTE table.

For recruitment and retention of staff, Continuum intends to use the strategies its managing members have successfully used in the past. These recruitment and retention strategies include; initial use of major employment sites, hosting and partnering with job fairs, allow/support part time employment, use of professional recruiters, signing bonuses, competitive compensation, paid time off, health, dental, vision, and life insurance, work/life balance, use of volunteer staff, in-service training, professional development opportunities, extensive vetting, programs and tools focused on staff satisfaction, self-knowledge, teamwork, and productive conflict. Within Continuum's financial statement's assumptions included within the "*Salaries and Benefits*" line item is budgeted funds for signing bonuses. This approach is reasonable.

Public comment was provided by Envision that the "*Minimum Required Level of Care [is] Not Met*" in relation to federal guidelines and CMS conditions of participation. Continuum appropriately rebutted this comment stating that its Medical Director Services Agreement demonstrates its compliance. Additionally, the Certificate of Need Program will not supersede the authority of CMS on its own processes and standards.

To ensure that its staff are qualified, Continuum intends to use the strategies its managing members have successfully used in the past. These include; in-service training, opportunities for professional development, recruiting from the National Guard and Reserve, use of background checks, interviews, and orientations.

Based on the information provided in the application, the department concludes that Continuum has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Envision Hospice of Washington, LLC

To demonstrate compliance with this sub-criterion, Envision provided the following assumptions and Table with its projected full-time equivalents (FTEs) for the Pierce County agency.

"*The assumptions and calculation process are as follows:*

- *Overall actual and projected agency volume of multiple hospice sites are included in the ADC volume projection in Appendix L.*
- *Most direct staffing is based on a staff to average daily census ratio, which is included in the assumptions for the Pierce Pro Forma in Appendix J.*
- *Administrative staffing is based on experience of the Envision corporate officers who have Utah and Washington based experience in the new start-ups in both states and in direct management of the Envision Washington the Covid-19 pandemic.*
- *Direct staffing assumptions are further informed by a review of expected performance by Washington State hospice applicants and national standards*.

The Table below presents the staffing ratios utilized by Envision. These ratios correspond to national averages as published by the National Hospice and Palliative Care Organization. These ratios apply to Envision's employed clinical staffing from the outset, with the exception that, in year one, 2022 Volunteer Coordinator services will be provided in a different way.

- *Volunteer Coordinator will be performed by the MSW until the MSW reaches .75 FTE at 1:35.*

More generally, members of the Envision administrative and patient care teams work flexibly with each other to meet patient care needs. Envision's Patient Care Manager and the RN's who fill administrative positions such as QAPI and Administrator are all qualified and prepared to provide direct patient care. Thus, the team is readily able to respond to patient needs when the growing agency experiences peaks in census." [source: Application, pdf31-32]

Applicant's Table

Type of Staff	Staff / Patient Ratio
Skilled Nursing (RN & LPN)	1:10
Physical Therapist	Contracted per visit
Occupational Therapist	Contracted per visit
Medical Social Worker	Initially combined with Volunteer Coord. Then 1:35
Speech Therapist	Contracted per visit
Home Health / Hospice Aide	1:10
Other (list)	No other positions are based on ratio to patients
Total	

[source: Application, pdf32]

"*Medical Director/Physician(s)*	*Physician FTE for every 36 ADC*
Bereavement	*Done by spiritual counselor until ADC reaches 40*
Spiritual Counselor	*1 per 37 ADC; does bereavement until ADC reaches 40*
Volunteer Coordinator	*1 per 80 ADC; starts at minimum of 0.4 when MSW gets to 0.75*

Manager of Patient Services	*Done by Admin until 20 ADC; starts at 0.5; 0.75 at 40 ADC; 1.0 at 50 ADC*
Registered Nurses	*1 per 10 ADC*
Medical Social Worker	*1 per 35 ADC, minimum of 1; does vol coord until reaching 0.75*
Home Health Aides	*1 HHA per 10 ADC*
Administrator/Director	*Combines regional and county level admin: Regional is 0.25/County is 0.50 2021, 1.00 2022, 1.50 2023*
Admin Asst./Medical Records	
Facility Liaison/Community Outreach	
QAPI Coordinator	*Administrator does until ADC of 30*"

[source: Application, Appendix J and L]

Department's Table 40
Envision's Pierce County FTE Projections

FTE Type	CY 2022 (Year 1)	CY 2023 (Year 2)	CY 2024 (Year 3)
Medical Director/Physician(s)	0.83	1.25	1.67
Bereavement	0.00	0.30	1.00
Spiritual Counselor	0.81	1.22	1.62
Volunteer Coordinator	0.40	0.56	0.75
Manager of Patient Services	0.50	0.75	1.00
Registered Nurses	3.00	4.50	6.00
Medical Social Worker	1.00	1.29	1.71
Home Health Aides	3.00	4.50	6.00
Administrator/Director	0.75	1.25	1.75
Admin Asst./Medical Records	1.00	1.25	1.75
Facility Liaison/Comm Outreach	2.00	2.50	3.00
QAPI Coordinator	0.50	1.00	1.00
Total FTEs	**13.79**	**20.37**	**27.25**

[source: Application, pdf30]

In addition to the table above, Envision provided a table which shows the dietician, physical, occupational, and speech therapists will all be under contract and not included in the FTE table. [source: Application, pdf9]

Envision provided the following statements regarding the recruitment and retention of necessary staff.

"*Envision currently provides hospice services in Pierce County under the Governor's waiver program using staff who reside in Pierce County and adjoining counties. In addition, our successful staffing of Envision's Thurston Hospice and King/Pierce County home health agency - Envision Hospice of Washington, LLC expects no problems with availability of qualified health manpower and management personnel.*

Please see Appendix R for Envision's more detailed responses to this concern, including:

- *discussion on the process Envision has used in the past to recruit and retain necessary staff for its home health and hospice agencies*
- *discussion on the process Envision intends to use to recruit and retain necessary staff for this Pierce County project*
- *discussion on the process Envision intends to use to recruit and retain necessary staff for the Pierce and Kitsap County projects if both are approved.*"
  [source: Application, pdf33-34]

"***Additional Envision information about recruitment and retention for both Pierce and Kitsap County proposed hospices***

Fortunately, neither Envision Home Health in King and Pierce Counties or Envision Hospice in Thurston County have had difficulty recruiting and retaining the staff required. In both Utah and Washington, Envision places a high priority on its recruitment and retention efforts.

At start-up in King County, Envision HHA successfully used the wide range of available resources to attract, screen, select, and hire both clinical and administrative employees. These included: local job fairs; the online job-search websites; using recruitment agencies; word of mouth through existing employees; outreach through existing employee relationships with professional organizations.

Due to its ownership and operation by clinicians and rehabilitation specialists themselves, Envision has been very successful in attracting and retaining the clinical staffing it requires. Envision-Hospice of Washington also has access to an active recruiting function for the relevant professionals.

Envision has also been very fortunate that its existing staff has been a substantial source of professional contacts in the area and that those have frequently resulted in new hires.

The greatest factor in Envision's success has been a low turnover rate in staff:

- *Envision home health and hospice pay and benefits are competitive for both recruitment and retention. Benefits include medical, dental/orthotics, vision, life insurance, and 401k with company matching.*
- *At start-up. Envision adopted the practice of paying stable, reliable salaries to its professionals rather than just paying them for hourly work. This resulted in a committed group of employees from the outset and has reduced turnover to near zero.*
- *Rather than taking an 'agency' or 'pay per visit' approach to staffing, Envision uses a 'primary care' model where possible. If an RN takes on a specific patient, that patient's prescribed Plan of Care becomes his or hers to manage. The primary care nurse that cannot make it to a patient's scheduled visit will take responsibility to find coverage from other appropriate Envision staff. This model appeals to the staff's professionalism and increases employee satisfaction and sense of control over the work environment.*

As Envision has grown rapidly, its strong reputation has too. It relies less on the typical recruitment practices it used at star-up [sic]. *Now, word of mouth among employees and their social and professional networks provide Envision with ample numbers of candidates when agency growth or start up permits addition of new positions. Word of mouth has resulted in numerous inquiries and new hires when conditions change at other area agencies.*

Adding hospice in Pierce County - and Kitsap County if both are approved [sic]
Envision's reputation as a good place to work is allowing it to build a 'brand' name that is becoming familiar in the region among health care professionals attracted to the provision of in-home care services. It has attracted experienced, mid-career nurses who are comfortable meeting the varied demands of in-home nursing. Since many current Envision home health patients are terminally ill, existing Envision staff is accustomed to pain management and palliative care protocols. In Pierce County, Envision found it took about a year before its own employees become the chief source of potential employment candidates. Envision expects its home health presence in the region and its existing staff will both contribute to successful recruitment of hospice staff.

Envision's current Pierce, King and Thurston County employees have colleagues and friends throughout the region, including Kitsap County, and that can generate strong candidates for many positions. It has been Envision's consistent experience that satisfied employees not only bolster its recruitment efforts but also reduce the volume of recruitment needed when so few employees leave and need to be replaced.

Nevertheless, Envision's Kitsap hospice would serve a county in which it is not yet well known. For that reason, recruitment in Kitsap will also use more traditional methods until word of mouth reputation begins to generate interest among both professional and administrative candidates for new positions." [source: Application, Appendix R]

Envision also provided the following statement and its volunteer recruitment plan and timeline. [source: Application, pdf34 and Appendix S]
"*Recognizing that volunteers are an integral part of hospice, Envision also provides Appendix S, its plan for volunteer recruitment for the Pierce County hospice. This plan has been very successful in recruiting a substantial number of volunteers for Envision's Thurston County hospice.*"

Further Envision provided the following statement related to staffing shortages. [source: April 26, 2021, screening response, pdf9]
"*Appendix R in the application provides the Envision staffing strategy. As noted in Appendix R, Envision has not had difficulty in recruiting staff. Regarding RN staffing, Envision uses a primary care model rather than a pay-per-visit model. In the primary care model, the nurse is responsible for the care management of that patient throughout the length of stay. In addition (as noted in the response to Question 19, the multi-county agency approach gives Envision the flexibility of providing the 'next closest' staff person who readily could be in an adjacent county.) Licensing in Washington State is state-based not county-based.*"

Public Comment
The Pennant Group/Symbol – Oppose [source: pdf5]
"*Envision does not show the staffing percentages for Pierce and Thurston operations for shared staff. Without these percentages the CN Department cannot determine if their structure and process is reasonable.*"

Envision Hospice of Washington Rebuttal Comment [source: pdf27]
"***Envision Response to Issue 1:*** *Envision did show the percentages of shared costs and staffing that the Pierce service area expansion will be responsible for compared to its Thurston operation.*

Cornerstone states that because Envision did not show the percentages of shared costs and staffing the Program cannot determine financial feasibility without these percentages. However, Envision did provide detailed percentages of shared costs and staffing for the Pierce County Pro Forma in Appendix L, pages 202 – 205 covering all shared cost items and staffing. ***Since Envision did provide detailed assumptions, we assume that Cornerstone would support the financial feasibility of the Envision project.***" [**emphasis** in original]

Department Evaluation

Envision would be a new provider of Medicare and Medicaid-certified hospice services for Pierce County; however already provides Medicare and Medicaid-certified home health services for Pierce County residents; and based its staffing ratios on national standards and Envision's corporate officers' experience. This approach is reasonable.

As shown in the FTE table, 13.79 FTE's are needed in the first full year of operation (2022), which increases to 27.25 FTE's by the end of full year three (2024). Envision also clarified that its dietician and therapy staff would be contracted and are not included in the FTE table.

For recruitment and retention of staff, Envision intends to use the strategies its affiliates have successfully used in the past. These recruitment and retention strategies include: local job fairs, online job search websites, using recruitment agencies, word of mouth of existing employees, competitive pay and benefits, stable salaries as opposed to hourly work, and working flexibly to meet patient needs, since some of Envision's administrative staff are trained and licensed to provide patient care. Additionally, uniquely Envision's ownership and operation is done by clinicians and rehabilitation specialists; this is attractive to retaining clinical staff. Envision attributes its low turnover rate to among other things, its 'primary care' model. This encourages staff professionalism and satisfaction. This approach is reasonable.

Pennant provided comment stating that Envision's shared staffing percentages was not detailed. However, the department was able to locate these assumptions, they are represented as a decimal rather than a percent in the assumptions for Envision's pro forma.

Based on the information provided in the application, the department concludes that Envision has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

To demonstrate compliance with this sub-criterion, Pennant provided the following assumptions it used in projecting full-time equivalents (FTE's) for this project. [source: Application, pdf27]

"*The assumptions used to project the number and types of FTE's identified for this project are based upon the average numbers and types used across all Cornerstone-affiliated hospice agencies, which include two Washington state hospice agencies. The Washington state hospice numbers are consistent with these averages.*

Puget Sound Hospice of Pierce County is confident that our proposed staff to patient ratio is appropriate for several reasons. First, Cornerstone-affiliated hospice agencies have found that operating at these ratios is optimal to produce quality outcomes. Additionally, these ratios were in

two separate Conerstone-affiliates[sic] *2018 hospice CN applications for Thurston and Snohomish Counties, respectively, which the CN Department found to be appropriate. Table 5 below shows these ratios*."

Applicant's Staff / Patient Ratio Table-Recreated

Type of Staff	Staff / Patient Ratio
Registered Nurses	1:12 – 0.8:12
Certified Nursing Assistant	1:10
Social Work	1:30
Spiritual Care Coordinator	1:30

[source: Application, pdf27]

Pennant also provided some of its projected full-time equivalents (FTEs) for the Pierce County agency. Following is the FTE table. [source: Application, pdf26]

Department's Table 41
Pennant's Pierce County FTE Projections

FTE Type	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)
Administrator	0.50	0.50	Not specified
Business Manager, Medical Records, Scheduling	2.50	3.40	Not specified
Intake	1.00	1.00	Not specified
Community Liaison	2.50	3.40	Not specified
Registered Nurse	11.3	15.4	Not specified
Certified Nursing Assistant	7.5	10.2	Not specified
Licensed Clinical Social Worker	2.5	3.4	Not specified
Spiritual Care Coordinator	2.5	3.4	Not specified
Director of Patient Services	1.9	2.6	Not specified
Total FTE's	**32.20**	**43.30**	Not specified

In addition to the preceding table, Pennant clarified that the positions of medical director, dietician, physical, occupational, and speech therapists are under contract and not included in this FTE count. [source: Application, Exhibit 10]

Pennant provided the following additional information related to this sub-criterion. [source: pdf27-28]
"*Dr. Elledge is contracted. The medical director contract is at found at Exhibit 3.*

Devin Rothwell is the Administrator, professional license numbers do not exist for this profession. The other key staff have not yet been identified."

Pennant provided the following statements regarding the recruitment and retention of necessary staff. [source: Application, pdf28-31]
"*In addition to Symbol operating a home health agency in Pierce County, its ultimate parent company, Pennant, owns 134 healthcare organizations across 14 states, including a senior living home in Redmond, Washigton,*[sic] *and home health agencies that operate in King, Pierce, Snohomish, Skagit, San Juan, Aston, Garfield, Benton, and Franklin counties. Additionally,*

Cornerstone owns Washington-based hospice agencies that service Snohomish, Aston, and Garfield counties, with operations beginning in Thurston county in 2021. In the experience of Pennant-affiliated health care agencies, health care employees are drawn to the Pacific Northwest Region for its outdoor experiences, culture and vitality, making recruiting generally easier than other parts of the country. Additionally, if Pennant-affiliated health care agencies have qualified and experienced staff in good standing that want to move to Pierce County, or to transition from long-term carm [sic] *or home health to hospice, we are able and willing to support that relocation or transition.*

Both Symbol and its affiliates also have strong and proven histories of recruiting and retaining quality staff. We offer a competitive wage scale, a generous benefit package, and a professionally rewarding work setting, as well as the potential for financial assistance in furthering training and education.

Cornerstone has access to and utilize a variety of recruitment resources, including the use of social media and internet recruitment platforms such as LinkedIn, Indeed, Monster and Glassdoor, among others, and due to our employees' high job satisfaction we have found great success in recruiting through our staff's network of other skilled healthcare professionals.

The following provides additional details as to Puget Sound Hospice of Pierce County's approach to recruiting and retention.

<u>Recruiting</u>
Puget Sound Hospice of Pierce County leaders will continually perform the following recruiting activities.

- *Identify any opportunity to recruit at local job fairs and State and National associations websites and confences* [sic].
- *Maintain a liaison with career/placement staff at regional colleges, universities, and clinical certification organizations to actively recruit its students, including offering clinical shadowing and volunteer opportunities.*
- *Join applicable healthcare professional associations.*
- *Utilize national talent search companies.*
- *Meet community market wages, recruiting and sign on bonuses.*
- *Provide leadership and advancement opporunites* [sic] *for staff to elevate within Cornerstone.*
- *Post positions within Cornerstone's multistate organizations.*

Puget Sound Hospice of Pierce County's Administrator and DCS will continually identify open positions. Determination of open positions will be based necessary staff members needed based on hospice IDT caseloads and ADC growth. This will be continuously assessed to ensure staff to patient ratios remain appropriate to maintain consistent delivery of quality patient care and ensure the IDT team/staff are not overburdened.

Once an open position has been identified the agency's leaders will do the following.

- *Email HR/Payroll Group with the standard subject line: Recruiting Need Discipline. The content of this email will set out the following information as to the open position:*

- *FTE*
- *Discipline*
- *Territory*
- *Rate Sets*
- *Urgency of fill: Immediate, moderate, low*
- *Potential Hire date*
- *Bonus – Sign on – automatic for urgent need, hard to fill.*
- *Post open position in Workday via human resource information system provided by Pennant Services.*
- *Post open position on job boards on LinkedIn, Indeed, Career Builder, Glassdoor.*
- *Share the job posting on agency social media.*

Once a candidate has been identified the agency will follow its standard screening process:

Step 1. Conduct phone interview of candidate, screening for relevant experience, positive attitude, and discuss compensation.

Step 2. DCS in-person or video conference interview with clinical candidate; Administrator or DCS in-person or video conference interview with administrative candidate.

Step 3. Ride-along with clinical staff (only clinical candidates with little or no hospice experience)

Step 4. Candidate interviewed by 2-4 agency staff.

Once agency leadership decide to extend the candidate an offer the agency will follow its standard process:

- *Agency administrator or HR designee will:*
- *Provide candidate with offer letter setting out the duties of the position, rate of compensation, start date, and directions on how to accept the offer.*
- *Perform a background check compliant with state law, which will include primary source verification of licensure, if applicable.*
- *Instruct candidate as to how to perform drug screen.*
- *Perform reference checks for references identified by candidate.*
- *Notify candidate on necessary items to bring on start date for onboarding (e.g., identification documentation for I-9).*
- *Inform agency leaders and appropriate staff regarding the candidate's acceptance/rejection of offer, candidate's start date, and any additional pertinent information.*

Retention

- *With retention even more important than recruitment, all Pennant-affiliates are provided resources and support from the Pennant Services Center to provide rigorous department orientation, clinical and safety training, initial and ongoing competencies assessments, and performance evaluations.*
- *Staff will be trained on our core values: Celebration, Accountability, Passion for Learning, Love One Another, Customer Second, Ownership. These core values will guide all of our decisions and will form the basis for expectations of the staff.*
- *Agency will have weekly rounding/one-on-one sessions during first 90 days with director or designee. Quarterly thereafter.*

- *Staff will have 90-day and annual reviews, allowing open dialogue about the employee's performance, concerns, and feedback.*
- *We offer programs for CEU and tuition reimbursement.*
- *We offer competitive benefits, including health care, dental, vision, paid time off, and more.*
- *We perform an anonymous employee satisfaction survey annually to gauge employee satisfaction.*
- *We provide ongoing professional training based on needs identified in our QAPI program, annual compliance and profession-specific training, and regular inservice training.*"

Public Comment

Envision Hospice of Washington – Oppose [source: pdf13-14 and 19]

"*Minimum Required Level of Care Not Met*

This other elements of conditions of participation, § 418.102 (b), (c) and (d) that define the duties of the Medical Director are critical in this case. One hospice applicant plans to operate at an FTE level that is below its self-defined, "minimum required" level and two other hospice applicants operate at similar or lower levels in the second and third year of operation. Table 1 is presented here for reference as Envision comments on the ability of applicants to meet the conditions of participation for the Medical Director or physician designee to substitute for the Medical Director. Each of the applicants has included a Medical Director contract or job description (or both) to show how the hospice will meet the Medical Director extensive conditions of participation. Table 1 follows, which is then followed by testimony on each hospice applicant."

Commenter's Table

Comparative Physician Hours per Hospice Day For
Six Hospice Certificate of Need Applications for Pierce County

	Full Year 1	Full Year 2	Full Year 3
Seasons Pierce County			
Days	6,007	13,184	18,786
MD FTE	0.23	0.23	0.23
MD Hours*	478.40	478.40	478.40
MD Hours per Hospice Day	0.080	0.036	0.025
Continuum Pierce County			
Days	9,125	13,870	18,300
MD FTE	0.20	0.20	0.21
MD Hours*	418.43	425.21	432.95
MD Hours per Hospice Day	0.046	0.031	0.024
Cornerstone Pierce County			
Days	18,370	27,376	37,355
MD FTE	0.325	0.443	0.535
MD Hours*	675.03	921.08	1112.02
MD Hours per Hospice Day	0.037	0.034	0.030
Signature Pierce County			
Days	6,203	9,587	13,472
MD FTE	0.250	0.250	0.250
MD Hours*	520.00	520.00	520.00
MD Hours per Hospice Day	0.084	0.054	0.039
Providence Pierce County			
Days	9,125	13,870	18,300
MD FTE	0.2	0.3	0.4
MD Hours*	416	624	832
MD Hours per Hospice Day	0.046	0.045	0.045
Envision Pierce County			
Days	10,950	16,425	21,900
MD FTE	0.83	1.25	1.67
MD Hours	1,726.40	2,600.00	3,473.60
MD Hours per Hospice Day	0.158	0.158	0.159

*Medical Director hours computed by total MD Director/physican cost divided by stated compensation rate by applicant. For Continuum, this rate was estimated at $120 per hour (the Seasons rate). Providence provided their FTE per year, used in the calculations.

"*The Cornerstone certificate of need application has the third lowest allocation of Medical Director resources per hospice patient day and is perilously close to a minimum level unless the FTE allocation is increased in response to growth in hospice patients*."

The Pennant Group/Symbol Rebuttal Comment [source: pdf4]
"***2. Envision's Comments***
Envision commented on our Medical Director allocation. The allocation numbers we used are consistent with industry standards and Cornerstone-wide averages. We and other applicants have used similar allocation numbers in multiple CN applications in recent years and the CN department has accepted them."

Department Evaluation
Pennant would be a new provider of Medicare and Medicaid hospice services for the residents of Pierce County; however, does operate Medicare and Medicaid hospice agencies that serve other parts

of the state. Pennant based its staffing ratios on those used across all Cornerstone-affiliated hospice agencies with optimal quality outcomes, which include two Washington state hospice agencies. This approach is reasonable.

As shown in the FTE table, 32.20 FTE's are needed in the first full year of operation (2023), which increases to 43.30 FTE's by the second full year (2024). However, no FTE projections were provided for the operation's third full year (2025). Pennant clarified that its medical director, dietician, and therapy staff would be contracted and are not included in the FTE table.

Although using its pro forma "*Compensation and Benefits*" expenses and assumptions the department could back into Pennant's projected year 2025 FTE amounts. However, as stated in an earlier section of this evaluation this strategy is not reliable enough on which to base a firm conclusion.

For recruitment and retention of staff, Pennant intends to use the strategies it has successfully used in the past for its agencies. These recruitment and retention strategies include; transferring staff from other states and types of care, competitive wages, generous benefits, a professionally rewarding work setting, financial assistance for additional training and education, social media campaigns, job fairs, state and national association websites and conferences, regional educational facilities, national recruitment agencies, internal advancement opportunities, internet recruitment platforms, its existing staff's network, rigorous orientation, training, and competency assessments, weekly sessions to connect with leadership, 90-day and annual reviews, tuition reimbursement, paid time off, and anonymous employee satisfaction surveys.

Public comment was provided by Envision that the "*Minimum Required Level of Care [is] Not Met*" in relation to federal guidelines and CMS conditions of participation. Pennant appropriately rebutted this comment stating that its staffing is consistent with industry standards and Cornerstone-wide averages. Additionally, the Certificate of Need Program will not supersede the authority of CMS on its own processes and standards.

Pennant may have the experience and resources to recruit and retain staff for this project; however, since it did not specify the number and type of full-time equivalents for its third full year of operation, the department is unable to determine if the amount projected is reasonably attainable. Thus, the department is unable to determine whether Pennant has the ability and expertise to recruit and retain a sufficient supply of qualified staff for its Pierce County project. **This sub-criterion is not met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

As stated in the project description section of this evaluation, Providence proposes to expand its existing and operational King County hospice agency's services for residents of Pierce County. The Pierce County operations will share space with the King County agency. For this project, Providence provided FTE tables showing:

- existing King County FTEs by category/discipline;
- proposed FTEs, by category/discipline, needed to serve Pierce County patients; and
- combined FTEs, by category/discipline, for the King County agency with the proposed Pierce County operations.

[source: Application, pdfs41-42]

The table below provides a breakdown of the FTEs for this Pierce County project.

Department's Table 42
Providence Incremental Pierce County FTE's Projections

FTE Type	Year 1-2022	Year 2-2023	Year 3-2024
RN/LPN	2.0	3.0	4.0
Hospice Aide	1.2	1.8	2.4
Administrative/Clerical	1.1	1.6	2.2
Chaplain/Clergy	0.4	0.7	0.9
Occupational Therapy	0.1	0.2	0.3
Medical Social Worker	0.9	1.4	1.8
Management/Supervisor	0.7	1.1	1.4
Medical Director/Physicians	0.2	0.3	0.4
Other	0.6	0.8	1.1
Agency	0.4	0.6	0.8
Total FTEs	**7.60**	**11.5**	**15.3**

Focusing on the total FTEs for the King County agency with the additional staff need for this Pierce County project, Providence provided the table showing historical years 2017 through 2020 and projection years 2021 through 2024. The table below shows the breakdown, by category/discipline for years 2019 through projection year 2024.

Department's Table 43
Providence King County Agency with Pierce County Incremental Increases

FTE Type	Historical Year 2019	Historical Year 2020	Projection Year 2021	Year 1 2022	Year 2 2023	Year 3 2024
RN/LPN	65.6	62.7	64.0	67.4	69.7	71.8
Hospice Aide	29.0	24.3	24.8	26.5	27.7	28.7
Administrative/Clerical	29.2	22.2	22.6	24.2	25.2	26.2
Chaplain/Clergy	10.2	12.0	12.2	12.9	13.5	13.9
Occupational Therapy	2.4	2.9	3.0	3.1	3.3	3.4
Medical Social Worker	13.3	14.3	14.6	15.8	16.6	17.3
Management/Supervisor	3.9	4.4	4.5	5.3	5.8	6.2
Medical Director/Physicians	21.1	11.4	11.6	12.1	12.4	12.7
Other	21.1	11.4	11.6	12.5	12.9	13.4
Agency	3.1	8.7	8.9	9.5	9.9	10.2
Total FTEs	**200.4**	**188.5**	**192.3**	**204.1**	**212.1**	**219.1**

Providence also provided a description of each of the FTE categories/disciplines identified in the tables above. [source: Application, pdf41]

- *RN / LPN: A Registered Nurse (RN) or Licensed Practical Nurse (LPN) providing nursing care.*
- *Hospice Aide: A care provider who assists patients performing activities required for daily life.*
- *Administrative / Clerical: Staff providing administrative and clerical support.*
- *Chaplain / Clergy: A care provider focusing on patient spiritual care.*

- *Occupational Therapy: An occupational therapist (OT) who aids with everyday life activities, including physical, cognitive and other aspects of engagement.*
- *Medical Social Work: A care provider assisting with psychosocial functioning of patients and family.*
- *Management / Supervisor: Leadership staff providing management and supervision of other staff, programs, and processes.*
- *Medical Director / Physicians: Medical Director who provides guidance and leadership to clinical staff. Physicians who provide both direct care and support other clinical staff.*
- *Other: Includes admission coordinators, bereavement counselors, trainers, and clinical program counselors.*
- *Agency: Includes support staff that are not permanent FTEs but are hired temporarily through external staffing agencies.*

Providence also provided the following statements regarding its proposed staffing and why it should be considered adequate for the number of patients and visits projected in this application. [source: Application, pdf43]

"*As noted above in response to Question #3 (C. Structure and Process (Quality) of Care) above, the FTE mix for the proposed Pierce County hospice agency is based on the current (2020) Providence Hospice staffing mix by discipline. With more than 30 years' experience, Providence Hospice has a long history of providing hospice services in King County, and Providence has extensive experience in staffing for, and providing hospice services in, Washington and other states. This experience has allowed Providence Hospice to forecast and staff the appropriate mix of FTEs based on expected patient days and patients served.*

The staffing for the proposed Pierce Hospice agency is modeled on Providence Hospice staffing that is currently in place and has been successful in meeting the needs of hospice patients in King County. All FTEs, other than the RN/LPN category for Pierce County, are volume based (patient days) and rely on 2020 historical experience in providing services in King County. For the RN/LPN category, we utilize a staffing assumption of 12.5 ADC per RN/LPN FTE, which is a Providence internal productivity benchmark."

Regarding retention and recruitment of staff, Providence provided extensive information about their ability to recruit and retain qualified staff. [source: Application, pdfs45-46]

"Providence Hospice is well positioned to address any barriers related to recruiting and retaining staff for the proposed agency. Having the appropriate level of staff will ensure timely patient care for residents in Pierce County who are seeking hospice services. Specifically, our plan to ensure timely patient care is supported by the following factors:

- *Providence Hospice currently has approximately a dozen existing staff members from various disciplines who reside in Pierce County. Further, staff members who already are providing service closest to the border with Pierce County would be repositioned to ensure service capacity in Pierce County in the early period of operations.*
- *While additional staff will be recruited, Providence Hospice currently employs more than 200 clinical and administrative staff in its Tukwila office who will be able to support timely patient care in Pierce County.*

Providence Hospice has three shifts of staff who work 24 hours a day. Families and patients who call the main number will speak with a Providence Hospice nurse who will triage the call, either helping the patient/family over the phone or by sending a nurse to the patient/family based on their needs. In the event that all of our nurses are on calls or making visits, we contract with Total Triage/Care XM for back-up service to ensure timely patient care. A Total Triage/Care XM nurse will assist the patient/family over the phone and escalate the situation to our nursing staff if further assistance or a visit is needed.

Given the factors listed above, as well as the factors set forth below, we do not foresee barriers to ensuring the Pierce County hospice agency will be appropriately staffed to ensure timely, high-quality patient care.

Providence Hospice Currently Has Staff Who Reside in Pierce County.
As noted above, Providence Hospice employs more than 200 clinical and administrative staff out of its Tukwila office, with approximately a dozen existing staff members from various disciplines who reside in Pierce County. Providence Hospice has the existing infrastructure to begin serving Pierce County in January 2022. Minimal administrative or office-based staff are needed to begin service. The direct care team that is already providing service closest to the border with Pierce County would be repositioned to ensure service capacity in Pierce County in the early period of operations.

Providence Health & Services Has Well-established Human Resource Capabilities.
Providence has an excellent reputation and history recruiting and retaining appropriate personnel. Providence offers a competitive wage scale, a generous benefit package, and a professionally rewarding work setting. Being a large and established provider of health care services, Providence has multiple resources available to assist with the identification and recruitment of appropriate and qualified personnel:

- *Experienced system and local talent acquisition teams to recruit qualified staff.*
- *Strong success in recruiting for critical-to-fill positions with recruiters that offer support on a national as well as local level.*
- *Career listings on the Providence Web site and job listings on multiple search engines and listing sites (e.g. Indeed, Career Builders, Monster, NW Jobs).*
- *Educational programs with local colleges and universities, as well as the University of Providence Bachelor of Science Nursing Program (operated by Providence).*

Providence Hospice is Successful at Recruiting and Retaining Employees.
Providence Hospice currently employs more than 200 staff members. We have been highly effective in retaining current staff by offering attractive pay and benefits, maintaining a robust orientation and training program, offering ongoing education and development opportunities, engaging staff in Providence's critical mission, and by focusing on retention as a key priority. With retention as a key priority, Providence Hospice invests heavily in recruiting and retaining the best employees to serve our communities. We have an established Employee Training and Development program that includes, but is not limited to, the following: robust department orientation, clinical and safety training, initial and ongoing competencies assessments, and performance evaluations. Please see Exhibit 24 of the Application for a copy of the Education, Orientation and Assessment of Competency for Staff Policy. In addition, Providence Hospice has a Clinical Ladder Program. The Clinical Ladder Program is a system whereby a nurse can demonstrate and be rewarded for excellence in

patient care. The Clinical Ladder Program encourages nurses to take the initiative for professional growth and development in their clinical field, thereby enhancing quality of care, patient outcomes, and nursing satisfaction. Please see Exhibit 25 of the Application for a copy of the Clinical Ladder Handbook. In addition, Providence Hospice has a tuition support program for employees pursuing further education. These programs not only help to improve retention, but also contribute to maintaining a high quality and qualified workforce to serve hospice patients."

Public Comment

The Pennant Group/Symbol-Oppose
"Providence does not show the percentage of office or other staff that will support the existing agency and the Pierce service area expansion. Without these percentages the CN Department is lacking critical information to determine if the structure and process is reasonable."

Providence Hospice Rebuttal Comments
"Symbol's comment relating to office staffing and "other staffing" is incorrect.
Symbol claims that "Providence does not show the percentage of office or other staff that will support the existing agency and the Pierce service area expansion." Symbol claims that, without these percentages, the Department is not able to determine whether Providence Hospice's application meets the structure and process of care criterion and the cost containment criterion.

Symbol's argument is inaccurate and misleading. In its application, Providence Hospice provides a table which sets forth total full-time equivalents ("FTEs") proposed to support the operations of both the existing King County hospice agency and the proposed Pierce County hospice program. Table 18 includes two categories that are defined in the application: "Administrative/Clerical" and "Other." Administrative/Clerical FTEs represent staff providing administrative and clerical support. The "Other" category includes admission coordinators, bereavement counselors, trainers, and clinical program counselors. Thus, all of the office and other staff for the Pierce County hospice program are included in Table 18. Accordingly, Symbol's comments are incorrect."

Department Evaluation
As a current hospice provider, Providence has an understanding of the appropriate staffing necessary to establish a health care agency. As shown in the FTE table above, only incremental increases are needed, as many staff are already in place and reside in Pierce County. Providence also identified the projected staffing ratios. The ratios are reasonable and consistent with data provided in past hospice applications reviewed by the program.

The Pennant Group expressed concerns regarding Providence's presentation of its staffing by stating, in part, "*Providence does not show the percentage of office or other staff that will support the existing agency and the Pierce service area expansion."* The Pennant Group's concerns are unfounded because the table provided by Providence shows FTE in the categories of 'Administrative/Clerical' and 'Other.' Further, since the table shows existing staff for years 2019 and 2020, and projection years 2021 through 2024, it is clear how many staff persons will be added to the King County agency to support the proposed Pierce County operations. Further, Providence provided descriptions of staff positions included in all staff categories identified in the table.

Providence Hospice identified its existing medical director and provided a job description. The pro forma statement also identifies all costs associated with the services.

The department concludes Providence Hospice has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met**.

AccentCare, Inc./Seasons

The applicant provided a table with information showing its projected employed FTEs for partial year 2022 and full years 2023 through 2025. A summary of the table is below. [source: Application, p71]

Department's Table 44
AccentCare, Inc./Seasons Pierce County Employed FTE's Projections

FTE Type	Partial Year 2022	Full Year 1 2023	Full Year 2 2023	Full Year 3 2024
Admissions Department	0.00	0.00	0.00	1.00
Business Development	2.00	2.00	3.00	4.00
Business Operations/Leadership	1.00	1.00	1.00	1.00
Chaplain	1.00	1.00	1.00	1.00
Executive Director	1.00	1.00	1.00	1.00
Hospice Aide	1.00	2.00	3.00	4.00
Music Therapy	1.00	1.00	1.00	1.00
Nursing	2.00	2.00	5.00	6.00
Social Worker	1.00	1.00	1.00	1.00
Clinical Nutritionist	0.10	0.10	0.10	0.10
Team Assistant	1.00	1.00	1.00	1.00
Team Director	1.00	1.00	1.00	1.00
Volunteer Department	0.00	0.00	1.00	1.00
Total Employed FTEs	**12.10**	**13.10**	**19.10**	**23.10**

The department notes that the table above does not include contracted positions, such as medical director, physician team support, physical therapists, occupational therapists, and speech therapists. AccentCare, Inc./Seasons provided a separate table showing the contracted positions. That table is summarized below.

Department's Table 45
AccentCare, Inc./Seasons Pierce County Contracted Positions

FTE Type	Partial Year 2022	Full Year 1 2023	Full Year 2 2023	Full Year 3 2024
Medical Director	0.030	0.030	0.030	0.030
Physician Team Support	0.200	0.200	0.200	0.200
Physical Therapists	0.015	0.015	0.015	0.015
Occupational Therapists	0.011	0.011	0.011	0.011
Speech Therapists	0.025	0.025	0.025	0.025
Total Contracted Staff	**0.281**	**0.281**	**0.281**	**0.281**

The department prepared the table below that combines the two staffing tables provided by AccentCare, Inc./Seasons for its Pierce County operations.

Department's Table 46
AccentCare, Inc./Seasons Pierce County Combined Staff Table

FTE Type	Partial Year 2022	Full Year 1 2023	Full Year 2 2023	Full Year 3 2024
Total Employed FTEs	12.10	13.10	19.10	23.10
Total Contracted Staff	0.28	0.28	0.28	0.28
Combined Total Employed FTEs and Contracted Staff	**12.38**	**13.38**	**19.38**	**23.38**

AccentCare, Inc./Seasons provided the following clarification regarding the 'physician team support' staff identified in the table above. [source: March 30, 2021, screening response, p9]
"The term "physician support team" refers to the individual physicians who lead hospice teams in providing direct patient care, e.g., making visits to patients. These services are separate and distinct from the medical administrative duties/services provided by the Medical Director. Seasons Pierce will contract with providers on a purchased services agreement, or IRS Form 1099 basis, rather than employ such physicians. While not (IRS Form W-2) employees, we have included the amount of these physician services in the FTE count as an efficient way to measure the level of service that will be contracted for and provided.

Physicians who provide direct patient care services will contract with Seasons Pierce pursuant to a Physician Independent Contractor Agreement, a sample of which is found as Attachment 2 to this document. Exhibit A of that Physician Independent Contractor Agreement describes Physician Services. The individuals who Seasons Pierce will contract with for such services are still being identified and as such, so there are no draft contracts for the service, only this sample form of agreement. The rates for services set forth in the sample Physician Independent Contractor Agreement and the financials are based on rates Seasons Hospice pays for the same services at its other affiliated hospice agencies."

Focusing on the staff tables above, the applicant provided the following explanation of why proposed staffing is adequate for the number of patients and visits projected in the application. [source: Application, p72]
"Seasons Pierce County uses a staffing model based on census to ensure coverage of support and care functions at appropriate levels for program needs. A copy of the staffing ratios is provided in Exhibit 15. Seasons Pierce County's staffing ratios reflect similar ratios found among other hospices across the county, including other Seasons Hospice programs and are consistent with the NHPCO Staffing Guidelines for Hospice Home Care Teams.10 That document also acknowledges the following:

Applicant's Information

No one "best standard" in the literature regarding hospice staffing caseloads currently exists. Around the nation, hospices have evolved in various directions, creating diverse models of care to serve hospice patients and families. The Staffing Guidelines for Hospice Home Care Teams is based on the recognition of the current diverse nature of hospice care and allows for individualization of staffing caseloads according to the organizational and environmental characteristics specific to each hospice, in much the same way hospices individualize patient care.

Seasons adds staff as admissions increase, as shown in Table 27 above, which lists the type of number and category of staff for the first 3 full years of operation. Ratios vary based upon the numbers of patients in the program, the diseases represented, length of stay, and patients' needs. The ratios above compare favorably with an overall ratio in the third year of operations of 0.45 staff to each patient. In addition, volunteers who provide augmented services increase the patient and hospice interactions and add to the actual FTE spent with patients. The training program for volunteers assures that they are active members of the care team and render services that patients experience at the end of life is compassionate and caring with support for the family."

Regarding staffing ratios, AccentCare, Inc./Seasons provided the following table. [source: Application, Exhibit 15]

Applicant's Table

Type of Staff	Stub Year	Year 1	Year 2	Year 3
Skilled Nursing (RN & LPN)	0.1569	0.1215	0.1388	0.1166
Physical Therapist	0.0012	0.0009	0.0004	0.0003
Occupational Therapist	0.0009	0.0007	0.0003	0.0002
Medical Social Worker	0.0785	0.0608	0.0278	0.0194
Speech Therapist	0.0020	0.0015	0.0007	0.0005
Clinical Nutritionist	0.0078	0.0061	0.0028	0.0019
Home Health/Hospice Aide	0.0785	0.1215	0.0833	0.0777
Other (List)				
Chaplain	0.0785	0.0608	0.0278	0.0194
Medical Director	0.0180	0.0140	0.0064	0.0045
Administration	0.2354	0.1823	0.1110	0.0777
Business Office \ Admissions	0.2354	0.1823	0.1110	0.1166
Music Therapy	0.0785	0.0608	0.0278	0.0194
Total	0.9715	0.8131	0.5380	0.4543

Regarding the applicant's methods for staff recruitment and retention, AccentCare, Inc./Seasons provided extensive information. All information is not restated below, specific excerpts are restated. All information submitted under this sub-criterion is considered in this review. [source: Application, pp76-83]

"Seasons Pierce County supports development of new talent, actively engaging the education community, providing internship opportunities and training initiatives. Continuing educational opportunities are available to both employees and the medical community. Through these initiatives, Seasons Pierce County is able to build a strong workforce.

Seasons Pierce County will work with area colleges and universities to establish internship opportunities. Following are activities that the hospice will utilize to engage the educational and medical communities.

- *Internship programs support the next generation of hospice workers. Through internship experiences, many students go on to careers in hospice, increasing the size of the available workforce.*
- *Continuing Education Units (CEU) offerings improve staff confidence and performance.*
- *Seasons also plans to offer CEU credits to local nurses and social workers not affiliated with the hospice so they may benefit from the programs.*
- *Compassionate Allies Program offers nursing and pre-medical students experience in working with terminally ill patients. This allows them to gain insight in the benefits of palliative care so that once in medical practice, appropriate referrals will be made to hospice at the right time to maximize comfort and care for the terminally ill patient.*

Policies supporting training and education are provided in Exhibit 14. A sample Continuing Education Announcement is provided in Exhibit 22."

Within the application, AccentCare, Inc./Seasons provided an executed medical director agreement signed by a representative of Seasons Hospice & Palliative Care of Pierce County Washington, LLC and Balakrishnan Natarajan, MD. The agreement describes the roles and responsibilities for the agency and the physician. [source: Application, Exhibit 16]

Public Comment

Signature Group, LLC

"Signature noted that Season's "Telemedicine" option was promoted throughout the application. The telemedicine program seems to be more like an afterhours EMR facetime system. This form of "Telemedicine" seems to be a system that the patients and their families would need the technology and knowledge of the technology already in place to utilize, therefore severely limiting the use of this service for underserviced populations such as the low-income population and those experiencing homelessness. If this assumption is incorrect, please provide clarification and describe how this system works and how Seasons plans on ensuring that the service is accessible to all patients who want or need it.

Additionally, there appears to be an issue with Season's staffing matrix. The staffing matrix provided by Seasons indicates that the Medical Director, Dr. Balakrishnan Natarajan, would only work one hour each week. Season clarified in their Screening Response (page 8) that Dr. Natarajan would be filling a medical administrative role and that more traditional roles completed by an MD would be done by the "physician support team." One hour per week still seems to be an inaccurate assumption for Dr. Natarajan to work though as IDG requires attendance by the MD and based on Season's admissions and ADC predictions, an MD working for just one hour a week is not possible. If Seasons is planning on utilizing a "physician support team" to perform more of the day-to-day work of an MD and to attend IDG, then Signature believes that a contract should be obtained and provided to the state as a part of Season's application as required under WAC 246-310-230 Criteria for Structure and Process of Care."

Rebuttal Comment

AccentCare, Inc./Seasons provided the following rebuttal statements related to the two topics raised by Signature above.

Telemedicine

"Use of telemedicine is described on pages 52 – 53 of the application. Specifically, 'The staff's ability to access the medical record electronically and the ability to ask questions of each other via remote, wireless devices and get answers to those questions means that the patient and his or her family remain the focus and center of care. By removing impediments to communication and information, staff can focus on caring for patients. Reducing the numbers of barriers or problems that employees must deal with increases efficiency of staff and increases their satisfaction, leading to high employee and volunteer retention rates.'

Furthermore, the text appearing in the box on page 53 references ways patients and families may utilize telemedicine to augment use of the 24/7 call center. "Seasons Healthcare Management operates its own nurse-employees staffed call center. The center links in real time patients with team members, and allows hospice team members, including physicians, pharmacist, nurses, social workers and others to be notified of and respond to patient or family needs. Plans of care and medical records appear, along with any patient issues, as well as the status in the course of palliative care." Every patient/family member has access to the 24/7 call center that can provide answers to questions and dispatch staff or volunteers as appropriate.

With "telemedicine" access to the 24/7 call center occurs through a cell phone or laptop. "To augment the call center in Pierce County, Seasons employs existing technology to allow a patient or family at bedside to call the team leader and engage by face to face interaction. If the patient's call requires the dispatch of a team member or volunteer to the patient's home, the telecommunication link allows the team member to explain, face to face, who will come and the approximate time. While engaged, the link allows the team member to ask questions, give instructions, ask about vital signs, and other information that will help the patient and family member handle the issues. Most importantly, the team member provides assurance, information, and support."

Staff Matrix/Medical Director Hours

"Signature correctly assumes that the "physician support team" provides direct patient care, including face-to-face patient visits. This is specified in the Medical Director Agreement (specifically, Exhibit A 1.(g)(ii) Collaboration) provided in Exhibit 16 on page 496 of the CN application. Seasons Pierce County supplies a sample Physician Independent Contractor Agreement as Attachment 2 of its screening response, stating that "The individuals who Seasons Pierce will contract with for such services are still being identified and as such, so there are no draft contracts for the service, only this sample form of agreement."

Seasons Pierce County affirms that the Medical Director can fulfill the necessary administrative duties of this position at one hour per week and states so in response to Screening Question 19. Further stating, "This is consistent with the experience of other Seasons hospice agencies in operation and meets the conditions of participation for Medicare and Medicaid services."

Department Evaluation

If approved, AccentCare, Inc./Seasons would be a new provider of Medicare and Medicaid hospice services for Pierce County. To ensure its staffing ratios are reasonable, the applicant based them on ratios identified in past hospice applications. This approach is reasonable because most new applicants base their staffing ratios on national standards.

AccentCare, Inc/Seasons proposes that its Pierce County agency would be operational in July 2022. As shown in the staff table above, 12.38 FTEs are needed in partial year one (2022) to serve an estimated average daily census of 13 patients. Beginning in full year 1 (2023), the number of FTEs increases to 13.38 to serve an estimated average daily census of 16 patients. By the end of full year three (2025) the FTEs increase to 23.38 to serve an estimated average daily census of 51 patients. This staffing approach is reasonable.

Signature Group, LLC expressed concerns with the low hours identified for the medical director of the Pierce County agency and noted that the majority of hours will be provided by other physicians under a Physician Independent Contractor Agreement. AccentCare, Inc./Seasons provided a clear and concise explanation of its approach to medical director and independent contracted physicians. While this approach of contracting with physicians that require separate roles and responsibilities is unusual, the department does not have a prescribed method for providing the medical services, other than a medical director and either a contract or job description (in some instances, both) must be provided. Given the applicant's approach to the medical director and physician services, it appropriately provided the documentation and the necessary clarifications as requested.

Signature Group, LLC also provided comments regarding 'telemedicine' that was discussed throughout the application and requested, in public comment, clarification of how this option of telemedicine would work with underserved and/or homeless populations. In response to public comment, AccentCare, Inc./Seasons clarified that the telemedicine is an option for staff to use internally with other staff to ensure that all staff have up-to-date information for each patient. The explanation provided is helpful to clarify this telemedicine approach.

For recruitment and retention of staff, AccentCare, Inc/Seasons intends to use the strategies its parent has successfully used in the past for recruitment and retention of staff for its out-of-state hospice agencies. The strategies identified by AccentCare, Inc/Seasons are consistent with those of other applicants reviewed and approved by the department.

The department concludes AccentCare, Inc/Seasons likely has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Signature Group, LLC

If this project is approved, the new Pierce County agency would be operational beginning in January 2022. To demonstrate compliance with this sub-criterion, Signature Group, LLC provided its projected full time equivalents (FTEs) for the new agency. The FTE table is summarized on the following page. [source: Application, pdf28]]

Department's Table 47
Signature Pierce County FTE's Projections

FTE Type	Year 1 2022	Year 2 2023	Year 3 2024
Registered Nurse	1.75	3.00	3.00
LPN/LVN	0.25	1.00	1.00
Home Health Aides	1.00	3.00	3.00
Medical Director (contracted)	0.25	0.25	0.25
Spiritual Counseling	1.00	1.00	1.00
Volunteer Coordinator	0.25	0.25	0.25
MSW	0.75	1.00	1.00
Administrator	0.50	0.75	1.00
Business Office Manager	1.00	1.00	1.00
Intake Coordinator	1.00	1.00	1.00
Sales/Patient Service Rep.	0.50	1.00	1.50
Clinical Manager	0.50	1.00	1.00
Total FTEs	**8.75**	**14.25**	**15.00**

Clarifying the table above, Signature Group, LLC noted that the medical director is included in the FTE table above, but is not an employee. Rather, the medical director is under contract. [source: March 31, 2021, screening response, pdf4] Physical, occupational, and speech therapies are also under contract and not included in the table.

Focusing on staffing ratios, the applicant provided the statements and table showing its staffing assumptions. [source: Application, pdf29 and Exhibit 19]
"HomeCare HomeBase is an industry expert and their staffing matrix is tried and true. They recommend their agencies utilize the matrix in order to achieve the best results fora streamlined agency. Signature is confident that our proposed staffing for the agency is adequate for the number of patients and visits projected. The staff to patient ratios are aligned with those in our affiliated hospice agencies and across the hospice industry.

See attached Exhibit 19 for the HCHB Staffing Model"

2017 FIELD STAFFING MATRIX - *Hospice*

STAGE	Hospice ADC	TOTAL STAFF	RN	LN	MSW	CH	MD	HHA	RD	AN	On Call RN *(Additional staff)*	Maximum # Certified Preceptors *(NOT additional staff)*
1	0-25	5	2	PRN	1	1	0.25	1	PRN	0	0	1
2	26-40	10	3	1	1	1	0.25	3	PRN	1	0	2
3	41-60	12	3	1	1	1	0.25	4	PRN	1	1	3
4	60-90	15	4	1	1	1	0.5	6	PRN	1	1	3
5	91-120 (2 teams)	23	6	1	2	2	0.5	9	PRN	1	2	4
6	121-150	30	8	2	2	2	0.5	12	PRN	2	2	4
7	151-180	36	10	2	2	2	0.5	15	PRN	2	3	5
8	181-210 (3 teams)	45	12	3	3	3	0.75	18	PRN	3	3	5
9	211-240	52	15	3	3	3	0.75	21	PRN	3	4	6
10	241-270 (4 teams)	61	17	3	4	4	0.75	24	PRN	4	5	7
11	271-300	67	19	4	4	4	1	27	PRN	4	5	8

Notes

RN and HHA totals determined by using the lower number in the ADC range to determine staffing
Can be adapted to the RN/LN model by using a ratio of 1 RN to 24 patients and adding a LN for every RN position
MSW and Chaplain (CH) numbers do not include duties as a Volunteer Coordinator (VC) or Bereavement Coordinator (BC)
Be proactive with hiring PRN staff at all stages, especially with MSW, CH, and HHAs, especially in Stages 1 & 2 for MSW & CH as they are core members
RD = Registered Dietician; AN = Admitting Nurse

Assumptions

75% of visits to be done by FT staff
RN/Patient ratio is 1:14
HHA/Patient ration is 1:10
Team size is 45-60
1:10 without On Call and Admission Nurse
almost every patient will be assigned a HHA
new team added at stage 4 includes an additional CFSS
new team added at stage 8 includes an additional CFSS
new team added at stage 10 includes an additional CFSS

FT LN added with each new team. LN to provide PDO coverage for RN case managers, patient visits during weekly IDG meeting, staff continuous care shifts as needed

On Call: numbers reflect dedicated weekend staff only
No On Call staff added for week nights

"Signature Healthcare at Home currently utilizes HomeCare HomeBase (HCHB) as the Electronic Medical Record (EMR) for all affiliated Home Health and Hospice agencies. HomeCare HomeBase is an industry leading EMR for both Home Health and Hospice and provides its clients with a suggested staffing matrix based on Hospice average daily census. We used this matrix, as well as our experience operating hospice agencies in Oregon, Utah, and Idaho, to inform our FTE count for the planning area. The HCHB Staffing Matrix and Assumptions, are attached in Exhibit 19, and our comments are outlined below:

- *The RN FTE count was adjusted to 1.75 to account for the gradual census growth that will be realized in Signature Hospice Pierce's first year of operation. We anticipate adding a second RN FTE when our ADC is 10, at the close of the first quarter 2022.*
- *Another change was made to the Volunteer Coordinator and Medical Social Worker. HCHB recommends that we have .25 volunteer coordinators and 1 MSW with the ADC for our first year. However, with the small census we would have in the first year, we would have one individual fulfill both roles as the Volunteer Coordinator and the MSW. We showed this by splitting the time between the 2 roles on the staffing matrix.*
- *Although the matrix does not recommend a Clinical Field Staff Supervisor until the ADC is greater than 20, we added a .5 Clinical Manager FTE in 2022 to oversee and promote care quality and provide training and support to the interdisciplinary team.*
- *We added the role of Administrator to our Office staff as our current agencies operate with an Administrator and a Business Office Manager. We took their recommendation for our BOM in the role that they call a "Branch Director."*
- *The total Administrative FTE count is slightly higher than what is proposed in the matrix to allow for robust back office support, and increased education and training in our first years of operation."*

Signature Group, LLC provided extensive information regarding the recruitment and retention of necessary staff. All information provided in the application is not restated, but is considered in this review. [source: Application, Exhibit 22]

"Signature Healthcare at Home offers a very robust recruitment department. The recruitment department currently employs a Director of Recruiting with over 30 years of experience in recruiting and a three full-time Regional Recruiters, one of which is assigned to Washington State recruiting and other full-time Recruiters servicing other states. Signature Healthcare at Home already has an excellent Home Health Agency in Bellingham, Federal Way, and Bellevue, Washington employing over 120 full-time employees, 16 part-time employees and 29 PRN/On-Call employees. Many of our employees would love a chance to provide Hospice services to patients in their communities. The Washington offices have very low turnover and 98% of Signature employees recommend Signature as a good place to work.

The recruitment department has a very robust recruitment plan to meet all our hiring needs in the area, as well as meet our diversity and veteran's recruitment goals. Signature Healthcare at Home also has many long-term relationships with Universities, Colleges and Educational Institutions in Whatcom, Skagit, Snohomish, Pierce and King County areas to provide clinical internships to variety of students. Our Recruitment Plan includes but not limited to:

- *Online Job Posting*
- *Career website; application via mobile, tablet or computer*
- *Sign on Bonuses and Relocation Assistance*

- *Comprehensive Diversity, Equity and Inclusion Recruitment Strategy*
- *Multiple sourcing sites; Circaworks.com, Hiretual.com, Linkedin.com and Indeed.com*
- *Print Media and Direct Mail Recruitment Flyers*
- *Email Blasts, Text Campaigns and phone calls*
- *Social Media websites; Facebook, Linkedin.com, Instagram and Glassdoor.com*
- *Informal Networking*
- *Employee Referral Program*
- *Job/Career Fairs*
- *College/University and Educational Institutions Recruitment*
- *Trade Publications and Industry Associations*
- *Radio Advertising*
- *Staffing Agencies for Temporary Help and or Direct Hires*

Signature Healthcare at Home provides a Holistic approach to Hospice care for each patient, which includes an experienced team of a Medical Directors, Physicians, Administrators, Registered Nurses, Licensed Practical Nurses, Certified Nursing Assistants, Social Workers, Bereavement Coordinators, Spiritual Care Coordinators/Chaplains and many hospice volunteers and our After-Hours/Weekend RN Triage Program. Signature Healthcare at Home "Time to Fill" is lower than the national healthcare rate and has a lower turnover than most Healthcare organizations in the area. Signature Healthcare at Home knows that most if not all positions can be filled quickly and timely with qualified candidates to provide the most comprehensive holistic hospice service that, that the patient deserves and to meet the community's needs. Signature Healthcare at Home does not believe there are any barriers to staffing a Hospice Agency in the State of Washington."

Within the application, Signature Group, LLC provided detailed information about recruitment and retention of staff process broken down by on-boarding, human resources, training, and retention. While the information is not restated, it is considered in this review.

Signature Group, LLC provided the following statements about the importance of timely patient care. [source: screening response, pdf38]
"Signature Healthcare at Home recognizes that access to timely and skilled hospice and palliative care is critical not only for quality outcomes, but also to decrease costs related to increased out of pocket expenses, unnecessary hospitalizations, increased ER visits and clinic visits. Signature Hospice Pierce will ensure timely and efficiently care can be delivered, and patients eligible and choosing the benefit of hospice will have the choice and access available at the time they need it."

Public Comment

The Pennant Group/Symbol-Oppose
"Signature's static FTE's for field staff for 2023 and 2024 with 30% census growth raises doubts about their structure and process. How can an agency maintain a highly qualified, invested staff if they are not being compensated for more work and/or no team members are being added to support the service intensity? How can Signature meet the needs of a growing patient population without adding FTE's appropriately? It is also interesting that the Administrator and salesperson's wages increase over the same period. This raises an issue of equity among the staff. The CN Department

cannot determine that structure and process are reasonable without all this missing information and without the shared staffing ratios between the home health and hospice agency."

Signature Group Rebuttal Comments

"Again, our staffing model is based on the HCHB staffing matrix, which utilizes ADC to base the number of staff required. This is a tried-and-true model from a reputable EMR company who provides this same data to companies across the US as a standard to follow when utilizing their EMR. Our ADC in years 2023 and 2024 fall within the same grouping highlighted below, so therefore the number of staff does not change."

Applicant's Table

2017 FIELD STAFFING MATRIX - *Hospice*

STAGE	Hospice ADC	TOTAL STAFF	RN	LN	MSW	CH	MD	HHA	RD	AN	On Call RN *(Additional staff)*	Maximum # Certified Preceptors *(NOT additional staff)*
1	0-25	5	2	PRN	1	1	0.25	1	PRN	0	0	1
2	26-40	10	3	1	1	1	0.25	3	PRN	1	0	2
3	41-60	12	3	1	1	1	0.25	4	PRN	1	1	3
4	60-90	15	4	1	1	1	0.5	6	PRN	1	1	3
5	91-120 (2 teams)	23	6	1	2	2	0.5	9	PRN	1	2	4
6	121-150	30	8	2	2	2	0.5	12	PRN	2	2	4
7	151-180	36	10	2	2	2	0.5	15	PRN	2	3	5
8	181-210 (3 teams)	45	12	3	3	3	0.75	18	PRN	3	3	5
9	211-240	52	15	3	3	3	0.75	21	PRN	3	4	6
10	241-270 (4 teams)	61	17	3	4	4	0.75	24	PRN	4	5	7
11	271-300	67	19	4	4	4	1	27	PRN	4	5	8

Source: HCHB Staffing Matrix (page 174 of the CN application)

Department Evaluation

If this project is approved, Signature Group, LLC anticipates it would be providing Medicare and Medicaid hospice services to the residents of Pierce County in January 2022. The applicant's first full year of operation is 2022 and year three is 2024.

As a new provider in the county, Signature Group, LLC based its staffing ratios on national standards. This approach is reasonable.

As shown in the staff table above, 8.75 FTEs are needed in year one (2022). The number of FTEs increases to 15.00 by the end of full year three (2024). The applicant also clarified that its medical director is an employee and included in the staff table. Therapy staff would be under contract and are not included in the table above. This approach is reasonable.

The Pennant Group expressed concerns regarding the proposed staffing identified by the applicant. The concerns centered on a comparison of the number of staff identified for years 2023 and 2024 and the projected ADC for the agency. In rebuttal, Signature Group, LLC confirmed that its staff is consistent with national standards and provided the matrix to demonstrate the consistency. The department concludes that the proposed staffing in the application is reasonable.

For recruitment and retention of staff, Signature Group, LLC intends to use the strategies it has successfully used in the past for recruitment and retention of staff for its Washington State home health agencies and its out-of-state hospice agencies. The strategies identified are consistent with those of other applicants reviewed and approved by the department.

Based on the information provided in the application, the department concludes that Signature Hospice has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **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) 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 an agency must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's ability to establish and maintain appropriate relationships.

Continuum Care of Pierce LLC

In response to this sub-criterion, Continuum provided the following statements and information.

"*Continuum will directly provide most ancillary and support services needed. Continuum will solicit the following ancillary and support services and will finalize vendor selection after CN approval.*

- *Inpatient Care*
- *PT/OT/ST/RT/IV therapy*
- *X-Ray*
- *Pharmacy*
- *Durable Medical Equipment*
- *Medical Supplies*
- *Laboratory*
- *Dietary/Nutritionist*
- *Ambulance*
- *Biowaste removal*
- *Specialty therapies*"

[source: Application, pdf34]

"*Continuum proposes to work closely with local physicians, hospitals, long-term care (assisted living, adult family homes and nursing homes) and other providers to ensure patients' comprehensive medical, social, and spiritual needs are met. In addition to these direct care providers/referring agencies, and while no agreements are in place currently, specific providers that Continuum intends to develop working relationships with include:*

- *Pierce County Area Agency on Aging.*
- *Home Care Association of Washington and the National Association for Home Care*
- *DSHS, Aging and Disability Services*
- *Home Health and home care agencies*
- *Nursing Homes, Assisted Living and Adult Family Homes*
- *VA*
- *HMOs and other payers*
- *Washington State and Pierce County Veteran's Programs.*
- *Tacoma Pierce County Health Department*

In addition, because we will have a specific focus on building trust with and providing care to the underserved populations in the County, we will seek to partner with existing community resources serving these populations including but not limited to a variety of social, community organizations and places of worship, such as:

- *For African American community, the local Chapter of the NAACP, Urban League, Black Collective, Churches and Community Centers.*
- *For the American Indian community, Tribal leadership and tribal health care.*
- *For the Asian community, Asian Pacific Islander Coalition (APIC), churches.* [sic] *and service organizations*

Continuum will develop transfer agreements with local hospitals and nursing homes. Informal cooperative agreements but not formal written agreements, are also planned with ambulance, the Fire Department and the Coroner's office." [source: Application, pdf35]

Continuum provided a copy of the executed Medical Director Services Agreement between Continuum Care of Pierce LLC and Don Nguyen, MD. The agreement was executed on January 28, 2021, and outlines roles and responsibilities for each. The agreement is effective for one year, with automatic annual renewals in perpetuity. [sources: Application, Exhibit 6 and March 31, 2021, screening response, pdf16]

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

Department Evaluation

Continuum Care of Pierce, LLC, does not yet have a Washington State license to serve hospice patients; although, its members do own and operate additional agencies already licensed in the state. This project proposes to serve the Pierce County patients from an office in Gig Harbor, within Pierce County.

Continuum provided a listing of the types of ancillary and support vendors it would use for the new hospice agency. Given that the agency is not yet operational, no agreements have been executed. Continuum provided a copy of its executed Medical Director Services Agreement, which has annual automatic renewals in perpetuity.

Information provided demonstrates that the applicant would have the experience and likely access to all hospice ancillary and support services used by the proposed hospice agency. Based on the information reviewed, the department concludes that Continuum has the experience and expertise to establish appropriate ancillary and support relationships for the new hospice services in Pierce County. Based on the information here and lack of public comment, the department concludes **this sub criterion is met.**

Envision Hospice of Washington, LLC

In response to this sub-criterion, Envision provided the following information.

"*Please see Appendix U for a list of proposed vendors. This list is based heavily on vendor relationships already in place for Envision Home Health of Washington and Envision Hospice of*

Washington in King, Snohomish and Thurston Counties and is not expected to change as a result of this project." [source: Application, pdf35]

"*Relationships with healthcare facilities are service area and this case county-specific for the most part, so relationships will be established with Pierce County facilities.*

Inpatient contractors
For General Inpatient Care and for Respite Care, the proposed hospice will develop contracts with one or more local facilities.

General Inpatient Care
For Pierce County, Envision will initiate relationships on approval of its Pierce County CON and anticipates developing 'general inpatient care' contracts with local hospitals that serve the area. In particular, Envision expects to develop GIP contracts with

- *any Pierce County hospitals whose physicians and discharge planners refer patients to Envision Hospice and with*
- *the regional hospital systems that serve the Pierce County inpatient market, to include CHI-Franciscan/VM, MultiCare, Providence St. Joseph including Swedish and UW/Harborview.*

Respite Care
Respite care is typically provided in skilled nursing facility or nursing home beds. In Pierce County, Envision does has not yet initiated contracts with Pierce County nursing facilities for respite care. On receipt of a Pierce County Certificate of Need, Envision will reach out to local nursing facilities to determine the best option for contracting for respite care for Pierce County hospice patients.

In-home care for nursing home residents
In addition to arranging for General Inpatient Care and Respite Care, Envision will also make arrangements with area nursing homes so that long term residents, for whom the facility is home, are able to receive routine in-home hospice services there.

Criteria for selection
In selecting inpatient providers with which to contract, Envision will apply the following criteria:

Of the potential hospital contracts available, Envision believes each provides high quality care. Envision plans to contract with each facility willing to do so. Criteria for contracting and referral of specific patients will include:

a.) availability of inpatient hospice beds appropriate to GIP admissions (i.e., least restrictive environment and/or availability of a home-like setting
b.) availability of appropriate clinical resources and beds for Envision's patients
c.) relative geographic access of the facility for the patient's primary care team and/or potential visitors.
d.) availability of a palliative care in-patient team or a hospitalist team that includes individuals with palliative care expertise.
e.) compatibility with Envision's adopted policies honoring a patient's End of Life choices
f.) cost containment

Respite Care

a.) *availability of inpatient hospice beds appropriate to 'respite care'*
b.) *availability of clinical resources needed for Envision's patients*
c.) *relative geographic access for the patient's primary care team and/or potential visitors.*
d.) *compatibility with Envision's adopted policies honoring a patient's End of Life choices*
e.) *cost containment*
f.) *availability of a home-like setting*
g.) *nursing facilities already contracting with Envision for it to provide in-home hospice visits to its long-term care residents*"
[source: Application, pdf35-37]

When asked about "*cost containment*" in the preceding excerpt Envision provided the following response. [source: April 26, 2021, screening response, pdf9-10]
"*Envision has selected the model of a single hospice agency serving adjacent counties. Specific to this project, Envision Home Health of Washington leases space in Pierce County and is providing office space to Envision Hospice of Washington (a wholly owned subsidiary of Envision Hospice) to operate in Pierce County. These factors are applied to cost containment for the Pierce County certificate of need project:*

***Need**: Envision Hospice of Washington is already providing hospice services within Pierce County under the Governor's waiver program. Approval of the Pierce application will allow a nearly seamless transition to Envision hospice services which will likely simultaneously coincide with the lifting of the waiver and providing continued access and availability of hospice services for Pierce County residents. As noted in the application, the early provision of hospice services reduces overall healthcare costs and is a primary tool of cost containment.*

***Capital Costs**: The model of housing Envision hospice services for Pierce County within the existing Envision Hospice of Washington agency and located within the existing Envision Home Health of Washington leased Pierce County location reduces capital costs to $7,000 avoiding the costs of establishing both a new agency and a new location.*

***Operating Costs – Rent**: The model of housing Envision hospice services for Pierce County within the existing Envision Hospice of Washington agency and located within the existing Envision Home Health of Washington leased Pierce County location reduces rent and related operating expenses by 80% per the Memorandum of Understanding in Appendix E by avoiding the costs of establishing both a new agency and a new location in an identical office space.*

***Operating Costs – Staffing**: The model of adding Pierce County to the existing Envision Hospice of Washington as well as housing the hospice service in existing Pierce County space converts all administrative staff positions to variable staffing as well as Medical Director related services to variable staffing which would represent a substantial cost containment achievement when combined with administrative overhead reductions in developing and maintaining vendor contracts for a broad variety of support services (see Appendix U as an example).*"

Envision also provided a list of vendors that would be used at the new Pierce County agency. [source: Application, Appendix U]

Vendor List, Envision Hospice of Washington LLC

Alphagraphics	business cards
BKD CPA's/Advisors	cost reports and consulting services
Blue Fin Office Group	office supplies
Briggs Corporation	medical forms
Comcast Business	Communications technology
Comprehensive Home & Companion Svcs. LLC	Temporary staffing agency
Copiers NorthWest	Copier service
Corporation Service Company	Marketing services
De Lage Landen	Office equipment
Ducky's Office Furniture	Office furniture
FastSigns	Signage
First Advantage Background Services Corp	Background checks
GoDaddy.com	Website design
Gordon's Copy Print	Printing
Gulf South Medical Supply	medical supplies
Hansen Creative	marketing designs and layouts
Heath & Company CPA, LLC	Accountants
Home Health Coding Solutions	Medical records management
Independence Rehab	contract therapy services
Integra Telecom	Internet and phone
Kleenwell Biohazard Waste	Bio-waste management
Les Olson Company	Office equipment
McGee's Stamp & Trophy Co	name badges
McKesson Medical Surgical	Medical supplies
MedForms, Inc.	Medical forms
Medical Forms Management, Inc.	Medical forms
Oldham Technology	IT services
Optum Healthbank	health savings account
Payroll Experts	Payroll processing
Philadelphia Insurance	liability insurance
Quality Logo Products	Marketing
Roadrunner Print & Copy	Printing
Seagull Printing	printing services
Shred-IT USA	Document shredding
Smart Scrubs	nursing and aides scrubs/uniforms
Stericycle, Inc.	Sharps management & hazardous waste
Strategic Healthcare Programs, LLC	Clinical & financial benchmarking
T-Mobile	Mobile phones
The UPS Store	Document shipping
United Health Care	company health benefits
USPS	Document shipping
Verizon Wireless	cell phone service
Washington Labor & Industries department	workers compensation
Waste Management	Waste management & recycling

Envision provided a copy of the medical director's job description since the Medical Director, Rebecca March, DO[36] will be a direct employee of Envision. Since Envision anticipates in year two [year 2023] to exceed the average daily census [36 ADC per Medical Director/Physician] which equates an appropriate staffing ratio for the Medical Director, it anticipates hiring additional physicians to meet client needs. The job description includes the required qualifications and expectations of the Medical Director. [source: Application, pdf32 and Appendix C]

To clarify the role of the Medical Director, Envision provided the following statement and a Medical Director Job Description. [sources: Application, Appendix C and April 26, 2021, screening response, pdf8] "*Yes, since Envision operates as a single hospice agency, it must have only one 'Medical Director' who oversees other clinicians hired to cover the numbers and geographic range of Envisions hospice patients and their locations. Accordingly, Envision already employs its Medical Director. As described in the Medical Director position description in Appendix C, the Medical Director will carry out all responsibilities described in the position description. In summary, that is being responsible for 'the medical component of the Envision Hospice patient care program.'*

In terms of 'an affiliated position,' the Medical Director oversees other physician employees or physician contractors as described in the Position Description in carrying out the day-to-day responsibilities and services described in the Medical Director position description. When the Medical Director is not available, Envision Hospice designates another physician (a physician employee or a physician contractor) to carry out the responsibilities of the Medical Director position description. The portion of an FTE attributable to the Pierce hospice and reporting to the Envision Medical Director will increase in proportion to the number of Pierce patients."

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

Department Evaluation

Envision is currently a Medicare and Medicaid hospice provider in Washington State; and currently provides Medicare and Medicaid-certified home health services to the residents of Pierce County. This project proposes to expand its existing services to include hospice patients residing in Pierce County. The proposed hospice agency would be co-located with its home health affiliate in Tacoma, within Pierce County, while maintaining a mailing address at its parent's office in Olympia.

Envision provided a list of ancillary and support vendors it would use for the proposed project. Envision also submitted its Medical Director Job Description, with the candidate's resume.

Information provided demonstrates that the applicant would have the experience and likely access to all hospice ancillary and support services used by the proposed hospice agency. Based on the information reviewed and lack of public comment, the department concludes that Envision has the experience and expertise to expand appropriate ancillary and support relationships for the proposed project in Pierce County. If this project is approved, the department would attach a condition requiring the applicant to provide a signed job description consistent with the one provided. The department concludes that **this sub-criterion is met**.

[36] Credential OP60726256

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

In response to this sub-criterion, Pennant provided the following list of ancillary and support services that will be established. [source: Application, pdf33]

"*Strategic Healthcare Programs (SHP)*
Home Care Home Base (HCHB)
DME Vendor
Pharmacy Vendor
Medical Supply Vendor
eSolutions – accounting interface
Workday – HR interface
Lippincott – electronic educational/procedural tool for clinicians
Focura – Leading document management and HIPPA compliant communication for clinicians
Providor Link – for community physicians
Relias Learning – clinician focused learning tool
TigerConnet—HIPAA compliant communitcation [sic] *for cliniciainsI[sic]*"

Pennant provided a copy of the executed Medical Director Service Agreement between William Elledge, MD and Symbol Healthcare, Inc. The agreement was executed on December 21, 2020 and outlines roles and responsibilities for each of the parties, as well as compensation. Additionally, there is an expense line item to account for this cost in Pennant's pro forma operating statement. The agreement is effective for one year, with automatic annual renewals in perpetuity. [source: Application, Exhibit 3]

Pennant also provided a copy of the executed Consulting, Professional, and Operational Support Services Agreement between Cornerstone Service Center, Inc. and Symbol Healthcare, Inc. dba Puget Sound Home Health. The submitted agreement was executed on October 1, 2019 and outlines roles and responsibilities for each of the parties, as well as compensation. The agreement is effective for one year, with automatic annual renewals in perpetuity. [source: March 31, 2021, screening response, Exhibit 8]

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

Department Evaluation

The Pennant Group, Inc. offers several lines of service, which includes in-home care, via its subsidiary Cornerstone Healthcare, Inc.; and senior living communities, via its subsidiary Pinnacle Senior Living LLC. Cornerstone Healthcare, Inc. through its subsidiaries, owns and operates 10 home care agencies, 41 hospice agencies, 33 home health agencies, four physician groups, and two therapy groups throughout 14 states nationally. This count includes Washington State Certificate of Need-approved hospice services to Asotin, Garfield, Snohomish, and Thurston county residents as well as licensed only hospice services to the Whitman County residents. This project proposes to serve Pierce County hospice patients from the same office as its home health agency in Pierce County.

Pennant provided a list of ancillary and support vendors it would use for the proposed project. Pennant also provided a copy of its executed Medical Director Service Agreement and Operational

Support Services Agreement. Pennant has made clear, that Symbol Healthcare, Inc. dba Puget Sound Home Health is not the agency being reviewed[37] by this evaluation. However, since both signing parties are subsidiaries of the applicant, and there is an expense line item to account for this agreement's cost in Pennant's Pierce County pro forma operating statement, the applicant's intent can be reasonably assumed; and if this project is approved, the department would attach a condition requiring the applicant to submit a revised agreement specific to this project.

Information provided demonstrates that the applicant would have the experience and likely access to all hospice ancillary and support services used by the proposed hospice agency. Based on the information reviewed and lack of public comment, the department concludes that Pennant has the experience and expertise to establish appropriate ancillary and support relationships for the proposed project in Pierce County. If this project is approved, the department would attach a condition requiring the applicant to provide a signed job description consistent with the one provided. Based on the information, the department concludes **this sub criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence provided the following information in response to this sub-criterion. [source: Application, pdfs48-49]

"Providence Hospice has deep roots in the community and has been providing hospice services for more than three decades. Consequently, we have well-established existing internal and external relationships able to provide ancillary and support services. The existing ancillary and support services include, but are not limited to, the following:

- *Physical Therapy and Speech Therapy: Providence Hospice of Seattle contracts for these services with Providence Home Health – King County (internal agency).*
- *Dietary Services: Providence Hospice of Seattle contracts for these services with Providence Home Health – King County (internal agency).*
- *Home Medical Equipment: Providence Hospice of Seattle has an agreement with Bellevue Healthcare to provide home medical equipment.*
- *Pharmacy: Providence has relationships with various pharmacies and pharmacy benefit managers to provide appropriate pharmaceutical care (please see Question #15, C. Structure and Process (Quality) of Care, below for a detailed list of providers).*
- *Respite Care: Providence Hospice of Seattle has agreements with several skilled nursing facilities in King County to provide respite care services (please see Question #15, C. Structure and Process (Quality) of Care, below for a detailed list of nursing homes).*
- *Massage and Music Therapy: Providence Hospice contracts with various massage and music therapists to provide services to Providence Hospice patients. Please see Table 20 for a list of massage and music therapists contracted by Providence Hospice.*

[37] Source: March 31, 2021, screening response, Exhibit 1

Applicant's Table

Table 20. Providence Hospice of Seattle Contract List – Massage & Music Therapy

Contractor	Credential	Credential #
Adams, Barbara	None - musician	N/A
Cleveland, Julie	Licensed Massage Therapist	MA00020563
Davis, Beth	Licensed Massage Therapist	MA00007235
Gaudette, Brittany	Licensed Massage Therapist	MA60783258
Greene, Jennifer	Board Certified Music Therapist	07641
Howe, Joan	Licensed Massage Therapist	MA60888755
McInerney, Theresa	Licensed Massage Therapist	MA00016276
Schley, Monica	Certified Clinical Musician	N/A
Tiebout, Carol	Licensed Massage Therapist	MA00012878
Yon, Laura	Licensed Massage Therapist	MA60063005

Source: Providence Hospice of Seattle

- *Bereavement Services: Bereavement services are provided by Providence Hospice for 15 months after the death of a loved one. Services include a wide variety of educational bereavement support groups, individual counseling, and memorial events. These services also are provided to anyone in the community, even if they do not receive our hospice services.*
- *Safe Crossings: Pediatric grief support services are provided by Providence Hospice to children, teens, and their families prior to and after the death of a loved one. Services include individual counseling, support groups, and memorial events. These services are provided to anyone in the community, even if they do not receive our hospice services, and also include bereavement groups in schools and trauma-informed grief services.*
- *Camp Erin: Providence Hospice of Snohomish started Camp Erin with a seed grant from the Moyer Foundation in partnership with the parents of the camp's namesake, Erin Metcalf, a 17-year-old hospice patient who passed away in 2000.*
- *Providence Hospice was the second organization to hold Camp Erin and has been holding one annual camp session for both children and teens since 2004. Camp Erin is a camp for children who have had a significant death in their family. The camp supports children in building a community and feeling they are not alone in their grief. The camp provides grief education and fun camp activities.*

In addition, support services, including finance, billing (revenue cycle), human resources, and compliance and risk, are provided by internal shared services staff located in the Tukwila office. The existing support staff is sufficient to support additional services in Pierce County."

Providence provided the following clarification regarding its ancillary and support agreements already in place. [source: Application, pdf50]
"The relationships noted in response to Question #12 (C. Structure and Process (Quality) of Care) above demonstrate Providence Hospice has the capabilities to meet the service demands for the project. Once the project is approved, Providence Hospice will work to make any necessary adjustments or amendments to the agreements in order to provide the full spectrum of hospice services in Pierce County. In cases where the expansion of ancillary services into Pierce County is not possible with the existing provider, Providence Hospice will develop new relationships to meet the needs of hospice patients in Pierce County."

Providence provided the following statements regarding its current working relationships for hospice services. [source: Application, pdfs50-53]

"As an established provider in the community, Providence Hospice works closely with local hospitals, physicians, and other providers to ensure continuity of care while avoiding fragmentation of care. Providence Hospice will leverage its existing relationships, both inside and outside of Pierce County, and will build additional relationships as needed to ensure a full spectrum of care. In cases where Providence Hospice has an existing relationship that does not include Pierce County, we will amend those contracts or agreements to include Pierce County where applicable. Current relationships include, but are not limited to, the following:

- *Hospitals: Providence Hospice has a strong working relationship and General Inpatient (GIP) contract with Swedish Medical Centers, including First Hill, Cherry Hill, Ballard, Edmonds, and Issaquah. Providence Hospice has a strong working relationship and GIP contract with the University of Washington hospitals, including University of Washington Medical Center, UW Medical Center - Northwest, Harborview Medical Center, and UW Medicine Valley Medical Center. Providence Hospice also has strong working relationships with Highline Medical Center, MultiCare Auburn Medical Center, MultiCare Good Samaritan Hospital, and MultiCare Covington Medical Center. We also have a GIP contract with EvergreenHealth Medical Center's Inpatient Hospice Center.*
- *Respite Care: Providence Hospice has agreements with the following skilled nursing facilities in King County:*

Avamere Rehabilitation of Richmond Beach
Benson Heights Nursing and Rehabilitation Center
Burien Nursing and Rehabilitation Center
Canterbury House
EmpRes at Auburn LLC – Advanced Post-Acute
Providence Marianwood
Providence Mount St. Vincent
Queen Anne Health Care
Seattle Medical Post-Acute Care
Enumclaw Health and Rehabilitation Center

Long-Term Care Facilities: Providence Hospice has agreements with the following long-term care facilities in King County:

Bayview Manor
Briarwood at Timber Ridge
Burien Nursing and Rehabilitation Center
Canterbury House
Covenant Shores
EmpRes at Auburn, LLC Post Acute
Foss Home and Village
The Hearthstone
Judson Park Health Center
Kin On Health Care Center
Laurel Cove
Life Care Center of Federal Way
Mission Healthcare at Renton
North Auburn Rehabilitation Center
Park Ridge Care Center
Park West Care Center
Providence Marianwood
Providence Mount St. Vincent
Queen Anne Health Care
Redmond Care and Rehabilitation
Sea Mar Community Care Center
Shoreline Health and Community Care Center
Talbot Center for Rehabilitation and Healthcare
Seattle Medical Post-Acute Care
The Oaks at Forest Bay
The Terraces at Skyline
Washington Care Center for Comprehensive Rehabilitation
Wesley Home Health Center
Avamere Rehabilitation of Richmond Beach
Enumclaw Health and Rehabilitation Center
Benson Heights Rehabilitation Center

- *Pharmacy Benefit Manager: Providence Hospice has an agreement with Northwest Pharmacy Services to be its Pharmacy Benefits Manager. Providence Hospice has an agreement with Providence Infusion and Pharmacy Services to provide 24-hour oral dose and infusion medications. We also have an agreement with Omnicare to provide emergent medications as a backup to Providence Infusion and Pharmacy Services. We have an agreement with Pacific Northwest Courier Services and Mountain West Logistics to courier medications to patients urgently as needed. We have a close working relationship with Bartell Pharmacy – Queen Anne for 24-hour medication needs.*
- *Home Medical Equipment: Providence Hospice has an agreement with Bellevue Healthcare to provide Home Medical Equipment.*
- *Oncology Cancer Center: Providence Hospice has a strong working relationship with Seattle Cancer Care Alliance, which supports patients from Pierce County.*
- *Veterans Administration: Providence Hospice has a strong working relationship with the Veterans Administration, including inpatient and outpatient palliative care, which supports patients from Pierce County.*
- *Pediatric Care: Providence Hospice has strong working relationships with Seattle Children's Hospital and Mary Bridge Children's Hospital in Tacoma, including the palliative care teams at both facilities.*

Avoiding fragmentation to care delivery is a key reason why Providence Hospice is requesting certificate of need approval to operate a Medicare certified and Medicaid eligible hospice agency to serve residents in Pierce County. The Providence system offers exceptional inpatient and specialty care in the King County service area, such that many Pierce County residents seek specialty care in Seattle with Providence facilities and caregivers. As these residents return to their homes in Pierce County, Providence Hospice aims to maintain continuity of care, ensuring the availability of Providence primary care and ambulatory care services and, as care needs change, a seamless transition to home-based and hospice services.
Not only does Providence Hospice have strong existing relationships in the community, we utilize the Epic electronic health record in our hospice and home health services, which is a very valuable tool to help decrease the risk of fragmentation, improve the quality and timeliness of communication between caregivers, and enhance the overall level of clinical excellence offered."

Providence provided the following clarification regarding its working relationships already in place for its King County agency and any new relationships for this Pierce County project. [source: Application, pdf53]
"…As stated above in response to Question #15 and Question #16 (C. Structure and Process (Quality) of Care), Providence Hospice has existing relationships with health care facilities and will establish new relationships with Pierce County health care facilities, as needed."

Providence provided the following clarification regarding other agreements currently in place for the proposed hospice services. [source: Application, pdf34]
- *"Management and Operating Agreements. Providence Hospice is part of Providence Health & Services, a large integrated health system that manages key elements associated with the provision of care and management of operations and administration services. An Allocated System Expense that is estimated at 7% of Net Operating Revenue covers the cost of services,*

such as Human Resources, Finance, Information Services, Revenue Cycle, and others. There are no management or operating agreements for the proposed project.

- *Medical Director Agreement. The medical director is employed by Providence Hospice, so there is no medical director agreement. Please see Exhibit 17 for a copy of the medical director job description."*

As stated above, Providence provided a copy of the medical director's job description within the application. The job description provides roles and responsibilities for both Providence and the physician. It includes the essential functions of the medical director, which includes regulatory compliance, quality improvement, and coordination with the interdisciplinary team. While the job description does not identify a specific physician, Providence stated that the medical director for the current Seattle hospice agency is Bruce Smith, MD and Dr. Smith will continue as medical director with the addition of Piece County hospice services. [source: Application, pdf 34 and Exhibit 17]

There was no public comments or rebuttal comments provided under this sub-criterion for this applicant.

Department Evaluation

Providence Hospice of Seattle is currently a Medicare and Medicaid hospice provider in King County and proposes to expand the services into Pierce County. The proposed hospice agency would be located in Tukwila, just across the King County and Pierce County border. Information provided in the application demonstrates that the hospice agency would continue to have access to all ancillary and support services used. This includes the existing medical director arrangement.

Information reviewed in the application demonstrates that Providence has the experience and expertise to maintain appropriate ancillary and support relationships for their existing hospice agency's operations in Pierce County. Based on the information, the department concludes **this sub criterion is met.**

AccentCare, Inc./Seasons

The applicant provided the following information related to the proposed hospice agency's ancillary and support services. [source: Application, pdf84 and Exhibit 14]

"Exhibit 14 includes three policies that describe how ancillary and support services function with the care team.

- *Standards of Practice, policy #206*
- *Contracted Services, policy #202*
- *Financial Management, policy #606*

Seasons Pierce County uses employees to deliver services, and contract personnel to supplement the skills that may not be routinely available among the employees when the plan of care requires such services. Most often, these contract services include physical, respiratory, speech, and occupational therapists. A patient may also require acupuncture, massage, or other palliative treatments for which a licensed professional is required.

Because ancillary personnel serve under contracts, they augment the plan of care by adding some additional services specified in the plan of care. At all times, Seasons employees are in control of the delivery of care, and retain control, thus assuring that the contracted personnel can meet the service

demand. Contract employees are also discussed in previously mentioned policies, appearing in Exhibit 14.

Some hospices consider music therapy and dieticians as ancillary services but Seasons identifies them as core team members; they are included in the interdisciplinary group."

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

Department Evaluation

AccentCare, Inc./Seasons is not currently a Medicare and Medicaid hospice provider in Washington State. The AccentCare organization does operate hospice agencies in a number of other states, but none in Washington. This project proposes to establish a new service in Tacoma, within Pierce County. Information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all ancillary and support services necessary to provide the proposed Medicare and Medicaid hospice services in Pierce County.

The applicant also provided a copy of the executed Medical Director Agreement to be used at the new Pierce County agency. The agreement is effective for one year, with automatic annual renewals in perpetuity. The agreement also identifies all costs associated with the services. [source: Application, Exhibit 16]

AccentCare, Inc./Seasons provided an example of its Physician Independent Contractor Agreement. Compensation for services is provided in the agreement ($50,000 annual), however, the draft agreement does not identify a specific physician or physicians that would provide the services. The agreement is effective for one year, with automatic annual renewals in perpetuity. If this project is approved, the department would require the applicant to provide a listing of the physicians under contract and an executed copy of each physician agreement.

Information reviewed in the application demonstrates that AccentCare, Inc./Seasons has the experience and expertise to establish appropriate ancillary and support relationships for a new hospice agency. Provided the applicant agrees with the conditions related to the Physician Independent Contractor Agreement, the department concludes **this sub criterion is met.**

Signature Group, LLC

In response to this sub-criterion, Signature Group, LLC provided the following information. [source: Application, pdf31]

"Signature Hospice Pierce anticipates using many of the same support services as our Signature Home Health in Bellevue & Federal Way currently utilize. Upon Certificate of Need approval Signature Hospice Pierce will enter into new contracts with vendors to include pharmacy, inpatient, and respite care as well as pet, massage, dietary, art, and any other necessary therapies.

We would enter into a contract or employ Physical/Occupational/Speech Therapy via an employee sharing agreement between the home health and hospice agencies.

In addition to providing 13 months of bereavement services after death, we contract with Full Circle After Care to provide the bereaved with assistance in wrapping up estate issues and notifications.

There is no cost to the family for this service as it is paid for by Signature. We have been providing this service in our other markets for several years and the feedback from those using this service is overwhelmingly positive.

Lastly, Signature Hospice Pierce, LLC will utilize the Avamere Family of Companies for Legal, IT, HR, accounting, and revenue cycle support."

Signature Group, LLC also provide a draft Medical Director Agreement between Signature Hospice Pierce, LLC and Swenson Health, PLLC, a physician group located in Tacoma, within Pierce County. The draft agreement identifies Floyd Sekeramayi, MD as the medical director for the facility and outlines roles and responsibilities for both the physician and the hospice agency. The agreement is effective for one year, with automatic annual renewals in perpetuity. The draft agreement includes a letter of commitment to execute the agreement if this project is approved. The letter of commitment is signed by a representative of the hospice agency and Dr. Sekeramayi. [source: Application, Exhibit 14]

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

Department Evaluation

Signature Group, LLC provides Medicare and Medicaid home health services in the cities of Bellingham, Federal Way, and Seattle within Washington State, but is not a provider of hospice services in Washington. The applicant also operates both home health and hospice agencies in the states of Idaho, Oregon and Utah. This project proposes to locate its hospice agency within space at its home health office located in Federal Way, within King County. This approach is acceptable.

While the agency would enter into new contracts for the new services, the applicant provided a listing of the types of ancillary and support agreements it would use for the new hospice agency. Further some services would be provided by its parent, Avamere Family of Companies for legal, IT, HR, accounting, and revenue cycle support. Given that the facility is not yet operational, relationships have yet to be established. However, information provided in the application demonstrates that the new hospice agency would likely access appropriate support services if this project is approved.

Signature Hospice also provided a copy of its draft Medical Director Agreement. In conclusion, information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all hospice ancillary and support services used by the facility.

Based on the information reviewed in the application, the department concludes that Signature Group, LLC has the experience and expertise to establish appropriate ancillary and support relationships for the new agencies, including hospice agencies, in other states. The department concludes that the applicant has the ability to establish the necessary ancillary and support services for Pierce County. As previously stated, if this project is approved, the department would include a condition requiring a copy of the executed Medical Director Agreement. Provided the applicant agrees with the condition, the department concludes **this sub criterion is met.**

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

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

As a part of this review, the department must conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.[38] For in-home services agencies, the department reviews two different areas when evaluating this sub-criterion. One is a review of the Centers for Medicare and Medicaid Services (CMS) "Terminated Provider Counts Report" covering years 2018 through 2021. The department uses this report to identify facilities that were involuntarily terminated from participation in Medicare reimbursement.

The department also reviews an applicant's conformance with Medicare and Medicaid standards, with a focus on Washington State facilities. The department uses the CMS "Survey Activity Report" to identify Washington State facilities with a history of condition level findings. For CMS surveys, there are two levels of deficiencies: standard and condition.[39]

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

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

Since some of the applicants in this review have a number of nursing homes it owns and operates and a limited number of in-home services agencies, some nursing home quality history is reviewed. If an applicant has a large number of in-home services agencies to review, its nursing home history is not included in this review.

For nursing homes, a 'Scope and Severity Grid' is used to assess the seriousness of deficiencies. Since one or more applicants in this concurrent review operate either Washington State or out of state nursing homes, the grid is shown below.

[38] WAC 246-310-230(5).

[39] Definitions of standard and condition level surveys: https://www.compass-clinical.com/deciphering-tjc-condition-level-findings/

Assessment Factors Use to Determine the Seriousness of Deficiencies Matrix

	Isolated	Pattern	Widespread
Immediate jeopardy to resident health or safety	J PoC Required	K PoC Required	L PoC Required
Actual harm that is not immediate	G PoC Required	H PoC Required	I PoC Required
No actual harm with potential for more than minimal harm that is not immediate jeopardy	D PoC Required	E PoC Required	F PoC Required
No actual harm with potential for minimal harm	A No PoC Required No remedies Commitment to Correct Not on CMS-2567	B PoC Required	C PoC Required

Substandard quality of care means one or more deficiencies related to participation requirements under §483.10 "Resident rights", paragraphs (a)(1) through (a)(2), (b)(1) through (b)(2), (e) (except for (e)(2), (e)(7), and (e)(8)), (f)(1) through (f)(3), (f)(5) through (f)(8), and (i) of this chapter; §483.12 of this chapter "Freedom from abuse, neglect, and exploitation"; §483.24 of this chapter "Quality of life"; §483.25 of this chapter "Quality of care"; §483.40 "Behavioral health services", paragraphs (b) and (d) of this chapter; §483.45 "Pharmacy services", paragraphs (d), (e), and (f) of this chapter; §483.70 "Administration", paragraph (p) of this chapter, and §483.80 "Infection control", paragraph (d) of this chapter, which constitute either immediate jeopardy to resident health or safety; a pattern of or widespread actual harm that is not immediate jeopardy; or a widespread potential for more than minimal harm, but less than immediate jeopardy, with no actual harm.

Substantial compliance

Continuum Care of Pierce LLC

Continuum's response to this sub-criterion is also used to evaluate the sub-criterion under WAC 246-310-230(5). When asked to identify whether any facility or practitioner associated with this application has a history of actions which relate to non-compliance with federal and/or state laws, and if so, to provide evidence that ensures safe and adequate care to the public will be provided; Continuum provided the following statement.

"*Neither Continuum, its managing members nor the proposed medical director has any history with respect to the items noted in Q18.*" [source: Application, pdf36]

"*Continuum will seek State of Washington licensure, Medicare and Medicaid certification and accreditation by the Community Health Accreditation Program, Inc. (CHAP). Today, each of the hospice agencies operated by the managing Members of Continuum are licensed and have Medicare certification and CHAP accreditation, including Continuum Care of Snohomish LLC.*" [source: Application, pdf12]

Continuum provided the following statement and discussion regarding its proposed assessment for customer satisfaction, and quality improvement.

"*Continuum is not an existing agency. However, our sister agency in Washington uses a Quality Assessment and Performance Improvement (QAPI) Committee to oversee patient/family/caregiver satisfaction and quality improvement. Continuum will use a similar process for identifying and addressing quality issues and implementing corrective action plans, as necessary. The Administrator will be the chairperson for the Committee and responsible for creating the QAPI culture, environment for change and facilitating quality assessment and performance improvement process. Committee members include:*

- *Administrator (serves as chairperson)*
- *Clinical Director*
- *Medical Director*
- *3-5 members of the agency staff*

Ad hoc teams may be appointed by the QAPI Committee to participate in quality projects. Team members will be selected depending on the Performance Improvement Project (PIP) problem or issue identified.

The QAPI Committee has the overall responsibility and authority to conduct a confidential review of information for the identification of concerns and trends for negative findings. The completion of tasks may be accomplished through designated individuals or quality project teams. Specific responsibilities include:

- *Identify trends in clinical outcomes.*
- *Evaluation of data related to systems and services offered to patients.*
- *Monitor new systems and services.*
- *Monitor customer and patient satisfaction.*" [source: Application, pdf34]

Continuum provided the following statement regarding agencies owned and operated by its members.

"*Continuum was advised by CN Program staff the quality of care analysis will use QCOR data. QCOR data is an online data system produced by the Centers for Medicare and Medicaid Services. It includes survey and certification data collected by CMS to track and oversee providers of Medicare and Medicaid services. This information includes provider information such as name, address, size, ownership, and inspection (survey) results. Under QCOR Continuum does not have any existing complaint surveys or terminations listed since at least 2017. None of the agencies operated by Continuum's managing members have any consistent pattern of condition level negative findings*." [source: Application, pdf37]

"*Yes, the recently divested agencies' quality history would be included (as page 36 noted, the information goes back to 2017). Continuum's divested entities did not have any condition-level findings. Exhibit 9 of the CN application included the certification date and divested date for each entity*." [source: March 31, 2021, screening response, pdf10]

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

Department Evaluation

As stated in the Applicant Description section of this evaluation, Continuum Care of Pierce LLC is the applicant. According to this application Continuum Members currently or recently own(ed) and

operate(ed) agencies in the following states: California, Florida, Massachusetts, New Hampshire, New Jersey, Ohio, Rhode Island, Virginia, and Washington. [source: Application, pdf5-7 and Exhibit 9]

Department's Table 48
Continuum's Members' Count of In-Home Services Agencies by State

State	# of Facilities
California	2
Florida	1
Massachusetts	1
New Hampshire	1
New Jersey	1

State	# of Facilities
Ohio	1
Rhode Island	1
Virginia	1
Washington	2

Terminated Provider Counts Report for Agencies Owned and/or Operated by the Members of Continuum Care of Pierce LLC

Focusing on years 2018 through 2020 and partial year 2021, none of Continuum's members' hospice agencies were involuntarily terminated from participation in Medicare reimbursement. [Source: CMS Quality, Certification, and Oversight Reports as of October 10, 2021]

Conformance with Medicare and Medicaid Standards for Continuum Care of Pierce LLC

The department reviewed the survey history for the applicant using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review included full years 2018 through 2020 and partial year 2021.

Continuum's members currently own and operate two separate agencies in Washington State which provide hospice services. Following is a summary of Continuum's members' Washington State hospice agencies' survey activity reports as of October 10, 2021.

Department's Table 49
Summary of Continuum's Members' Washington State Hospice Surveys

Service Type	State	# of Agencies	Standard Surveys	Complaint Surveys	Number of Surveys with Specific Types of Deficiencies		
					No Deficiencies	Standard Only	Condition & Standard
Hospice	Washington [40]	2	1	0	1	0	0

In addition to its Washington State agencies, Continuum's members currently or recently own(ed) and operate(ed) nine separate agencies in an additional eight different states, which provide hospice services. Following is a summary of Continuum's members out-of-state hospice agencies' survey activity reports as of October 10, 2021.

[40] One of the Washington State agencies did not have any surveys in the period reviewed (Continuum of King LLC) since it is relatively new and is not yet certified.

Department's Table 50
Summary of Continuum's Members' Out-of-State Hospice Surveys

Service Type	State	# of Agencies	Standard Surveys	Complaint Surveys	Number of Surveys with Specific Types of Deficiencies		
					No Deficiencies	Standard Only	Condition & Standard
Hospice	California	2	2	0	2	0	0
	Florida	1	0	0	-	-	-
	Massachusetts	1	1	0	1	0	0
	New Hampshire	1	1	0	1	0	0
	New Jersey	1	1	0	1	0	0
	Ohio	1	1	0	1	0	0
	Rhode Island	1	1	0	1	0	0
	Virginia	1	1	0	1	0	0
Totals		**9**	**8**	**0**	**8**	**0**	**0**

Washington State Healthcare Agencies
Of the two Washington State agencies, only one is currently Medicare and Medicaid-certified,[41] for full years 2018 through 2020 and partial year 2021, there is one standard survey completed in Washington, which resulted in no deficiencies at all.

Out-of-State Healthcare Agencies
Of the remaining nine hospice agencies, one had not experienced any surveys[42] for full years 2018 through 2020 and partial year 2021, there were eight standard surveys and no complaint surveys. These eight surveys resulted in no deficiencies at all.

In summary, since year 2018, none of the agencies Continuum's members currently or recently own(ed) and operate(ed) had surveys which resulted in any deficiencies.

Continuum provided the name and professional license number for the proposed medical director Don Nguyen, MD. Using data from the department's provider credential search, the department found that Dr. Nguyen is compliant with state licensure and has no enforcement actions on his license.

Given that Continuum proposes a new agency, other staff have not been identified. If this project is approved, the department would attach a condition requiring Continuum to provide the name and professional license number of its hospice agency staff prior to providing newly approved services.

In review of this sub-criterion, the department considered the total compliance history of Continuum Care of Pierce LLC, as well as other agencies currently or recently owned and/or operated by its members. The department also considered the compliance history of the proposed medical director that would be associated with the facility and any known staff of the proposed agency. The department concludes that Continuum entities with overlapping owners have been operating in

[41] One agency was recently approved and thus does not yet have a CMS certification number.
[42] Continuum of Broward LLC

compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a new hospice agency in Washington State would not cause a negative effect on the compliance history of Continuum's members. If this project is approved, the department would attach a condition requiring the applicant to submit a list of its credentialed staff including full name and license number, prior to providing newly approved services. With the applicant's agreement to this condition, the department concludes **this sub-criterion is met.**

Envision Hospice of Washington, LLC

Envision's response to this sub-criterion is also used to evaluate the sub-criterion under WAC 246-310-230(5). When asked to identify whether any facility or practitioner associated with this application has a history of actions which relate to non-compliance with federal and/or state laws, and if so, to provide evidence that ensures safe and adequate care to the public will be provided; Envision provided the following statement. [source: Application, pdf37]
"*There is no such history*."

Related to training, Envision provided the following information.

- Within its Business Plan – Goals & Strategies which outlines in various sections specialized trainings for staff to serve specific populations [source: Application, Appendix O]
- Its Volunteer Recruitment Plan and Timeline which includes various trainings [source: Application, Appendix S]
- Its Training Policies which includes:
    - Employee Recruitment Process and Policy
    - Retention of Personnel Policy and Procedure
    - Inservice Education Policy and Procedure
    - Staff Personal Safety Education Policy and Procedure
    - Roles and Responsibilities Related to Safety Policy and Procedure
    - Hospice Aide Services and Training Program Policy and Procedure
    - Employee Orientation Policy and Procedure
    - Staff Competency Program Policy and Procedure

  [source: Application, Appendix T]
- On its proforma Revenue and Expense Statements under its "*Administrative Costs*" Envision has budgeted costs to pay for "*Education and Training*" [source: Application, Appendix J and Appendix L]

Envision provided the following statement related to assessing customer satisfaction and quality improvement. [source: Application, p34]
"*Envision Hospice of Washington, LLC's methods for assessing customer satisfaction and quality improvement being put in place for its existing three-county hospice agency will be applicable to the Pierce County hospice as well:*

- *To assess customer satisfaction for the Pierce County hospice, Envision Hospice of Washington, LLC will extend its current Thurston County hospice contract with the CMS-approved vendor of customer satisfaction surveys which is CMS-certified and works collaboratively with the National Hospice and Palliative Care Organization to establish national norms. This approach allows a hospice to compare itself to others and identify and prioritize benchmark approaches for areas needing improvement.*

- *Starting with FY 2016-2017, CMS required all Medicare hospices to submit required data needed for a new nation-wide program of hospice quality improvement. Envision Hospice of Washington, LLC will comply with all CMS requirements including training staff in the required submitting all required data.*"

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

Department Evaluation

As stated in the Applicant Description section of this evaluation, Envision Hospice of Washington, LLC is the applicant. According to this application, Envision has affiliates operating in Utah and Washington State.

Department's Table 51
Envision's Count of In-Home Services Agencies by State

State	# of Agencies
Utah	2
Washington	2

Terminated Provider Counts Report for Envision Hospice of Washington, LLC

Focusing on years 2018 through 2020 and partial year 2021, none of Envision's in-home services agencies were involuntarily terminated from participation in Medicare reimbursement. [Source: CMS Quality, Certification, and Oversight Reports as of October 10, 2021]

Conformance with Medicare and Medicaid Standards for Envision Hospice of Washington, LLC

The department reviewed the survey history for the applicant using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review included full years 2018 through 2020 and partial year 2021.

Envision operates two separate agencies in Washington State which provide home health or hospice services. Following is a summary of Envision's Washington State home health and hospice agencies' survey activity reports as of October 10, 2021.

Department's Table 52
Summary of Envision's Washington State In-Home Services Surveys

Service Type	State	# of Agencies	Standard Surveys	Complaint Surveys	Number of Surveys with Specific Types of Deficiencies		
					No Deficiencies	Standard Only	Condition & Standard
Home Health	Washington [43]	1	0	0	-	-	-
Hospice		1	1	0	1	0	0
Totals		**2**	**1**	**0**	**1**	**0**	**0**

[43] One of the Washington State agencies did not have any surveys in the period reviewed (CCN 507125).

In addition to its Washington State agencies, Envision operates two separate agencies in Utah which provide home health or hospice services. Following is a summary of Envision's out-of-state home health and hospice agencies' survey activity reports as of October 10, 2021.

Department's Table 53
Summary of Envision's Out-of-State Home Health & Hospice Surveys

State	Service Type	# of Agencies	Standard Surveys	Complaint Surveys	Number of Surveys with Specific Types of Deficiencies		
					No Deficiencies	Standard Only	Condition & Standard
Utah	Home Health	1	1	1	2	0	0
	Hospice	1	2	0	2	0	0
Totals		**2**	**3**	**1**	**4**	**0**	**0**

Washington State Healthcare Agencies
Of the two Washington State agencies which are currently Medicare and Medicaid-certified for full years 2018 through 2020 and partial year 2021, only one was surveyed.[44] Of the one standard survey completed in Washington, no deficiencies were found.

Out-of-State Healthcare Agencies
Of the remaining two home health or hospice agencies, there were a total of four surveys for full years 2018 through 2020 and partial year 2021. Three standard surveys and one complaint. Of these four surveys completed in Utah, no deficiencies were found.

In summary, since year 2018, none of Envision's four home health or hospice agencies' five surveys, none resulted in any deficiencies.

Envision provided the name and professional license number for the Medical Director, Rebecca March, DO and its Area Director, Wendy Maita, RN. Using data from the department's provider credential search, the department found that both individuals are compliant with state licensure and have no enforcement actions on their licenses.

In the application, Envision did not provide the names of all credentialled staff necessary for the hospice agency. If this project is approved, the department would attach a condition requiring Envision to provide the name and professional license number of its hospice agency staff prior to providing newly approved services.

Since Envision's members are mostly credentialled individuals with either or both Washington State and/or Utah State; the department additionally confirmed that these members have no history of noncompliance associated with their licenses. Of the one registered nurse, two occupational therapists, three physical therapists, and one certified social worker, using the Washington State and Utah State departments' provider credential searches, the department found that all individuals are compliant with state licensure and have no enforcement actions on their licenses.

[44] Envision Home Health of Washington LLC (CCN 507125) was not surveyed in the review period.

In review of this sub-criterion, the department considered the total compliance history of Envision Hospice of Washington, LLC, as well as other agencies with which it affiliates. The department also considered the compliance history of its Medical Director and its Area Director that are associated with the agency and any known staff affiliated with the agency. The department concludes that Envision's associated entities have been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's expansion of its existing hospice agency in Washington State would not cause a negative effect on the compliance history of Envision. If this project is approved, the department would attach a condition requiring the applicant to submit a list of its credentialed staff including full name and license number, prior to providing newly approved services. With the applicant's agreement to this condition, the department concludes **this sub-criterion is met.**

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

Pennant's response to this sub-criterion is also used to evaluate the sub-criterion under WAC 246-310-230(5). When asked to identify whether any facility or practitioner associated with this application has a history of actions which relate to non-compliance with federal and/or state laws, and if so, to provide evidence that ensures safe and adequate care to the public will be provided; Pennant provided the following statements.

"*Neither Symbol, Cornerstone, nor Pennant have any history of criminal convictions, denial or revocation of license to operate a health care facility, revocation of license to practice a health profession, or decertification as a provider of services in the Medicare or Medicaid program. Further, they have never been adjudged insolvent or bankrupt in any state or federal court. And, none have been involved in a court proceeding to make judgment of insolvency or bankruptcy with respect to the applicants.*" [source: Application, pdf35]

"*We are proud to share that none of Cornerstone's 63 home health and hospice agencies have exhibited a pattern of conditional level findings*." [source: Application, pdf35]

Pennant provided the following statements regarding its quality rating in Washington State relative to other providers. [source: Application, pdf7]

"*The Washington state average for home health skilled care is 3.5 stars. Our agency has averaged 4.0 stars or above for clinical outcomes and patient survey results during the the* [sic] *last several years, we are proud knowing that our patients receive some of the best hands on care in the state."*

Pennant provided the following statements regarding its assessment of customer satisfaction and quality improvement. [source: Application, pdf31-32]

"*While this is not an existing agency, all Cornerstone hospice agencies (and home health agencies) have a method for assessing customer satisfaction and quality improvement. Each of these agencies has a robust process to ensure Federal, State and local guidelines for customer satisfaction and quality improvement are met.*

Customer Satisfaction is a critical element for our quality program and reflects the patient and family experience. We partner with Strategic Heathcare [sic] *Programs (SHP) for this process. SHP mails the Consumer Assessment of Healthcare Providers and System (CAHPS) survey to the appriopriate* [sic] *designee identified by our electronic medical record (EMR) system vendor, Home Care Home Base (HCHB), and collects the data from the responses. Those responses are then summarized into*

useable data for use in interdisciplinary meetings (IDG) and quality assurance/performance improvement (QAPI) programs to address customer perceptions and improve community relationships.

To help drive our quality improvement, we have partnered with SHP. Through SHP we are able to view our quality metrics in real time. We also utilize partnership with HCHB to provide data and reporting based on direct patient contact and the patient record. These partners combined with our processes related to IDG meetings and QAPI programs drive patient satisfaction and quality improvement and help build a reputation within our communities of being a hospice provider of choice.

Accurate documentation is a critical necessity that is supported by our internal compliance department and agency leadership with regular review intervals. HCHB helps ensure we have all required documentation at the initiation of service and subsequent visits in areas such as Hospice Item Set (HIS) information, Symptom Management, and Service Intensity. HCHB is integrated with SHP to help us develop trends related to Hospice Quality Reporting Program (HQRP) elements. HCHB also provides an avenue to document opportunities for improving on avoidable events in areas like infection control, patient compliants, [sic] *falls, and medication errors. We can then use this information to help focus the discussion in our IDG meetings and to drive areas of improvement in our QAPI programs.*

Quality improvement is largely driven by our IDG. The main purpose of our IDG meeting is to bring together key hospice professionals to review and discuss the hospice needs for each individual patient and their family. We mentioned above, individualized care plans help drive the best patient outcomes. The IDG also establishes policies governing the day-to-day provision of services, which include agency programs to ensure our clinicians are skilled in providing hospice care.

Lastly, our QAPI program is designed to drive great patient outcomes. Our QAPI program will be regularly reviewed by our leadership team and our governing body. More frequency reviews of performance improvement projects (PIP) developed through our QAPI program occur in the IDG meeting. One of the main purposes of our QAPI program is to measure, analyze and track quality indicators to drive the best quality outcomes and patient satisfaction possible."

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

Department Evaluation

As stated in the Applicant Description section of this evaluation, Cornerstone Healthcare, Inc., dba Puget Sound Hospice of Pierce County, is a Washington State foreign profit corporation; and is owned by The Pennant Group, Inc., who owns Cornerstone Healthcare, Inc., which owns Paragon Healthcare, Inc., which ultimately owns Symbol Healthcare, Inc. Based on the ownership structure, Pennant is the applicant for this project. Pennant operates several post-acute lines of service, which includes in-home care, via its subsidiary Cornerstone Healthcare, Inc.; and senior living communities, via its subsidiary Pinnacle Senior Living LLC.

Pennant operates through its subsidiaries 10 home care agencies, 41 hospice agencies, 33 home health agencies, four physician groups, and two therapy groups nationally. Since the proposed project is for hospice services, the focus of this review will be hospice and home health operations[45] as they are either the same or functionally the most similar to the services proposed in this project. Pennant owns or operates the following count of home health or hospice agencies in the following 14 states.

Department's Table 54
Pennant's Count of In-Home Services Agencies by State

State	# of Agencies	State	# of Agencies
Arizona	16	Oklahoma	2
California	10	Oregon	3
Colorado	2	Texas	10
Iowa	2	Utah	8
Idaho	6	Washington	8
Montana	1	Wisconsin	2
Nevada	2	Wyoming	2

Terminated Provider Counts Report for Cornerstone Healthcare, Inc.
Focusing on years 2018 through 2020 and partial year 2021, none of Pennant's in-home services agencies were involuntarily terminated from participation in Medicare reimbursement. [Source: CMS Quality, Certification, and Oversight Reports as of October 10, 2021]

Conformance with Medicare and Medicaid Standards for Cornerstone Healthcare, Inc.
The department reviewed the survey history for the applicant using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review included full years 2018 through 2020 and partial year 2021.

Pennant subsidiaries operate eight separate agencies in Washington State which provide home health or hospice services. Following is a summary of Pennant's Washington State subsidiaries' home health and hospice agencies' survey activity reports as of October 10, 2021.

Department's Table 55
Summary of Pennant's Washington State In-Home Services Surveys

Service Type	State	# of Agencies	Standard Surveys	Complaint Surveys	Number of Surveys with Specific Types of Deficiencies		
					No Deficiencies	Standard Only	Condition & Standard
Home Health	Washington [46]	5	7	0	2	5	0
Hospice		3	2	0	2	0	0
Totals		**8**	**9**	**0**	**4**	**5**	**0**

[45] Operated under Cornerstone Healthcare, Inc.
[46] One of the Washington State agencies did not have any surveys in the period reviewed (CCN 50761) another is relatively new and is not yet certified (Puget Sound Hospice).

In addition to its Washington State agencies, Pennant operates 66 separate agencies in an additional 13 different states, which provide home health or hospice services. Following is a summary of Pennant's out-of-state subsidiaries' home health and hospice agencies' survey activity reports as of October 10, 2021.

Department's Table 56
Summary of Pennant's Out-of-State Home Health & Hospice Surveys

Service Type	State	# of Agencies	Standard Surveys	Complaint Surveys	Number of Surveys with Specific Types of Deficiencies		
					No Deficiencies	Standard Only	Condition & Standard
Home Health	Arizona	6	6	0	5	1	0
	California	5	8	0	4	4	0
	Colorado	1	2	0	0	2	0
	Iowa	1	1	0	0	1	0
	Idaho	3	3	2	1	3	1
	Oklahoma	1	1	0	0	1	0
	Oregon	2	2	0	0	2	0
	Texas[47]	3	3	0	2	1	0
	Utah	4	5	1	6	0	0
	Wisconsin	1	0	1	0	0	1
	Wyoming	1	1	0	0	1	0
Hospice	Arizona	10	14	4	18	0	0
	California[48]	5	4	0	2	1	1
	Colorado	1	1	1	0	2	0
	Iowa[49]	1	0	0	0	0	0
	Idaho	3	2	2	0	2	2
	Montana	1	2	0	0	2	0
	Nevada	2	3	0	1	2	0
	Oklahoma	1	1	0	0	1	0
	Oregon[50]	1	0	0	0	0	0
	Texas[51]	7	7	3	9	1	0
	Utah	4	5	0	5	0	0
	Wisconsin	1	0	1	1	0	0
	Wyoming	1	1	0	0	1	0
Totals		**66**	**72**	**15**	**54**	**28**	**5**

[47] One of the Texas State home health agencies (CCN 743120) did not have any surveys in the years reviewed for this project.
[48] One of the California State hospice agencies (CCN 51787) did not have any surveys in the period reviewed.
[49] One of the Iowa State hospice agencies (CCN 161556) did not have any surveys in the period reviewed.
[50] One of the Oregon State hospice agencies (CCN 381563) did not have any surveys in the period reviewed.
[51] One of the Texas State hospice agencies (CCN 671667) did not have any surveys in the period reviewed.

Washington State Healthcare Agencies
Of the seven Washington State agencies which are currently Medicare and Medicaid-certified,[52] for full years 2018 through 2020 and partial year 2021, there are a total of nine surveys, all standard; five of which resulted in standard level findings only; and four of which had no deficiencies at all.

Out-of-State Healthcare Agencies
Of the remaining 66 home health or hospice agencies, six had not experienced any surveys for full years 2018 through 2020 and partial year 2021, there is a total of 87 surveys, 72 standard and 15 complaint. Of these 87 surveys, 54 resulted in no deficiencies, 28 in standard-level findings only, and five with standard and condition-level findings. None of these surveys resulted in termination from participation; and all deficiencies were resolved through plans of correction and/or follow-up survey.

In summary, since year 2018, none of Pennant's 74 home health or hospice agencies' 96 surveys resulted in termination from participation; and all deficiencies were resolved through plans of correction and/or follow-up survey.

Pennant provided the name and professional license number for the proposed medical director, William Elledge, MD. Using data from the department's provider credential search, the department found that Dr. Black is compliant with state licensure and has no enforcement actions on their license.

Given that Pennant proposes a new facility, other staff needing credentials have not been identified. If this project is approved, the department would attach a condition requiring Pennant to provide the name and professional license number of its hospice agency staff prior to providing newly approved services.

In review of this sub-criterion, the department considered the total compliance history of the Pennant organization, and the facilities it owns and operates. The department also considered the compliance history of the proposed medical director that would be associated with the agency. The department concludes that Pennant has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a new hospice agency in Washington State would not cause a negative effect on the compliance history of Pennant. If this project is approved, the department would attach a condition requiring the applicant to submit a list of its credentialed staff including full name and license number, prior to providing newly approved services. With the applicant's agreement to this condition, the department concludes **this sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle
The applicant provided the following information to demonstrate compliance with this sub-criterion and the sub-criterion under WAC 246-310-230(5). [source: Application, pdf53 and pdf55]
"Providence Hospice does not have facilities or practitioners associated with the application with a history of any of the actions listed above. ...Providence does not own or operate any facilities or agencies that 'reflect a pattern of condition level findings.'"

[52] One agency was recently approved and thus does not yet have a CMS certification number.

The applicant provided the following discussion regarding its proposed assessment for customer satisfaction and quality improvement. [source: Application, pdf 47-48]

"Providence Hospice has an established Quality Assessment and Performance Improvement ("QAPI") program that employs a number of methods and processes in assessing customer satisfaction and quality improvement. The QAPI program focuses on identifying areas of improvement in patient/family outcomes, process of care, hospice services, non-clinical operations, and patient safety. The Providence Hospice Clinical Quality Manager is responsible for facilitating the QAPI program. The Clinical Quality Manager, along with the Hospice Directors, Medical Director, Hospice Operation Managers, supervisors, and primary interdisciplinary team, are responsible for assuring Providence Hospice continues to monitor the quality of service it provides and develops performance improvement projects. In addition, and potentially unique among other hospice applicants, Providence has a dedicated Infection Preventionist that works directly with Providence's hospice agencies. Finally, Providence Hospice instills in its staff that every staff member of our agency has a responsibility in ensuring that we have a robust and effective QAPI program. Please see Exhibit 26 for a copy of the QAPI program. As required by CMS, Providence Hospice also participates in the Hospice Item Set. Our results in the survey scores have been consistently above the national rate. Please see Table 19."

Applicant's Table

Table 19. Providence Hospice of Seattle (Hospice Item Set) Quality Measures
Reporting Period: 1/1/19 – 12/31/19

Measure	CMS National Rate	Providence Hospice of Seattle
Treatment Preferences (NQF #1641)	99.3%	99.7%
Beliefs/Values (NQF #1647)	97.6%	99.9%
Pain Screening (NQF #1634)	97.1%	100.0%
Pain Assessment (NQF #1637)	92.6%	99.1%
Dyspnea Screening (NQF #1639)	98.6%	100.0%
Dyspnea Treatment (NQF #1638)	96.8%	99.9%
Bowel Regimen (NQF #1617)	94.4%	100.0%

Source: CMS

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

Department Evaluation

Providence Health & Services owns or operates a total of 175 healthcare facilities in six states. The table on the following page shows the breakdown of healthcare facilities by type for each state.

Department's Table 57
Breakdown of Providence Health & Services Facilities

Facility Type	Alaska	California	Montana	Oregon	Texas	Washington	Totals
Assisted Living	2	0	1	3	0	3	**9**
Behavioral Health	4	0	0	0	0	0	**4**
Home Health	1	10	0	8	0	5	**24**
Hospice	1	7	0	5	1	3	**17**
Hospital	4	19	2	8	5	13	**51**
Skilled Nursing	5	4	0	1	0	5	**15**
Other*	3	5	0	16	1	26	**51**
Totals	**20**	**45**	**3**	**45**	**7**	**55**	**175**

*Other includes: supportive housing, infusion agencies, home medical equipment, home care agencies, and PACE (Program of All-Inclusive Care of the Elderly).

Below is a summary of the two areas reviewed for Providence Health & Services and its healthcare facilities.

Terminated Provider Counts Report
Focusing on years 2018 through 2021, none of Providence Health & Services healthcare facilities were involuntarily terminated from participation in Medicare reimbursement.

Conformance with Medicare and Medicaid Standards

Nursing Homes[53]
Focusing on years 2018 through 2021, of the 15 nursing homes, all were surveyed during the time frame. The department reviewed the survey information for the nursing homes and found a combined total of 373 surveys for the 15 nursing homes. Most of the 373 surveys were complaint investigations that resulted in no deficiencies and required no follow up visits by the surveyors. Deficiencies ranged from patient care, charting, pain management, and infection control; few were noted as 'pattern' and none noted as 'widespread.' Each of the 15 nursing homes submitted plans of correction (POC) and corrected the deficiencies prior to the required follow up visit.

Focusing on the 5 Washington State nursing homes, years 2018 through 2021 showed a combined total of 252 surveys. None of these surveys were also noted to be 'pattern' or 'widespread.' Each of the 5 nursing homes submitted plans of correction (POC) and corrected the deficiencies prior to the required follow up visit. All 5 facilities are in conformance with CMS standards at this time.

Hospitals
Of the 51 hospitals, 21 were not surveyed during the timeframe of 2018 through 2021, including two hospitals in Washington State.[54] Surveys for the remaining 30 hospitals resulted in 93 surveys. Most were cited for minor deficiencies that did not require a follow up visit. Specific to the Washington

[53] Assisted living facilities are not included in the QCOR data from CMS, as a result, none of the six assisted living facilities are included in this review.
[54] Two hospitals not surveyed during 2018 through 2021 are Providence Centralia Hospital in Lewis County and Providence Mount Carmel Hospital in Stevens County.

facilities, of the 33 surveys conducted, 5 required one follow up visit. All Washington State hospitals are in conformance with CMS standards at this time.

In Home Service Agencies

Of the 41 in home service agencies, 17 are hospice and 24 are home health. Focusing on years 2018 through 2021, a total 12 agencies were not surveyed during the timeframe—8 hospice agencies and 4 home health agencies. All of the Washington State home health and hospice agencies were surveyed.

The 25 agencies surveyed resulted in a total of 32 surveys. Some surveys resulted in minor deficiencies and four agencies required one follow up visit. All agencies are in conformance with CMS standards at this time.

Providence Health & Services provided a listing of 151 staff persons associated with the current hospice agency in King County. Within the listing, included key staff for medical director-Bruce C. Smith, MD; medical social worker-Stacey Jones; and the director of hospice-MacKenzie L. Daniek. Using data from the Medical Quality Assurance Commission, the department confirmed that all three key staff persons hold an active medical license with no enforcement actions. The department also reviewed the license/credential for the remaining 149 staff in the listing and confirmed all hold an active medical license with no enforcement actions.

In review of this sub-criterion, the department considered the total compliance history of Providence Health & Services. The department also considered the compliance history of the total of 151 identified staff persons who would be associated with the agency. Based on the information reviewed and the lack of public comment in opposition to the project, the department concludes that Providence Health & Services has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's expansion of hospice services into Pierce County would not cause a negative effect on the compliance history of Providence Health & Services. The department concludes that this project **meets this sub-criterion.**

AccentCare, Inc./Seasons

In response to this sub-criterion, AccentCare, Inc./Seasons provided the following statements.
[source: Application, pdf 86 and pdfs 88-89]

"Seasons Hospice & Palliative Care of Pierce County Washington, LLC has no history. The entity is a newly created limited liability company formed for the purpose of obtaining a certificate of need for a hospice entity that will operate in the state, serving residents of Pierce County. No healthcare agency nor any principle or officer affiliated with the applicant have had any denials or revocations of licenses nor criminal convictions.

The CMS Hospice Quality Reporting Program Hospice Item Set (HIS) quality measures and Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey results for hospice programs allow individual hospices to compare their results to the national benchmark for the measure. Although the applicant entity, Seasons Hospice & Palliative Care of Pierce County Washington, LLC, is a new legal entity that will hold its own license and operate independently from other healthcare agencies of the owner entity, a quality review of all Accentcare, Inc. healthcare

agencies for 2018-2020 did not disclose any patterns of conditional-level findings. As noted previously, a list of all facilities affiliated with AccentCare, Inc. is provided in Exhibit 3. Agencies that were acquired by AccentCare, Inc. during this timeframe are also identified by date in Exhibit 3.

Licensing and accreditation surveys for 2018-2020 reveal adherence to quality standards and timely implementation of corrective action plans followed by satisfactory compliance survey when necessary. A total of 7 Seasons hospice agencies and one AccentCare agency received condition-level findings during this timeframe. Although the results do not rise to the level of a pattern of condition-level findings, for transparency, copies of the surveys are provided in Exhibit 24.

The quality review noted in response to Question 21, above, did not disclose any pattern of conditional-level findings that would jeopardize the delivery of safe and adequate care. A root cause analysis reveals documentation inconsistencies as a primary basis for citations in routine surveys. As a result, SHCM invested in changing the electronic medical record (EMR) platform to a system that prevents such inconsistencies. The new EMR is in the process of being deployed and will be completed in early 2021, allowing any Washington programs to start with the new system. The new EMR will prevent these documentation inconsistencies and better reflect the high quality care clinicians routinely provide."

The applicant provided the following discussion regarding its proposed assessment for customer satisfaction and quality improvement. [source: Application, pdf 83-84]
"Although this criterion is not applicable, as the applicant is not an existing agency, the proposed Seasons Pierce County agency will have a method for assessing customer satisfaction and quality improvement.

The Centers for Medicare and Medicaid Services (CMS) mandates that all hospices measure quality through the use of the Hospice Item Set (HIS) quality measures and Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey results, with both methods linked to specific National Quality Forum endorsed measures of quality. Both components of the Hospice Quality Reporting Program allow individual hospices to compare their results to the national benchmark for the measure. Seasons Pierce County also plans to use the CHECKSTER Pulse survey for employee satisfaction. A copy of the CHECKSTER survey appears in Exhibit 23. Exhibit 14 contains applicable policies that Seasons Pierce County implements to assure quality assessment and program improvement:

- *Quality Assessment & Performance Improvement, policy #501*
- *Sentinel Events, policy #502*
- *Program Evaluation, policy #612*

Seasons Pierce County reviews all policies on an annual basis and conforms the policies to location-specific requirements.

In addition to the local sites performing their own Performance Improvement Projects, Seasons Hospice & Palliative Care provides a National Workgroup of quality experts to help the organization find root causes to problems impacting quality, find creative solutions, and make changes nationally that directly improve the quality of care for patients and families. By performing National

Performance Improvement Projects, the sites are able to double their quality focus - one at the local level and the other at the national level impacting the local program. This attention to quality led by quality experts has resulted in reducing survey deficiencies, improved quality outcomes, and greater patient and staff satisfaction."

Public Comment

Providence Hospice of Seattle-Oppose

"In order to satisfy the structure and process of care CN review criterion, Seasons must demonstrate that (1) its Pierce County hospice program "will be in conformance with" the Medicare and Medicaid conditions of participation and (2) "[t]here 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." To assess whether a hospice CN application satisfies these criteria, the Department requires applicants to disclose whether any of the hospice agencies which they own or operate "reflect a pattern of condition-level findings" with respect to Medicare or Medicaid surveys. In addition, if the information submitted by an applicant "shows a history of condition-level findings," the Department requires the applicant to "provide clear, cogent and convincing evidence that the applicant can and will operate the proposed project in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements."

In response to the Department's information requests, Seasons disclosed that seven hospice agencies owned or operated by the Seasons group and one hospice agency owned or operated by AccentCare "received condition-level findings" during the period from 2018 through 2020. However, Seasons asserts that the survey findings "do not rise to the level of a pattern of condition-level findings." Seasons further asserts that a "quality review" apparently performed by Seasons or AccentCare "did not disclose any pattern of conditional [sic]-level findings that would jeopardize the delivery of safe and adequate care." Finally, Seasons asserts: "A root cause analysis reveals documentation inconsistencies as a primary basis for citations in routine surveys." Seasons then states that the Seasons group has addressed the problems with "documentation inconsistencies" by "changing the electronic medical record (EMR) platform," which will "prevent these documentation inconsistencies" in the future. In an exhibit to its application, Seasons provided survey documents for the seven Seasons group hospice agencies which received condition-level findings.

<u>At an organizational level, there is "a pattern of condition-level findings" among the hospice agencies which are members of the Seasons group.</u>

As noted above, the Department's hospice application form requires an applicant to disclose whether any hospice agencies owned or operated by the applicant "reflect a pattern of condition-level findings." Thus, an agency-specific disclosure is required. The application form does not address a situation in which the applicant's organization itself "reflect[s] a pattern of condition-level findings" among the hospice agencies which the organization owns and/or operates. However, it stands to reason that the presence of organization-wide condition-level findings would be of equal, or perhaps greater, concern to the Department in its evaluation of whether a hospice CN application satisfies the criteria set forth in WAC 246-310-230(3) and (5).

In this case, Seasons has disclosed that <u>seven</u> hospice agencies located in seven different states received condition-level findings during the period from 2018 through 2020. This would appear to

be enough to establish "a pattern of condition-level findings" among the hospice agencies which are members of the Seasons group, which now operates as part of the applicant AccentCare, retaining the "Seasons Hospice & Palliative Care" name and branding. The Seasons group consists of 31 hospice agencies. Thus, during the period from 2018 through 2020 nearly one-quarter (22.5%) of the agencies within the Seasons group appear to have received condition-level findings. Accordingly, there appears to be a pattern of organization-wide condition-level issues over this period of time.

Thus, in order to determine whether Seasons' application satisfies the structure and process of care criteria, the Department must conduct a fully-informed evaluation of whether Seasons has provided "clear, cogent and convincing evidence" that Seasons' proposed Pierce County hospice agency, as well as the Seasons group as an organization, can be operated "in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements." However, as discussed below, there are significant questions as to whether the explanations and information submitted by Seasons and AccentCare are sufficient to enable the Department to conduct its required evaluation.

The explanations and information provided by Seasons with respect to the condition-level findings are not sufficient to enable the Department to determine whether Seasons' application satisfies the structure and process of care criteria.

As noted above, in its application Seasons offered explanations for, and provided survey documents relating to, the admitted condition-level findings at seven of the Seasons group's hospice agencies during the period from 2018 through 2020. However, as discussed below, the explanations and information do not provide "clear, cogent and convincing evidence" that either Seasons' proposed Pierce County hospice agency or the Seasons group as an organization can operate in a manner that satisfies the requirements of the structure and process of care criteria.

Seasons has not provided any explanation or summary of the survey findings and other information contained in the survey documents. Further, it has not identified which of the survey findings for the seven hospice agencies (1) are condition-level findings and/or (2) are findings relating to "documentation inconsistencies."

Seasons provides over 200 pages of documents relating to the surveys conducted at the seven Seasons group hospice agencies that received condition-level findings. However, Seasons has not provided the Department with any explanation or summary of the survey findings for each of the seven agencies. Moreover, Seasons does not identify for the Department which of the survey findings (1) are condition-level findings and/or (2) are findings relating to "documentation inconsistencies," which Seasons claims are "a primary basis for citations in routine surveys." Nor, as noted above, does Seasons identify for the Department which of the seven surveys were in fact "routine surveys." Simply placing over 200 pages of survey documents in the Department's hands does not constitute "clear, cogent and convincing evidence" that Seasons and AccentCare "can and will operate the proposed project in a manner that ensures safe and adequate care and conforms to applicable federal and state requirements."

Perhaps Seasons anticipates that the Department will forward the survey documents to the unit within the Department which is responsible for conducting hospice agency surveys in order to obtain a detailed evaluation of the nature of the survey findings. Of course, we defer to the Department as to its future course of action. However, a review of the survey documents suggests that "documentation inconsistencies" do not appear to be the basis for several of the survey findings.

Based upon the review, we have prepared a matrix which, with respect to the seven agencies, identifies, to the extent possible, several findings which do not appear to be based solely upon "documentation inconsistencies." The matrix is attached hereto as Exhibit 1.

Again, we defer to the Department as to how it wishes to address the survey documents. However, we respectfully suggest that Seasons' submission of the documents without any explanation or summary of the survey findings does not provide sufficient information to enable the Department to conduct a fully-informed evaluation of whether Seasons' application satisfies the structure and process of care criteria.

Seasons has not provided either (1) the "quality review" which purportedly demonstrates that there is not a pattern of condition-level findings at the seven Seasons group hospice agencies or (2) the "root cause analysis" which purportedly demonstrates that "documentation inconsistencies" are "a primary basis for citations in routine surveys."

In its application, Seasons states that a "quality review" that it apparently conducted "did not disclose any pattern of conditional [sic]-level findings that would jeopardize the delivery of safe and adequate care." Seasons also states in the application: "A root cause analysis reveals documentation inconsistencies as a primary basis for citations in routine surveys." However, to our knowledge Seasons has not provided either of these documents to the Department. In the absence of these documents, which Seasons relies upon as evidence that its application satisfies the structure and process of care review criteria, the Department cannot perform an evaluation of whether the application does in fact satisfy the criteria.

Conclusion

Seasons acknowledges that seven hospice agencies which belong to the Seasons group "received condition-level findings" during the period from 2018 through 2020. In order to determine whether Seasons' application satisfies the structure and process of care review criteria, the Department must conduct a fully-informed evaluation of whether Seasons has provided "clear, cogent and convincing evidence" that Seasons' proposed Pierce County hospice agency, as well as the Seasons group as an organization, can be operated "in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements." However, as discussed above, Seasons has not provided such evidence. Accordingly, there are significant questions as to whether the Seasons application satisfies the structure and process of care criteria set forth in WAC 246-310-230(3) and (5)."

Providence provides several footnotes related to the information submitted above. Footnote #42 states: *"The seven hospice agencies are (in the order in which their survey documents appear in Exhibit 24 to Seasons' application): (1) Seasons Hospice & Palliative Care of Arizona (Phoenix), (2) Seasons Hospice & Palliative Care of Connecticut (Middlebury), (3) Seasons Hospice & Palliative Care of Delaware (Newark), (4) Seasons Hospice & Palliative Care of Southern Florida (Miami), (5) Seasons Hospice & Palliative Care of Georgia (Atlanta), (6) Seasons Hospice & Palliative Care of Missouri (St. Louis), and (7) Seasons Hospice & Palliative Care of Texas (Irving). Seasons Application, pp. 596-813 (Exhibit 24)."*

As referenced above, Providence provided specific information related to this sub-criterion in its Exhibit 1 attached to its public comments. Exhibit 1 is extensive and not repeated in this evaluation, but is considered during this review.

AccentCare, Inc./Seasons Rebuttal Comments

"Seasons Pierce County does not agree there is a "pattern of condition-level survey findings." As stated on page 88 of the application in response to question 21, "…a quality review of all Accentcare, Inc. healthcare agencies for 2018-2020 did not disclose any patterns of conditional-level findings...Licensing and accreditation surveys for 2018-2020 reveal adherence to quality standards and timely implementation of corrective action plans followed by satisfactory compliance survey when necessary. A total of 7 Seasons hospice agencies and one AccentCare agency received condition-level findings during this timeframe. Although the results do not rise to the level of a pattern of condition-level findings, for transparency, copies of the surveys are provided in Exhibit 24."

Providence overreacts to a few survey deficiencies among a large group of Joint Commission certified hospice agencies. Seasons Pierce County maintains that "AccentCare, Inc. healthcare agencies for 2018-2020 did not disclose any patterns of conditional-level findings" as noted on page 88 of the application in response to question 21 regarding condition-level findings. The Joint Commission (TJC) accreditation is the highest standard any hospice can be held to. TJC has considerably more standards/evidence of performance than other accrediting agencies for Hospice such as CHAP (Community Health Accreditation Partner.) For example, TJC crosswalk to CMS Conditions of Participation (COP) is a 214-page document, compared to the CHAP crosswalk with 84 pages. In support of their "state of the art" standards [this is how TJC describes their standards on their website], they use a "see one-cite one" approach. This means if they review 20 patient records and if a single incident in a single record is noted, they will give a standard citation on that documentation area. If more than one patient record is noted or more than one incident in a single patient record is noted, they will upgrade the standard to a condition level. That means that documentation from a single hospice employee on a single patient can lead to a condition level deficiency. This is not related to patient care but to documentation of that care. Joint Commission surveyors consistently tell Seasons Hospice staff that patient care witnessed at the bedside during survey visits is "excellent", "inspiring", "wonderful", and that patients and families interviewed by TJC express extreme satisfaction with the care we provide.

The assumption that there is "a pattern of condition-level findings" is erroneous. Citations may indicate that documentation did not accurately reflect care provided, but that is the only conclusion that can be drawn. TJC allows 60 days to work a plan of correction for any standard citation and 45 days for any condition level deficiency to be resolved. Seasons Hospice programs have successfully cleared every standard and condition level deficiency within the time frames provided by TJC, demonstrating ongoing commitment to providing the highest quality care to each and every patient/family served and compliance with the conditions of participation in the Medicare and Medicaid programs."

Department Evaluation

AccentCare, Inc./Seasons owns and operates a total of 130 in home services agencies in 26 states. The table below shows the breakdown of type by state.

Department's Table 58
Breakdown of AccentCare, Inc./Healthcare Facilities

State	Home Health	Hospice	Total
Arizona	0	1	1
California	9	8	17
Colorado	1	2	3
Connecticut	0	1	1
Delaware	0	1	1
Florida	5	6	11
Georgia	6	1	7
Illinois	1	1	2
Indiana	1	1	2
Maryland	0	1	1
Massachusetts	4	3	7
Michigan	0	1	1
Minnesota	2	1	3
Mississippi	3	1	4
Missouri	0	1	1
Nebraska	1	0	1
Nevada	0	1	1
New Jersey	0	1	1
New Mexico	1	0	1
Ohio	1	0	1
Oklahoma	1	0	1
Oregon	1	1	2
Pennsylvania	0	1	1
Tennessee	6	1	7
Texas	37	14	51
Wisconsin	0	1	1
Totals	**81**	**49**	**130**

If this project is approved for Pierce County, it would be the applicant's only in home service agency in Washington State. Below is a summary of the two areas reviewed for AccentCare, Inc./Seasons and its healthcare facilities.

Terminated Provider Counts Report

Focusing on years 2018 through 2021, none of AccentCare, Inc./Seasons' healthcare facilities were involuntarily terminated from participation in Medicare reimbursement.

Conformance with Medicare and Medicaid Standards

In Home Service Agency

Focusing on years 2018 through 2021, of the 130 in home service agencies, a total of 50 were not surveyed during the timeframe—15 hospice agencies and 35 home health agencies. The 80 agencies surveyed resulted in a total of 120 surveys. All surveys resulted in minor deficiencies that required no follow up visits. All agencies are in conformance with CMS standards at this time.

In public comment, Providence raised concerns about the quality of care history of seven agencies associated with this applicant. Additionally, Providence asserts that AccentCare, Inc./Seasons should have provided specific documentation in the application about these seven agencies. This assertion by Providence is in response to questions #21 and #22 under the Structure and Process of Care section in the application form. The questions in the application form are restated below.

21. *The department will complete a quality of care analysis using publicly available information from CMS. If any facilities or agencies owned or operated by the applicant reflect a pattern of condition-level findings, provide applicable plans of correction identifying the facility's current compliance status.*

22. *If information provided in response to the question above shows a history of condition-level findings, provide clear, cogent and convincing evidence that the applicant can and will operate the proposed project in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements.*

Providence asserts that AccentCare, Inc./Seasons should have provided the specific information required in question #22 for the seven agencies that it identified in response to question #21 above.

In rebuttal, AccentCare, Inc./Seasons clarifies that the surveys *"did not disclose any patterns of conditional-level findings...Licensing and accreditation surveys for 2018-2020 reveal adherence to quality standards and timely implementation of corrective action plans followed by satisfactory compliance survey when necessary. A total of 7 Seasons hospice agencies and one AccentCare agency received condition-level findings during this timeframe. Although the results do not rise to the level of a pattern of condition-level findings, for transparency, copies of the surveys are provided in Exhibit 24."* [emphasis in original]

Providence is correct that if the surveys provided in Exhibit 24 reflect a pattern of condition-level findings, then AccentCare, Inc./Seasons did not provide *'clear, cogent and convincing evidence that the applicant can and will operate the proposed project in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements.'* In fact, it is unclear why AccentCare, Inc./Seasons provided the surveys in Exhibit 24 of the application in response to question #21 above since it does not believe they reflect a pattern of condition-level findings as stated in the question.

For this specific topic, the department concludes that the applicant provided the surveys in an earnest attempt to ensure that any potential risks of denial in this sub-criterion are avoided. This conclusion is reached because the applicant stated in both the application and rebuttal comments that the

documents were not provided because they believe the surveys reflect a pattern of condition level findings.

AccentCare, Inc./Seasons identified the physician that would provide medical director services: Balakrishnan Natarajan, MD. Using data from the Medical Quality Assurance Commission, the department confirmed that the physician holds an active medical license with no enforcement actions.

Given that AccentCare, Inc./Seasons would be establishing a new agency, no other staff have been identified. If this project is approved, the department would attach a condition requiring the applicant to provide the name and professional license number to the CN program prior to providing Medicare and Medicaid hospice services in Pierce County.

In review of this sub-criterion, the department considered the total compliance history of AccentCare, Inc./Seasons organization. The department also considered the compliance history of the proposed Medical Director who would be associated with the agency. Based on the information reviewed, the department concludes that AccentCare, Inc./Seasons has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a hospice agency in Pierce County would not cause a negative effect on the compliance history of AccentCare, Inc./Seasons. The department concludes that this project **meets this sub-criterion.**

Signature Group, LLC

In response to this sub-criterion and the sub-criterion under WAC 246-310-230(5), the applicant provided the following statements. [source: Application, pdf33 and 35]

"No facility or practitioner associated with this application have any history of criminal convictions, have been denied or had revoked a license to operate a health care facility or to practice a health care profession or have been decertified as a Medicare or Medicaid provider.

Please see attached Exhibit 24 for Northwest Hospice, LLC quality information and internal plans of correction. Exhibit 25 contains Avamere Home Health Care, LLC Home Health quality information and internal plans of correction.

Signature Healthcare at Home sold 4 agencies this year to the Pennant Group. Specifically, Avamere Home Health Care, LLC (the home health business line) sold the following agencies on July 1, 2020: Ogden UT (PTAN 46-7219) and Pocatello, Idaho which included branch offices in Preston and Idaho Falls (PTAN 13-7110) Northwest Hospice, LLC (the hospice business line) sold the same locations on July 1,2020: Ogden, Utah (PTAN 46-1550) and Pocatello, Idaho which includes branch offices in Preston and Idaho Falls (PTAN 13-1552). Any data associated with these agencies after this sell date would not be associated with our company."

In response to the department's request to provide specific information if any of the applicant's surveys show a history of condition-level findings, Signature Group, LLC, provided the following response.

"There were no condition-level findings at any entities under the Signature Group Holdings, LLC (which includes Home Health and Hospice), therefore this question is not applicable."

The applicant provided the following discussion regarding its assessment for customer satisfaction and quality improvement. [source: Application, pdf31]
"Not applicable because Signature Hospice Pierce, LLC / Northwest Hospice, LLC does not currently operate any hospice agencies in the state of Washington."

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

Department Evaluation
Signature Group, LLC owns and operates a total of 20 in home services agencies in the states of Idaho (4), Oregon (11), Utah (2), and Washington (3). If this project is approved for Pierce County, it would be the applicant's fourth agency in Washington State. Below is a summary of the two areas reviewed for Signature Group, LLC and its healthcare facilities.

Terminated Provider Counts Report
Focusing on years 2018 through 2021, none of Signature Group, LLC's healthcare facilities were involuntarily terminated from participation in Medicare reimbursement.

Conformance with Medicare and Medicaid Standards

In Home Service Agency
Of the 20 in home service agencies, seven are hospice and 13 are home health. Focusing on years 2018 through 2021, a total of eight were not surveyed during the timeframe—three hospice agencies and five home health agencies. Twelve agencies were surveyed during the timeframe, which include all three Washington State home health agencies.

The 12 agencies surveyed resulted in a total of 24 surveys. With the exception of one agency in Murray, Utah, all surveys resulted in minor deficiencies that required no follow up visits. The Utah facility's deficiencies focused on staff supervision and non-skilled staff direct observation. The agency submitted plans of correction (POC) and was determined to be in compliance during the follow up visit. All agencies are in conformance with CMS standards at this time.

Signature Group provided the name and professional license number for the proposed medical director, Floyd Sekeramayi, MD. Using data from the Medical Quality Assurance Commission, the department found that Dr. Sekeramayi is compliant with state licensure and has no enforcement actions on his license. Additional key staff identified Latisha Newkirk, RN as the hospice agency director and clinical manager and Kristina M. Kizer, a licensed physical therapist that will be the administrator. Both are compliant with state licensure with no enforcement action.

Given that Signature Group, LLC proposes a new facility, other staff have not been identified. If this project is approved, the department would attach a condition requiring the applicant to provide the name and professional license number of its hospice agency staff prior to providing services.

In review of this sub-criterion, the department considered the total compliance history of Signature Group, LLC and the facilities owned and operated by them or any subsidiaries. The department also considered the compliance history of the proposed medical director that would be associated with the facility and any known staff of the proposed agency. The department concludes that Signature Group, LLC has been operating in compliance with applicable state and federal licensing and

certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a new hospice agency in Washington State would not cause a negative effect on the compliance history of Signature Group, LLC. The department concludes that this project **meets this sub-criterion.**

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

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

In addition to documents provided in the application and screening responses, the public's interest in a community's access to a specific service may be raised during the review. If the topic raised is related to the program's review criteria, the information may inform the department's decision. In this review, there was extensive public comment requesting each applicant provide clarification related to Washington State's Death with Dignity Act.[55] Under this sub-criterion, the department can assess whether applicants are able to maintain continuity of health services when services such as death with dignity are requested by a community.

The department does not, under this sub-criterion, have the authority to approve or deny an applicant on the basis that it does or does not directly provide death with dignity services. However, the department finds it important in order to promote continuity in the provision of requested services and to ensure that each applicant has a plan on how requested services would be provided directly, in-directly, or referred.

The department's evaluation of the death with dignity comments and rebuttal can be found for each applicant at this end of this sub-criterion.

Public Comment Directed at all Applicants
Carollynn Zimmers, DVM, Poulsbo, Washington
"*Testimony for Hospice Hearing, Pierce County, June 11th.*
Good morning. My name is Carollynn Zimmers. I live in Poulsbo. I am speaking for myself and my husband this morning as residents of the health service area. I appreciate the opportunity to comment today on the hospice Certificate of Need applications for Pierce County. My comments will be brief but I have also submitted written testimony that goes into more detail.
…

I tell you this story because I was uninformed about hospice care. We think we have everything under control because Death with Dignity is legal, because we have our end-of-life Directives recorded, because we have our Wills and because we have completed our estate planning. But we are not

[55] Except for section 24 of the act. Which was effective on July 1, 2009. [see Revised Code of Washington 70.245]

protected because the services that hospice providers will allow or deny are not transparent and easily determined.

Before this hearing I did an internet search to see what information was available. Hospice entities were not required to mention policies on DWD and advanced directives. The DOH website was unhelpful. It referenced laws and codes but also stated that provider policies on advanced directives are only required at time of admission, which seems a little late to me. The DOH FAQs informed me that I had a right to information from my physician on DWD 'upon request'. You need to know the question before you can get the answer. If my physician does not want to participate, they do not need to refer me to a provider that does. Also, the DOH cannot provide the names of health care providers who do participate in DWD. We need more transparency and continuity of care.

I prefer that all hospice providers allow DWD or, at least, facilities supportive of DWD be given priority in the application process until market share of Pierce County admissions parallels the 60 percentage of Washingtonians who voted for DWD in 2008. At this time, as is documented in my written testimony, hospice providers that deny DWD in Pierce County far outnumber those that support this legal option.

When a person is dying, they become vulnerable and decision making may become difficult. Transparency and access to answers is essential. I am asking that Seasons and Envision be given priority because they support DWD and they are transparent with their policy."

Dennis Barnes, Lake Forest Park, Washington

"*My name is Dennis Barnes and I live in Lake Forest Park, Washington. I am speaking for myself and my family as resident of the health services area. Thank you for the opportunity to speak before this group about these important issues.*

…

I feel it is imperative that any restrictions placed by the hospice organization on these choices be detailed at the start of the hospice process, not discovered later when needed. Hospice patients and their families are vulnerable and deserve that respect.

I encourage the Department of Health to require disclosure of all aspects of end of life to prospective hospice customers, particularly during the moments early in the selection when it is most important to understand them. This must also be a part of the application process to ensure that approved applicants mirror the strong popular support for Death with Dignity.

…

Physician-assisted death is a rare but important choice that all of us might need to consider. I believe that withholding necessary information to consumers on this or any other life decision shows a lack of respect for families making difficult choices. I urge you to consider these issues when making your decision on any new hospice providers in Pierce County, where there are already few opportunities to exercise lawful access to the provisions of Death with Dignity."

Linda Hood, University Place, Washington

"*I am a resident of Pierce County. I am writing today because I am aware that you are currently reviewing Certificate of Need (CON) hospice applications and I have a question.*

All Washington residents with terminal illness have a legal right to consider accessing the provisions of the state's Death with Dignity law which has been in effect since March 5, 2009. You may recall that that law was passed with nearly 70% approval. A number of factors suggest that your screening of all concurrent hospice CON applicants should require every applicant to provide detailed information about their plans to participate or not in making Death with Dignity accessible to their Medicare and Medicaid hospice patients:

1. *The hospitals that are applying are required by law to provide their policies on their websites and to the Department of Health, but these are typically so vague that they are meaningless. The applicants that are not hospitals do not have to mention Death with Dignity at all.*
2. *In the current legislative session, important improvements to the law are being made (SHB 1141). These recognize the need for a shorter waiting period and also permit providers other than physicians to help their patients access Death with Dignity.*
3. *Just last year, the CON Program approved a new hospice agency in Whatcom County and while there was not an official unmet 'need' for a new hospice, the lack of choice in that community was a compelling factor in approving the new hospice so that residents could access Death with Dignity.*
4. *Many Puget Sound residents are very concerned about Virginia Mason's plan to join CommonSpirit and give up some of its services that will be prohibited by that relationship.*
5. *The Certificate of Need Hospice application form requires, at 'Applicant Description' #7, the provision of a list of services to be provided including 'Other.'*
6. *The Certificate of Need Hospice application form requires, at 'Need' #7, the provision of an applicant's policies, including Patient Rights, Non-discrimination, and 'Any other policies directly related with patient access (example, involuntary discharge).*

We respectfully request that your screening of all current hospice applications require a full response to those two application items, to address the applicants' detailed policies, procedures and plans to make Death with Dignity accessible or not to its proposed hospice patients. Doing so will provide this information that otherwise might need to be gathered during live public hearings, the only time that members of the public might otherwise ask for this information.

I do understand that Death with Dignity (DwD) services are not a required component of Medicare hospice, but I do think that, since analysts do evaluate the totality of services, it would be reasonable to ask applicants if DwD services are something they provide.

…

This logic applies readily to Pierce County: 2010 data shows that Pierce Franciscan/CHI's hospice serves 74% of Pierce non-HMO hospice patients (this does not include Kaiser's HMO). Yet, 2008 exit polls, taken after Washington voters resoundingly approved the Death with Dignity law with nearly 60% approval, showed that 49% of Protestants, 47% of Catholics, and 79% 'no religion' voters voted in favor. It is clear given those numbers, that Pierce residents who want to learn more about or access DwD are not permitted that in light of the CHI/Franciscan inordinately high market share and its required End of Life policy posted on the DOH website which states: 'The hospital's

goal is to help patients make informed decisions about end of life care without the hospital actively participating in the provisions associated with the Death with Dignity Act."

Robert and Alicelia Warren, University Place, Washington
"*WA citizens voted overwhelmingly for the Death with Dignity legislation a few years ago, yet religiously affiliated hospice providers ignore the law, including not giving patients information about their options. Currently far too many WA residents are being denied this right since almost 70% of hospice facilities are religiously affitliated* [sic] *and are being allowed to impose their beliefs on legal end-of-life services.*

I urge the WA Department of Health Certification of Need office to require that any organization applying to provide hospice services must include clear written policy as to how they will address the rights of all terminal patients to access death with dignity if the patient meets the legal requirements of the law."

Susan Young, Bremerton, Washington
"*My name is Susan Young, I live in Bremerton, and I'm speaking for myself. Thank you for the opportunity to speak as a resident of the health service area and user of Pierce County healthcare services. I'm approaching an age where hospice may become a real need for me at some point. I'm increasingly concerned that my ability to choose a hospice program that offers me access to all legal end of life options is surprisingly restricted. I live in Kitsap County. At least 69% of hospice care there is provided by a religious healthcare system that doesn't offer access to Death with Dignity (DwD), nor do they honor end of life directives they view as contrary to the teachings of their church. In Pierce County, the percentage of hospice programs that deny some legal end of life services is similar. 69.8% of hospice care is provided by a religious healthcare system that denies access to Death with Dignity, and doesn't honor some end of life directives. That percentage could be greater, but I can't tell because the Department of Health doesn't require hospice programs to have DwD policies in place for patients to review prior to entering a program despite the fact that Washington law requires providers not offering DwD to inform the public of that intent.*

People who are dying are in critical need. Terminally ill, they are often low-income women, disabled by their illnesses and who aren't fully informed when they enter a hospice program that they may be relinquishing access to DwD options or that their end of life directives might not be honored. Their dignity as human beings and access to fully informed consent are both denied. The Department must take this into account when it considers whether an applicant fully addresses and meets non-numeric need.

Additionally, continuity of care is a concern. Some hospice programs may not offer DwD but still inform a patient of their options—then transfer their care to a different hospice unfamiliar to the patient to meet that person's final wishes.

Of this year's six applicants to provide new hospice services in Pierce County, Seasons and Envision do support patients who request DwD information and access and should be considered while the remaining four should not. Providence is guided by the Ethical and Religious Directives of the US Conference of Catholic Bishops. Therefore, Providence will not assist or support their hospice patients in accessing the provisions of Washington's Death with Dignity law. I do not know what

DwD policies are in place for Signature, Continuum, and Cornerstone as they have not provided a policy regarding Death with Dignity either on request or as part of their Certificate of Need applications.

The Department must insist that all applicants include DwD policies in their submissions with other required polices. When the market share of hospices with supportive policies reaches 60% of Pierce County admissions, the percentage of Washington voters statewide who supported passage of Initiative 1000 in 2008, the Department can consider approving new hospices whose policies oppose patient access to Death with Dignity."

Collection of 34 Individuals

"*In 2008, 57.82% of Washington residents voted for passage of Initiative Measure 1000, which allows certain terminally ill competent adults to obtain lethal prescriptions. In Pierce County, the percentage of voters that supported this measure was at 53.54% (Washington Secretary of State, Elections Division, 2008).*

...

Why do we bring this to your attention? It is because state data show that, in Oregon and Washington, 90% of the terminally-ill persons who opt to exercise their right to access Death with Dignity are enrolled in hospice care (Campbell and Black, 2014). The Department of Health's annual report about the Act shows that 186 persons who accessed Death with Dignity in 2018 were hospice patients at the time. This is 92% of all those who died and for whom hospice status was available. In light of this, we are concerned that the Department of Health's current Certificate of Need review process is not ensuring that the hospice applications being approved reflect the best interests of the state's hospice patients. As it becomes increasingly important that citizens make their end of life choices clear - both for themselves and in order to influence public policy and regulatory decision making - we see that the information needed for a terminally-ill person to make an informed selection of a hospice provider is not available.

...

It is essential that, when being admitted to a hospice that denies access to legal Death with Dignity benefits, the patient must be informed in writing that the hospice provider will refuse to offer any assistance needed in these procedures, a legal right of every Washington resident.

The public, including terminally ill persons and those caring for them, have two sources where information about a provider's Death with Dignity policies4 are available:

1. 'End of life' policies all Washington acute care hospitals must provide on their websites and make available for posting by the Department of Health. For hospitals that operate hospices, this can provide some guidance as to the organization's Death with Dignity policy.

2. Policies submitted in response to CON application requirements to provide admissions policies and patients' rights policies.'

...

Commenter's Table

Table 1: Death with Dignity Position of Existing Pierce County Hospice Agencies by 2019 Market Share

Name	2019 Admissions	2019 Market Share[5]	Support	Refuse	Unknown
Franciscan Hospice	2,600	69.8%		69.8	0.0%
Kaiser Permanente HH and Hospice	201	5.4%			5.4
MultiCare Hospice	925	24.8%	24.8%		0.0%
TOTAL	**3,726**	**100.0%**	**24.8%**	**69.8%**	**5.4%**

Source: 2019 Admissions from DOH 2020 Hospice Need Methodology.

Table 1 provides an analysis of the DOH 2019 Hospice Utilization Survey and looks at hospice admissions by county and by agency. It shows that 69.8% of Pierce County hospice patients were admitted to a hospice program that adheres to the ERD's [Ethical and Religious Directives of the Catholic Church]. So, before we even ask if the hospice agencies in Pierce County honor their patients' requests for access to Death with Dignity services, we already know that 70% of all hospice patients in the county would be denied a request for this access simply because of the religious hospice they chose.

Given that nearly 70% of all hospice patients in Pierce County are purposely denied access to Death with Dignity services with no possibility of reconsideration and given that 53.54% of Pierce County residents made it clear that they want access to these services, it is not unreasonable to ask that CON reviews include a request for information related to applicants' End of Life policies including Death with Dignity to then be assessed in terms of ***WAC 246-310-210, Determination of need*** *and* ***WAC 246-310-230, Criteria for structure and process of care.***

Information from Secular Hospices

One might presume that the remaining Pierce County hospices – those that are termed 'secular' do provide their patients with both information about and access to Death with Dignity. Yet there is no source of this information available to prospective hospice patients or to the general public." [**emphasis** in original]

<u>Continuum Care of Pierce LLC</u>

In response to this sub-criterion, Continuum provided the following statements and information.

"*There is a need for an additional provider demonstrated via WAC and the data on Pierce County disparities is both compelling and documented. While serving all, Continuum will focus on the reduction of disparities in access to and use of hospice among certain historically underserved ethnicities and races. We will do so by outreach, building trust, developing culturally appropriate services and by assuring our staff is trained and respectful of culture, values, and beliefs.*

Across the board, when providing hospice care in Pierce County, Continuum will work directly with community organizations, places of worship and gathering, trusted physicians and other health care providers to deploy specific tools and outreach mechanisms that address populations with unmet needs. Such activities are part and parcel of our program model and our mission and will be employed to improve accessibility for all special populations. Our efforts will ensure that all persons

who would benefit from hospice care will have the knowledge and opportunity to choose that option if they so desire. In this way we expect to contribute toward the improvement of the broader system of care in the County and support collaboration and coordination and reduce fragmentation of services, particularly for the most underserved in our community." [source: Application, pdf36]

"*As detailed in Question 17, Continuum will work directly with the existing health and social services systems in Pierce County to ensure to ensure patients' comprehensive medical, social, and spiritual needs are met*." [source: Application, pdf37]

Continuum provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, pdf33]
"*Continuum's business hours will be Monday through Friday from 8:30 a.m. to 5:00 p.m. In addition, a Hospice RN will be available 24 hours a day/7 days per week. Families will be able to access the hospice nurse after hours by calling the 24/7/365 triage phone line. Response time is programmed to be 30 minutes or less. This RN will have access to the patient's record and will assist them with any concerns and help manage their symptoms and facilitate any needed additional care.*"

Public Comment
Jay Woolford, Executive Director/CEO & Maurice Sharpe, Financial Controller, Sustainable Housing for Ageless Generations – Support
"*On behalf of Sustainable Housing for Ageless Generations (SHAG), I am pleased to write this letter of support for Continuum Care of Pierce's establishment of a new hospice agency in Pierce County. SHAG exists to provide quality, affordable apartment homes and lifestyle enhancements for seniors who otherwise could not afford to live well in retirement.*

Since its establishment more than 30 years ago, SHAG has grown to be the largest non-profit provider of affordable rental apartment communities for low- and moderate-income seniors in the Puget Sound region. Our housing, which enriches the lives of seniors, includes more than 5000+ apartment homes in more than 15 communities from Mountlake Terrace to Tacoma.

In addition to providing affordable housing for seniors, SHAG also works to ensure that that our residents have access to needed services, including health care. We have experienced Continuum's entrance in Snohomish County—both their hospice and palliative care; and have been impressed by the breadth of their programming, as well as the responsiveness, clinical skill, and kindness and compassion that they show to the resident and their families. In less than a year, Continuum has become a recognized name and a preferred hospice provider in Snohomish County.

In Pierce County, SHAG currently has communities in Puyallup and Tacoma, and we have plans to construct additional communities. While the existing Pierce hospice agencies offer quality services, they are increasingly delayed in supporting our residents as they transition from the hospital to hospice. Our staff witnesses firsthand the emotional toll that families experience as they wait for their initial hospice visit, and the fear that they often express about hospice not being available when their loved one needs pain and symptom management, or when death is imminent.

I understand that the Department of Health has published that Pierce County needs another hospice agency. Continuum has proven itself in Snohomish County. To know that these services will be

available when they are most needed in Pierce County is reassuring. We offer our full support to their application."

Kara Pearson, Referral and Intake, Kaiser Permanente – Support
"*Please accept this letter as information toward the certificate of need application for Continuum Care Hospice seeking approval to establish a Medicare certified hospice agency in Pierce County. Our office has been working closely with Continuum Care in Snohomish County to offer services, in overflow situations, and in areas where Kaiser Permanente' may not provide these services, in the interest of providing the right care at the right time for each of our members.*

Continuum has proven itself to be a good partner and responsive to our members' needs. Continuum has demonstrated compassion and expertise in the field of hospice care with the vision of patient access, quality, and teamwork in all our dealings with them.
...
We welcome the opportunity to continue our relationship with Continuum Care Hospice in Pierce county, providing services to our members and families."

Kelda Fairleigh, Regional Director of Operations, Home Care Assistance – Support
"*I serve as the Regional Director of Operations for Home Care Assistance. We operate in the Puget Sound area, including Pierce County, and provide in-home care and care management support to seniors. We also provide specialized care for clients living with Alzheimer's, Parkinson, and other long-term illnesses. We routinely coordinate multiple services for our clients, including hospice.*

I understand that Continuum Care of Pierce has submitted a certificate of need to establish a new hospice agency in Pierce County. I have become familiar with Continuum and its comprehensive and patient-centered approach to hospice services. Its commitment to access, patients, and families-as well as to its staff--during its start-up in Snohomish County (which coincided with the COVID pandemic) is to be commended. Beyond any doubt, Pierce County has need for additional hospice services. Being able to connect our clients with a provider like Continuum will increase choice and facilitate timely and quality access.

Hospice needs to be timely, accessible, and acceptable to the patient and family. Continuum has accomplished this in the most challenging of times in Snohomish County. I urge the Department of Health to approve their application; and Home Care Assistance very much looks forward to working with them in Pierce County."

Kelly Smith, Vice President of Sales & Marketing, CarePartners Senior Living – Support
"*I am the marketing director with Care Partners Senior Living. We offer several different types of senior living communities in Western Washington from Snohomish to Pierce Counties. Our communities are designed and structured to meet a diverse range of care needs including independent living, assisted living, and memory care. Our communities have also been designed to take into consideration the financial resources of our communities such that those with low, limited, or fixed incomes can also receive services in a Care Partners' Community.*

We have become familiar with Continuum's services through their hospice agency in Snohomish County. Residents in our communities that have needed hospice services during the past year have

been able to access these services. Continuum's responsiveness and the compassionate care they have provided to our residents is unrivaled and has increased the quality of life and dignity of our residents and their families.

I understand that the Department of Health has determined that there is need for another agency in Pierce County, and that Continuum Care of Pierce has applied to meet this need. We certainly support their approval. We would be honored to be able to offer Continuum as a choice to our Pierce County residents in need of hospice services. Having a hospice agency willing to quickly respond to patients when they have chosen this service at the end of their life is much needed."

Neil Edwards, Director of Operations, GenCare Lifestyle – Support

"*I am the Director of Operations for Gen Care Lifestyle. We operate invigorating senior living communities in King, Snohomish and Pierce Counties. All of our communities offer active living as well as assisted living, and we have memory care at several locations as well.*

Over the past year, Continuum Hospice in Snohomish County has become a preferred hospice referral source for our communities. I understand that they have been very responsive and our residents regularly report that they have strong clinical skills while also making themselves very accessible to support both the patient and the spouse/family. During the height of COVID, and while a number of agencies seriously restricted in-home visits, Continuum's staff continued coming into the home. We have every confidence that their efforts avoided a number of emergency ambulance transports, emergency room visits and hospitalizations that would have separated the hospice patient from their family during the last days or weeks of life.

In addition, they offer a variety of therapies outside of traditional hospice care. These therapies, including music, equine, virtual reality, art, massage and aroma to manage pain and symptoms, are improving the quality of life of our terminally ill residents.

GenCare understands that the members of Continuum Snohomish are proposing to start a new hospice agency in Pierce County and that prior certificate of need review and approval is necessary. This letter offers my strongest support of their application, known as Continuum Care of Pierce LLC.

Our Pierce County community, Point Ruston includes 135 independent/assisted living apartments and a 24-apartment memory care unit. We welcome their model and know that while providing hospice to an Alzheimer patient can be, at times, challenging, Continuum has the commitment and capability to do so."

Collection of 34 Individuals [source: pdf5 and pdf12]

"*Our review of available policies of existing Pierce County hospices (in 2019) indicates that … Signature, Continuum and Cornerstone's policies are unknown. They did not provide a policy with their CON applications and did not respond to our request for a copy. We assume it does not have one*.

…

Signature, Continuum, and Cornerstone have not provided a policy regarding Death with Dignity either on request from us or as part of their Certificate of Need applications. These agencies should not be allowed to expand into Pierce County until one of these conditions is met:

- *It adopts a policy that provides informed consent and that commits to providing information and support to its patients who may wish to access the provisions of Washington's Death with Dignity law.*
- *The projected Pierce County 'capacity' or market share of admissions to hospices supporting patient access to Death with Dignity reaches at least 60%.*"

Rebuttal Comment
None

Department Evaluation
Continuum provided public comment from several potential referral sources for its proposed hospice agency in Pierce County; and submitted statements assuring the department that relationships and referral sources would continue to be sought in the County.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application was compliant with the need criteria under WAC 246-310-210 and the financial feasibility criteria under WAC 246-310-220. The application is also consistent with the previous sub-criteria addressed in the structure and process of care under WAC 246-310-230.

Envision Hospice of Washington, LLC
The applicant provided the following information under this sub-criterion.
"*It is in the very nature of the Medicare-certified hospice benefit to assure continuity and to avoid unwarranted fragmentation. The core purpose of the inter disciplinary hospice team is to develop the patient's plan of care and to manage the care on a daily basis to support the individual patient's needs. In particular, the per diem payment to the hospice for all services puts the control of the full range of care in the hands of that core team.*

One key to effective continuity is to admit patients to hospice as early as appropriate during the course of illness. Waiting until the last week or two of life substantially reduces the ability of the team to plan ahead, to address bereavement issues early, to manage pain effectively, etc. Envision Hospice is committed to community education in support of earlier admission to hospice when needed. Its relationship to Envision Physician Services, which can provide regular medical care to residents of assisted living facilities and adult family homes, will increase the potential of earlier identification of persons eligible for hospice.

As part of its Latino outreach program, Envision plans to develop working relationship with organizations such as Centro Latino of Pierce County, Sea Mar, Community Health Care Clinics (FQHC's) and others that frequently address the needs of minority communities.

Envision Hospice of Washington, LLC is committed to Pierce County residents' having desired control over their own health care choices. The majority vote by Washington residents for the 'death with dignity' statewide ballot measure indicates this is an important value to the community. Envision Hospice of Washington, LLC intends to include in its network providers who will actively support patients pursuing their 'death with dignity' options as available under Washington law (See Appendix O). As part of this effort, Envision Hospice will continue to reach out to End of Life for their advice and support in locating needed resources."

"*Envision Home Health LLC operates a physician outreach clinic that provides regular medical care to Utah and Washington patients unable to make the trip to a doctor's office. Staffed by physicians and ARNP's, Preferred Medical Group services are offered in Salt Lake region and Puget Sound Region assisted living facilities and individual patient homes*." [source: Application, pdf7]

Envision provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, pdf34]
"*The office hours will be 8 a.m. to 5 p.m. Monday through Fridays.*
At all other times, Envision will have paid staff on call and accessible by telephone via a phone call to a main number.

Envision Hospice patients who elect to participate in its tele-medicine option will have 24/7 access through their own dedicated electronic tele-medicine device." [source: Application, pdf37-38]

Public Comment
Collection of 34 Individuals [source: pdf5]
"*Our review of available policies of existing Pierce County hospices (in 2019) indicates that … Envision's Pierce application included it Death with Dignity Policy at Appendix O and discusses its commitment to supporting its hospice patients' access to Death with Dignity, including related staff and volunteer training*."

Rebuttal Comment
None

Department Evaluation
Envision provided a listing of referral sources for its proposed hospice agency in Pierce County; and submitted statements assuring the department that relationships and referral sources would be sought in the County.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application was compliant with the need criteria under WAC 246-310-210 and the financial feasibility criteria under WAC 246-310-220. The application is also consistent with the previous sub-criteria addressed in the structure and process of care under WAC 246-310-230.

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County
The applicant provided the following list of referral relationships already established by its affiliates and additional information related to this sub-criterion.

Applicant's Table

Some of the established referral relationships include but are not limited to:	
Swedish First Hill Campus	Seattle VA Medical Center
Harborview Hospital	Seattle Cancer Care Alliance
Felton Health Care Specialists	The Hearthstone
Shoreline Health and Rehab Center	Saint Joseph Medical Center
Good Smaritan Hospital Puyallup	Tacoma General Hospital
Allenmore Hospital	Madigan Army Medical Center
Orchard Park Care Center	PuyallupTribal Health Authority
Tacoma VA Medical Center	Saint Anthony Skilled Nursing Facility
MultiCare Auburn Medical Center	St. Anne Hospital CHI Franciscan
Canterbury House	Avalon Care Center Federal Way
MultiCare Covington Medical Center	Judson Park
Burien Nursing and Rehab Center	St. Francis Hospital CHI Franciscan
The Home Doctor	Dr. Jude Verzosa
North Auburn Rehab & Health	Stafford Suite Seatac
Virginia Mason Medical Center	Dr. Ranu Choudhary
CrownHealth	Garden Terrace Healthcare Center
Renton Rehab	Talbot Rehab Center
Redmond Care and Rehab	Aegis Living West Seattle
Park West Care Center	MultiCare Dispatch Health
Saint Clare Medical Center	Commuity Health of Pierce County
Tacoma Nursing and Rehab	UW Medical Center Hospital
Rainer Rehabilitation	Multicare Home Health Tacoma

[source: Application, pdf34]

"*Much like Community Health Assessment Pierce County 2019, we are committed to collaboration, data-driven, communitive, community engagement and observation. Puget Sound Home Health has already established continuity in the provision of health care services by aligning with hospitals/health systems and the post-acute care community to improve access to care for Pierce County residents. Puget Sound Home Health has strong relationships with assisted living facilites* [sic] *and adult family homes to help provide and advocate for the continuity of services. Relationships and partnerships have already been established with our home health agengies* [sic] *in King, Pierce, Snohomish, Skagit, and San Juan counties. Examples are MultiCare and CHI Fanciscan* [sic] *hospitals 2020 narrowed home health networks in Pierce County. Strong community and large hospital systems* [sic] *referral relationships exist in all of these counties to address the needs of Pierce County.*

The Ensign Group, Cornerstone's former parent company, has partnered with the Pennant Group to improve the care continuum. Ensign provides skilled nursing and rehabilitative services in the post-acute care sphere. Specific to this project, Ensign has a long standing skilled nursing facility within Pierce County that we will partner with and address unwarranted fragmentation of healthcare upstream and downsteam [sic] *services. With the above relationships, partnerships, and associations, we believe we can provide the continuity of care and prevent unwarranted fragmentation of services through quick and thoughtful bridging and referrals to hospice services.*

As a long-established provider in Pierce County, Puget Sound Home Health has strong, established relationships with existing healthcare systems in Pierce County and surrounding counties. Puget Sound Home Health works closely with community partners, local hospital systems, private duty providers, physicians, and in home care physiciain [sic] *groups. In fact, as mentioned above, Cornerstone's operational model is for each agency to engage in and seek market-specific care and*

opportunites [sic] *within each county services are available. This is best accomplished through partnerships with other health care providers. This partnership takes many forms, including sharing of coordination of care, assisting and coordinating appriopriate* [sic] *admissions, mutually driven quality outcomes, preventing hospital readmissions, and patient satisfication.* [sic]

Puget Sound Home Health has been involved in the community's ongoing efforts in Pierce County and other counties to battle COVID-19 pandemic. With the most recent COVID-19 pandemic surges, Puget Sound Home Health was able to utilize its narrowed network with Multicare and CHI Franciscan to provide overflow for their increased number of referrals and COVID-19 positive patients. In addition, Puget Sound Home Health is a member of the Northwest Healthcare Response Network that helps assist with disaster preparedness, responses, and surge efforts." [source: Application, pdf35-36]

"*With the addition of providing hospice care in Pierce County, Symbol will be able to provide more care along the spectrum of post-acute care. Longstanding partnerships and narrowed networks currently exist with upstream post acute care providers and community referral sources in Pierce County. In addition, Puget Sound Home Health is a community member of the Northwest Healthcare Response Network whose purpose is through collaborative planning, exercises, trainings, and coordination of resources, to build a disaster resilient healthcare system. This will have a significant impact on our community in Pierce County, as we'll be better able to provide patients with the right care, in the right place, at the right time. Symbol's proposal set out in this application will demonstrate that Puget Sound Hospice of Pierce County is uniquely situated to provide exceptional hospice care in Pierce County*." [source: Application, pdf7]

"*By adding a hospice service line to our already existing home health agency, we can better manage patient's care more timely and appriopriately.* [sic] *Some individuals might prefer to have hospice services rather than home health and many home health patients end up bridging to hospice services, and with this project we'll be able to facilitate both. Often patients build a significant relationship with their care team and they don't want to change organizations. By having a hospice line, we can better support the residents of Pierce County and their long term healthcare needs*." [source: Application, pdf9]

Pennant provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, pdf31]
"*Puget Sound Hospice of Pierce County's office hours of operation will be 8 am to 5 pm, Monday through Friday, however, we will provide hospice services 24 hours a day, 7 days a week. Puget Sound Hospice of Pierce County admissions packet will include instructions to the patient and family/caregiver as to how to reach the agency at all hours. During non-business hours, Puget Sound Hospice of Pierce County's main phone number will be rolled to an on-call phone. This phone will be assigned to an oncall nurse.*

If the on-call nurse does not answer (extraneous circumstance), the outgoing message will instruct the client/caregiver to call the nurse administrator on-call if no return call occurs within 15 minutes."

Public Comment
Collection of 34 Individuals [source: pdf5 and pdf12]
"*Our review of available policies of existing Pierce County hospices (in 2019) indicates that … Signature, Continuum and Cornerstone's policies are unknown. They did not provide a policy with their CON applications and did not respond to our request for a copy. We assume it does not have one*.
…
Signature, Continuum, and Cornerstone have not provided a policy regarding Death with Dignity either on request from us or as part of their Certificate of Need applications. These agencies should not be allowed to expand into Pierce County until one of these conditions is met:

- *It adopts a policy that provides informed consent and that commits to providing information and support to its patients who may wish to access the provisions of Washington's Death with Dignity law.*
- *The projected Pierce County 'capacity' or market share of admissions to hospices supporting patient access to Death with Dignity reaches at least 60%.*"

Rebuttal Comment
None

Department Evaluation
Pennant provided a listing of potential referral sources for its proposed hospice agency in Pierce County; and submitted statements assuring the department that relationships and referral sources would be sought in the County.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application failed a financial feasibility sub-criterion under WAC 246-310-220; as well as a structure and process of care sub-criterion under WAC 246-310-230.

Providence Health & Services-Washington dba Providence Hospice of Seattle
Providence provided the following statements in response to this sub-criterion. [source: Application, pdf 54]
"As noted in our response to Question #15 (C. Structure and Process (Quality) of Care), avoiding fragmentation of services and care delivery is a key reason Providence Hospice is requesting certificate of need approval to provide hospice services to Pierce County residents. The Providence system offers exceptional inpatient and specialty care in the King County service area, such that many Pierce County residents seek specialty care in Seattle with Providence facilities and caregivers. As these residents return to their homes in Pierce County, Providence Hospice aims to maintain continuity of care, ensuring availability of Providence primary care and ambulatory care services and, as care needs change, a seamless transition to home-based and hospice services.

The Providence system employs a state-of-the-art Epic electronic health record ("EHR") system, having established Epic in most care settings. This is a notable differentiator in the hospice care space. This places Providence Hospice in a position to ensure continuity of care, avoid unnecessary duplication of services, improve quality of care, and improve communication among providers, as

well as between providers and patients. Epic allows one chart to follow the patient through the continuum of care."

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

Department Evaluation

Given that Providence does not currently provide hospice services in Pierce County, the applicant provided a listing of potential referral sources for its proposed hospice agency and also submitted statements assuring that referral sources would be sought in the county. This approach is acceptable for a new provider in a county.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application was compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. The application is also consistent with the previous sub-criterion addressed in the structure and process of care under WAC 246-310-230.

AccentCare, Inc./Seasons

The applicant provided the following statements related to this sub criterion. [source: Application, pdfs85-87]

"Active in the community, Seasons Pierce County's educational, promotional, and outreach efforts intersect with facilities, advocacy groups, religious institutions, service providers, physicians, social workers, funeral directors, and insurers (including HMOs). Working relationships often occur from the following groups:

- *Nursing homes*
- *Hospitals*
- *Assisted Living Facilities*
- *Health Maintenance Organizations*
- *Physicians*
- *Dialysis Centers*
- *Social Workers*
- *Home Health Organizations*
- *Churches*
- *Funeral Directors*
- *Social Services Organizations*
- *Families*
- *Individuals*

In order to assure access and availability of general inpatient care close to the patients' homes, Seasons proposes contractual agreements with nursing homes and hospitals throughout Pierce County. Letters of support will be provided during the public comment period identifying individuals and facilities with which the applicant will establish working relationships.

The application requires a certificate of need in order to implement a hospice program. Persons who receive a physician-determined terminal prognosis may qualify for hospice for end of life care. Some individuals also may elect home health agency care.

Under the hospice benefit and program of care, the hospice's interdisciplinary team coordinates a range of palliative care and provides patient and family support for end of life care. The patient's attending physician participates with the hospice medical director and the interdisciplinary team, of which the patient and family belong, to identify the services that will maintain comfort for the patient based on his or her terminal diagnosis.

Seasons Pierce County's plan for general inpatient care requires contracts with nursing homes to serve as the short-term placement of the patient to stabilize the patient and control symptoms, including medicinal management, so that the patient attains a level of comfort and returns home. Nursing homes also provide the family with respite care, caring for the patient for a brief stay, so that the family caregiver has a break from daily care of the patient. A sample copy of a nursing facility services agreement is found as Exhibit 6.

Seasons Pierce County intends to work with nursing homes and assisted living facilities that are residences of patients enrolled in the hospice program. These facility residences also have staff that provide services to those who reside within them. Seasons Pierce County's training program for nursing home and assisted living facilities' employees explains the roles and responsibilities, the accountability for care, and defines the roles of the facility staff and that of the hospice staff. The result in cooperation and avoidance of duplication while ensuring care for the hospice patients.

In the proposal, another specialty population subgroup are the homeless. Seasons Pierce County's commitment to this group requires cooperation and coordination with agencies and advocates that serve the homeless, as well as hospitals and emergency departments that also may encounter the homeless. Promotional materials and direct outreach to hospitals, fire departments, police departments and advocacy groups about the program acts as a coordination hub for assuring that homeless persons do not die alone. The homeless program provides housing vouchers and other means to provide a qualifying home with caregiver so that hospice services can be provided to them.

Seasons Pierce County's Inclusive Initiative develops diversity councils to identify impediments for those groups to hospice services, and to create pathways to remove them. Volunteers with hospice employees staffing the councils work cooperatively within and across the broader communities within the county to provide appropriate and sensitive materials that address those identified factors that can be overcome. Ways of outreach, such as community meetings, church visits, special programs, revised or newly developed educational materials, expand how minority groups can reach out to hospice. One important lesson learned from other states is to diversify the workforce so that the workforce's diversity reflects the broader community's makeup.

Hospitals are often the place where case identification occurs for end of life prognosis. The hospice social workers share information with hospital discharge planners and patient advocates about the program and services, and explain that Seasons Pierce County's staff will make assessment visits 24 hours a day, seven days a week. The ability to interact with the patient and family and provide assessments with care and compassion relieves the hospital of longer stays.

Seasons Pierce County targets community physicians to provide CEUs and other information about hospice, informing them of the benefits the hospice provides and the services. Information regarding how to open communication about palliative care and end of life care equips the community physicians with the material to engage in productive communication with the patient and family. Seasons Pierce County's assessment team or other personnel offer the community physicians to pursue palliative care discussions and planning for end of life care."

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

Department Evaluation

Given that AccentCare, Inc./Seasons does not currently provide hospice services in Pierce County, the applicant provided a listing of potential referral sources for its proposed hospice agency and also submitted statements assuring that referral sources would be sought in the county. This approach is acceptable for a new provider in a county.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application was compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. The application is also consistent with the previous sub-criterion addressed in the structure and process of care under WAC 246-310-230.

Signature Group, LLC

The applicant provided the following information under this sub-criterion. [source: Application, pdf32-35]

"Signature Home Health has established, working relationships with the facilities listed below in the planning area. Signature Hospice Pierce plans to utilize these facilities, which includes but is not limited to, the following:

- *Franciscan St Anthony Hospital*
- *Franciscan St Clare Hospital*
- *CHI Franciscan Rainier Health Network*
- *CHI St.Joseph Health*
- *Multicare Good Samaritan Hospital*
- *Multicare Tacoma General Hospital*
- *Multicare Allenmore*
- *VA Medical Center*
- *Internal Medicine Northwest*
- *Franciscan St Joseph Hospital*
- *Franciscan St Elizabeth Hospital*
- *Concerta Health*
- *University Place Care Center*
- *Washington Soldier's Home*
- *Lifecare Center of Puyallup*
- *Rainier Rehabilitation*
- *Regency at Puyallup*
- *Madigan*
- *Avamere Transitional*
- *Avamere Heritage*
- *Avamere Pacific Ridge*
- *Alaska Gardens*
- *Orchard Park*
- *The Oaks*
- *Tacoma Nursing and Rehab*
- *Life Care Center South Hill*
- *Linden Grove*
- *Enumclaw Health and Rehab*
- *Cottesmore of Life Care- Gig Harbor*
- *Life Care Center of Port Orchard*
- *Park Rose Care Center*
- *Penrose Harbor at Heron's Key*
- *Stafford Healthcare at Ridgemont*
- *Stafford Healthcare- Bremerton*
- *Tacoma Lutheran Home*
- *Franke Tobey Jones Home*

Signature Healthcare at Home is an existing Medicare certified provider of skilled Home Health care in Pierce county. The current landscape necessitates that Signature's home health clients who become hospice eligible must establish care with a new provider upon election of hospice. The ability to provide hospice care to former home health clients, to which the agency has an existing relationship, would improve the current fragmented care delivery model that exists.

As of January 2020, the Signature Home Health Agency that serves Pierce county has an average daily census of approximately 300 clients, with an average of 134 monthly discharges. More than

half of these clients are between the ages of 65 and 84, and an additional 29% are 85 or older. Assuming 5% of clients discharging from home health are hospice eligible, (5% being a conservative estimate that would grow based on the home health agency's diagnostic mix and growing acuity), an average of 7 clients are currently discharging from Signature Healthcare at Home to another hospice provider in Pierce county. With a State assumed average hospice length of service of 62.66 days, this means that conservatively 84 decedents in Pierce county had to establish care with a new homecare provider in the last 2 months of their life.

Signature's existing Home Health Agency in Pierce has an average length of service of 54 days, during which the interdisciplinary group (IDG) is building rapport and trust and establishing a therapeutic relationship with the patient and family. While individual members of the patient's interdisciplinary care team may change if the patient ultimately has a need to move from home health to hospice, both the patient and the IDG will benefit from these two levels of care being provided by, ultimately, the same entity. The hospice IDG will have unparalleled access to the previous care team, surpassing the notion of a "warm handoff" and facilitating a smooth transition as the patient transitions from home health to hospice. This will reduce administrative burden and allow for expedited pain and symptom management."

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

Department Evaluation

Signature Group, LLC provided a listing of potential referral sources for its proposed hospice agency and also stated it would coordinate with other facilities to ensure continuity of care. Additionally, the applicant stated that other potential referral sources would be sought in the county.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application failed the need sub-criterion under WAC 246-310-210(1) and (2) and WAC 246-310-220(1).

Additional Access to Care Comments-Death with Dignity Topic Related to All Six Projects

Also during the review of these six projects, the department received public comments under this sub-criterion regarding the availability of 'Death with Dignity[56]' options in Pierce County. While each letter provides a different perspective, all letters urge consideration of patient choice for end of life options that may include those allowed in the Death with Dignity Act. Below are excerpts from three of the five letters.

Robert and Alicelia Warren, University Place, Pierce County

"WA citizens voted overwhelmingly for the Death with Dignity legislation a few years ago, yet religiously affiliated hospice providers ignore the law, including not giving patients information about their options. Currently far too many WA residents are being denied this right since almost 70% of hospice facilities are religiously affiliated and are being allowed to impose their beliefs on legal end-of-life services.

[56] Washington State's Death with Dignity Act has been in effect since March 5, 2009, except for section 24 that was effective July 1, 2009. [Revised Code of Washington 70.245]

I urge the WA Department of Health Certification of Need office to require that any organization applying to provide hospice services must include clear written policy as to how they will address the rights of all terminal patients to access death with dignity if the patient meets the legal requirements of the law."

Carollynn Zimmers, Poulsbo, Kitsap County

"Good morning. My name is Carollynn Zimmers. I live in Poulsbo. I am speaking for myself and my husband this morning as residents of the health service area. I appreciate the opportunity to comment today on the hospice Certificate of Need applications for Pierce County. My comments will be brief but I have also submitted written testimony that goes into more detail.

I am very concerned about hospice options when my husband or I become terminally ill, enter hospice care and want access to Death with Dignity and our end-of-life Directives honored. I am 73 and my husband is 80 years old. Last year, my husband was hospitalized and nearly died. Even though I am currently healthy, I could become terminally ill first, as I realized when two of my friends died of aggressive cancers that took less than a year to kill them. We are all living on the edge of needing hospice care although that may seem a distant possibility to those of you who are younger.

I tell you this story because I was uninformed about hospice care. We think we have everything under control because Death with Dignity is legal, because we have our end-of-life Directives recorded, because we have our Wills and because we have completed our estate planning. But we are not protected because the services that hospice providers will allow or deny are not transparent and easily determined.

Before this hearing I did an internet search to see what information was available. Hospice entities were not required to mention policies on DWD and advanced directives. The DOH website was unhelpful. It referenced laws and codes but also stated that provider policies on advanced directives are only required at time of admission, which seems a little late to me. The DOH FAQs informed me that I had a right to information from my physician on DWD "upon request". You need to know the question before you can get the answer. If my physician does not want to participate, they do not need to refer me to a provider that does. Also, the DOH cannot provide the names of health care providers who do participate in DWD. We need more transparency and continuity of care.

I prefer that all hospice providers allow DWD or, at least, facilities supportive of DWD be given priority in the application process until market share of Pierce County admissions parallels the 60 percentage of Washingtonians who voted for DWD in 2008. At this time, as is documented in my written testimony, hospice providers that deny DWD in Pierce County far outnumber those that support this legal option.

When a person is dying, they become vulnerable and decision making may become difficult. Transparency and access to answers is essential. I am asking that Seasons and Envision be given priority because they support DWD and they are transparent with their policy."

The following public comments were submitted by one person, Susan Young, however the comments are on behalf of 34 persons listed in the letter. The 34 individuals are included at the end of this public comment. The 15-page public comment letter includes relevant background information and

detailed statistics related to Washington State's Death with Dignity Act. While all statements provided in the letter are not restated below, all comments and statistics are considered in this review.

Susan Young, Bremerton, Kitsap County

"In 2008, 57.82% of Washington residents voted for passage of Initiative Measure 1000, which allows certain terminally ill competent adults to obtain lethal prescriptions. In Pierce County, the percentage of voters that supported this measure was at 53.54% (Washington Secretary of State, Elections Division, 2008). By 2020, a Gallup Poll of Americans reported that national support for Death with Dignity laws had risen to 74%.

Why do we bring this to your attention? It is because state data show that, in Oregon and Washington, 90% of the terminally-ill persons who opt to exercise their right to access Death with Dignity are enrolled in hospice care (Campbell and Black, 2014). The Department of Health's annual report about the Act shows that 186 persons who accessed Death with Dignity in 2018 were hospice patients at the time. This is 92% of all those who died and for whom hospice status was available. In light of this, we are concerned that the Department of Health's current Certificate of Need review process is not ensuring that the hospice applications being approved reflect the best interests of the state's hospice patients. As it becomes increasingly important that citizens make their end of life choices clear - both for themselves and in order to influence public policy and regulatory decision making - we see that the information needed for a terminally-ill person to make an informed selection of a hospice provider is not available.

By either refusing or ignoring their hospice patients' legal rights to access Washington's Death with Dignity provisions, many of the state's existing hospices do not meet at least two of the CON review criteria: Need and Process of Care. In part, this is a mark of a Washington healthcare environment that is increasingly controlled by organizations which, to date, are free to interject their moral or religious beliefs into the private relationship between Washington patients and their physicians.

It is important to recognize the wishes of the majority of Washington citizens by approving more hospice providers that will provide complete information on end of life options and allow their patients the dignity to see their choices carried out. By way of this public comment during the Pierce County Certificate of Need (CON) review process, we want to ensure that any applications that are approved meet these needs and thus the proportion of hospice care available in Pierce County moves toward a reflection of that majority vote.

…

Of the six applicants this year to start new hospice agencies in Pierce County:

- *Seasons fully describes its commitment to supporting patients requesting Death with Dignity and provided a copy of its relevant policy with its Pierce County application.*
- *Envision's Pierce application included it Death with Dignity Policy at Appendix O and discusses its commitment to supporting its hospice patients' access to Death with Dignity, including related staff and volunteer training.*
- *One applicant in Pierce County, Providence, is guided by the Ethical and Religious Directives of the US Conference of Catholic Bishops. On that basis, Providence will not provide information*

to patients that request it. Nor will they assist or support their hospice patients in accessing the provisions of Washington's Death with Dignity law.

- *Signature, Continuum and Cornerstone's policies are unknown. They did not provide a policy with their CON applications and did not respond to our request for a copy. We assume it does not have one."*

Listing of undersigned persons

Susan Young, Bremerton, WA	Liz Scott, Lakewood, WA
Carrollynn Zimmers, Poulsbo, WA	Julie Andrzejewski, Steilacoom, WA
Dennis Barnes, Lake Forest Park, WA	Ellen Floyd, Tacoma, WA
Linda Museus, Bremerton, WA	Karen Archer, Poulsbo, WA
Rodger Museus, Bremerton, WA	Amber Koens, Tacoma, WA
John Garing, Kingston, WA	Kathy Porter, Tacoma, WA
Paul Dutky, Bremerton, WA	Joan Hammond, Bainbridge Island, WA
Kjersten Gmeiner , Seattle, WA	Breck Lebegue MD MPH, Steilacoom, WA
Irvalene Moni, Poulsbo, WA	Roy Pardee, Poulsbo, WA
Hanna Floss, Bellevue, WA	Oolaa Kaplan, Bellevue, WA
Mike Benefiel, Bremerton, WA	Cheryl J. Brooks, Bremerton, WA
Betty McNiel, Bellevue, WA	Anita Rose, Port Orchard, WA
Marley Banker, Lake Forest Park, WA	Barb Lord, Tacoma, WA
Judith Chelotti, Tacoma, WA	John D Saylor, MD, Silverdale, WA
Linda Hood, University Place, WA	Lin Swanson, Tacoma, WA
Adrienne Dorf, Seattle, WA	Christine Giannini, University Place, WA
Robert Warren, University Place, WA	Alicelia Warren, University Place, WA

In addition to the letters referenced above, comments regarding Death with Dignity was also provided by three of the six applicants within their written public comments. Some public comments focused on a particular applicant and other comments provided general information regarding the topic. Excerpts from those letters are below.[57]

Public Comment Directed at all Applicants

Dennis Barnes, Lake Forest Park, Washington

"*My name is Dennis Barnes and I live in Lake Forest Park, Washington. I am speaking for myself and my family as resident of the health services area. Thank you for the opportunity to speak before this group about these important issues.*

…

I feel it is imperative that any restrictions placed by the hospice organization on these choices be detailed at the start of the hospice process, not discovered later when needed. Hospice patients and their families are vulnerable and deserve that respect.

I encourage the Department of Health to require disclosure of all aspects of end of life to prospective hospice customers, particularly during the moments early in the selection when it is most important

[57] It is noted that AccentCare, Inc./Seasons provided oral public comments at the public hearing, they did not submit written public comments to the CN program.

to understand them. This must also be a part of the application process to ensure that approved applicants mirror the strong popular support for Death with Dignity.
…

Physician-assisted death is a rare but important choice that all of us might need to consider. I believe that withholding necessary information to consumers on this or any other life decision shows a lack of respect for families making difficult choices. I urge you to consider these issues when making your decision on any new hospice providers in Pierce County, where there are already few opportunities to exercise lawful access to the provisions of Death with Dignity."

Linda Hood, University Place, Washington
"*I am a resident of Pierce County. I am writing today because I am aware that you are currently reviewing Certificate of Need (CON) hospice applications and I have a question.*

All Washington residents with terminal illness have a legal right to consider accessing the provisions of the state's Death with Dignity law which has been in effect since March 5, 2009. You may recall that that law was passed with nearly 70% approval. A number of factors suggest that your screening of all concurrent hospice CON applicants should require every applicant to provide detailed information about their plans to participate or not in making Death with Dignity accessible to their Medicare and Medicaid hospice patients:

1. *The hospitals that are applying are required by law to provide their policies on their websites and to the Department of Health, but these are typically so vague that they are meaningless. The applicants that are not hospitals do not have to mention Death with Dignity at all.*
2. *In the current legislative session, important improvements to the law are being made (SHB 1141). These recognize the need for a shorter waiting period and also permit providers other than physicians to help their patients access Death with Dignity.*
3. *Just last year, the CON Program approved a new hospice agency in Whatcom County and while there was not an official unmet 'need' for a new hospice, the lack of choice in that community was a compelling factor in approving the new hospice so that residents could access Death with Dignity.*
4. *Many Puget Sound residents are very concerned about Virginia Mason's plan to join CommonSpirit and give up some of its services that will be prohibited by that relationship.*
5. *The Certificate of Need Hospice application form requires, at 'Applicant Description' #7, the provision of a list of services to be provided including 'Other.'*
6. *The Certificate of Need Hospice application form requires, at 'Need' #7, the provision of an applicant's policies, including Patient Rights, Non-discrimination, and 'Any other policies directly related with patient access (example, involuntary discharge).*

We respectfully request that your screening of all current hospice applications require a full response to those two application items, to address the applicants' detailed policies, procedures and plans to make Death with Dignity accessible or not to its proposed hospice patients. Doing so will provide this information that otherwise might need to be gathered during live public hearings, the only time that members of the public might otherwise ask for this information.

I do understand that Death with Dignity (DwD) services are not a required component of Medicare hospice, but I do think that, since analysts do evaluate the totality of services, it would be reasonable to ask applicants if DwD services are something they provide.

…

This logic applies readily to Pierce County: 2010 data shows that Pierce Franciscan/CHI's hospice serves 74% of Pierce non-HMO hospice patients (this does not include Kaiser's HMO). Yet, 2008 exit polls, taken after Washington voters resoundingly approved the Death with Dignity law with nearly 60% approval, showed that 49% of Protestants, 47% of Catholics, and 79% 'no religion' voters voted in favor. It is clear given those numbers, that Pierce residents who want to learn more about or access DwD are not permitted that in light of the CHI/Franciscan inordinately high market share and its required End of Life policy posted on the DOH website which states: 'The hospital's goal is to help patients make informed decisions about end of life care without the hospital actively participating in the provisions associated with the Death with Dignity Act."

Collection of 34 Individuals

"*In 2008, 57.82% of Washington residents voted for passage of Initiative Measure 1000, which allows certain terminally ill competent adults to obtain lethal prescriptions. In Pierce County, the percentage of voters that supported this measure was at 53.54% (Washington Secretary of State, Elections Division, 2008).*

…

Why do we bring this to your attention? It is because state data show that, in Oregon and Washington, 90% of the terminally-ill persons who opt to exercise their right to access Death with Dignity are enrolled in hospice care (Campbell and Black, 2014). The Department of Health's annual report about the Act shows that 186 persons who accessed Death with Dignity in 2018 were hospice patients at the time. This is 92% of all those who died and for whom hospice status was available. In light of this, we are concerned that the Department of Health's current Certificate of Need review process is not ensuring that the hospice applications being approved reflect the best interests of the state's hospice patients. As it becomes increasingly important that citizens make their end of life choices clear - both for themselves and in order to influence public policy and regulatory decision making - we see that the information needed for a terminally-ill person to make an informed selection of a hospice provider is not available.

…

It is essential that, when being admitted to a hospice that denies access to legal Death with Dignity benefits, the patient must be informed in writing that the hospice provider will refuse to offer any assistance needed in these procedures, a legal right of every Washington resident.

The public, including terminally ill persons and those caring for them, have two sources where information about a provider's Death with Dignity policies4 are available:

1. 'End of life' policies all Washington acute care hospitals must provide on their websites and make available for posting by the Department of Health. For hospitals that operate hospices, this can provide some guidance as to the organization's Death with Dignity policy.

2. Policies submitted in response to CON application requirements to provide admissions policies and patients' rights policies.'

…

Commenter's Table

Table 1: Death with Dignity Position of Existing Pierce County Hospice Agencies by 2019 Market Share

Name	2019 Admissions	2019 Market Share[5]	Support	Refuse	Unknown
Franciscan Hospice	2,600	69.8%		69.8	0.0%
Kaiser Permanente HH and Hospice	201	5.4%			5.4
MultiCare Hospice	925	24.8%	24.8%		0.0%
TOTAL	**3,726**	**100.0%**	**24.8%**	**69.8%**	**5.4%**

Source: 2019 Admissions from DOH 2020 Hospice Need Methodology.

Table 1 provides an analysis of the DOH 2019 Hospice Utilization Survey and looks at hospice admissions by county and by agency. It shows that 69.8% of Pierce County hospice patients were admitted to a hospice program that adheres to the ERD's [Ethical and Religious Directives of the Catholic Church]. So, before we even ask if the hospice agencies in Pierce County honor their patients' requests for access to Death with Dignity services, we already know that 70% of all hospice patients in the county would be denied a request for this access simply because of the religious hospice they chose.

Given that nearly 70% of all hospice patients in Pierce County are purposely denied access to Death with Dignity services with no possibility of reconsideration and given that 53.54% of Pierce County residents made it clear that they want access to these services, it is not unreasonable to ask that CON reviews include a request for information related to applicants' End of Life policies including Death with Dignity to then be assessed in terms of ***WAC 246-310-210, Determination of need*** *and* ***WAC 246-310-230, Criteria for structure and process of care.***

Information from Secular Hospices

One might presume that the remaining Pierce County hospices – those that are termed 'secular' do provide their patients with both information about and access to Death with Dignity. Yet there is no source of this information available to prospective hospice patients or to the general public." [emphasis in original]

Three applicants provided public comments related to this topic.

Continuum Care of Pierce Public Comment

"We support patients that elect Death with Dignity. Over the past 14 months, we have supported over a dozen patients in Snohomish County. We have staff that attend the death, supporting both the patient and their family."

Continuum Care of Pierce County also provided its "Medical Aid in Dying" Policy #H:2-074-1.1

Envision Hospice of Washington Public Comments

"End of Life Washington staff advised Envision that it is currently the only organization that allows for their staff per policy, to be present to support the patient and family while the patient takes the medications. This is our effort to meet the patient where they are. We have a very cohesive, and supportive team, that are compassionate and who have a strong commitment to support the rights

and values of our patients and their families. We have provided education to staff and are very aware of staff needs, to ensure their spiritual, emotional, mental and physical needs are met as well."

Signature Group, LLC Public Comments

"Death with Dignity is an important aspect of hospice care and the patient's ability to choose. Providence makes no mention of their Death with Dignity policy. Signature believes, for a hospice to give the power back to its patients and provide the best care possible, providing death with dignity to patients who desire it is in the best interest of the patients and the community. Granting a CN to a hospice provider who does not provide this service, is effectively excluding a group in need of care. Since the DOH's focus is on serving the whole county and its entire population, Providence would not be the best choice for Pierce County. (Per WAC 246-310-230 Criteria for Structure and Process of Care)."

Four of the six applicants provided rebuttal comments directly related to this topic. Excerpts from those comments are below by applicant.

Continuum Care of Pierce Rebuttal Comments

"Further, and despite being asked directly during public comment and stating that they would respond in writing before the close of public comment, Providence appears to have not clarified or confirmed its position on the underserved requesting information or support related to the State's Death with Dignity Act. Continuum fully understands that State CN rules do not require submittal of death with dignity polices. We further know that as a Catholic organization, Providence follows Religious ERDs which does not support death with dignity. Our issue is not with Providence's position, rather with its lack of transparency and its desire to attempt to suggest that they are flawless. The community deserves choice and adding a second Catholic provider to a County of more than 900,000 that will only have three providers is a disservice."

Envision Hospice of Washington Rebuttal Comments

While this applicant did not provide rebuttal statements directly related to this topic, its rebuttal documents provide the following statement: *"Our approach to this concurrent Pierce County review cycle and our success in navigating the turbulent waters of a pandemic that first hit our shores in Washington State, demonstrates the capability and resilience of Envision to effectively serve the Pierce County population and to reach out to disaffected populations including the homeless, Alzheimer's patients, Veterans, Latinos, and residents considering death with dignity."*

Providence Hospice of Seattle Rebuttal Comments

"Providence Hospice's Policies and Practices under the Death with Dignity Act

In an attempt to suggest that Providence Hospice will not be providing access to all residents of Pierce County, several applicants and members of the public claim that Providence Hospice will not care for patients who elect to exercise their rights under the Washington State Death with Dignity Act and, consequently, will allegedly not serve all patients in the County. This assertion is not only wrong but disturbingly misleading and demonstrates a lack of understanding of Providence Hospice, and hospice services more generally.

Providence Hospice provides comprehensive hospice services to patients who consider, and ultimately elect to exercise their rights under, the Death with Dignity Act (RCW Chapter 70.245),

and we have a clear policy to guide our caregivers in this situation. Contrary to the alarmist and inaccurate claims made in public comments, Providence Hospice will not abandon patients who exercise their rights under the Act and who remain under our care. We continue to provide care and support to patients who request hospice services, regardless of their stated interest in seeking physician-assisted death.

Across the Providence health care system, by policy and operational guidance, we strive to provide a welcoming environment and a trusting therapeutic relationship that is compassionate and non-judgmental. In hospice care, questions from patients about physician-assisted death are not uncommon — and we welcome those conversations. In responding, we seek to understand what brings people to inquire about hastening death, provide publicly available information, and do not obstruct people from pursuing their legal options. We focus on meeting patients' needs and improving the quality of their lives. We are committed to providing the best care possible to seriously ill patients and their families.

Providence Hospice's clinical staff are highly skilled in managing symptoms at the end of life and are very familiar with the Death with Dignity Act provisions. We actively engage with patients and families if they inquire about the Act in order to better understand their needs. Hospice team members are trained in communication skills to respond to questions respectfully, openly, and without judgment. We work actively to treat all symptoms of physical, emotional, and spiritual distress in keeping with hospice philosophy. We do not abandon patients who inquire about the Death with Dignity Act, or those who eventually choose to exercise their options under the Act. We continue to actively manage all symptoms of distress throughout the process, including responding to symptom management needs after ingestion of medications pursuant to the Act, if needed. Bereavement support is always available to family and community members.

In fact, on a regular basis Providence Hospice cares for hospice patients who are exercising their rights under the Death with Dignity Act. While Providence Hospice staff will not prescribe or dispense medication, assist in the completion of paperwork, or be present at the time of administration of the medication, there are several ways in which Providence Hospice continues to support our patients and their families. These include:

- *Engaging in discussions initiated by the patient with respect to physician-assisted death;*
- *Providing resources publicly available to the community, so that our hospice patients have appropriate access to those who can support them in their request, including informing patients that the End of Life Washington advocacy group can provide additional information;*
- *Providing the same level of hospice care, symptom management, and support as to any other patient and family;*
- *If the patient or their family requests a home visit following administration of the medication in order to address physical, emotional, and/or spiritual distress prior to the patient's death, or if there is a failed attempt and there are unmanaged symptoms, the hospice staff will assess the appropriateness of the request and make home visits to support the needs of the patient and/or of the family;*
- *Our hospice teams will, as they do in all cases, support the patient's family after the patient's death, including offering bereavement counseling and services.*

Therefore, contrary to the claims of several applicants and members of the public, patients who elect to exercise their rights under the Death with Dignity Act will have access to those services while in the care of Providence Hospice."

Signature Group Rebuttal Comments

"We would like to draw consideration to Signature's dedication and experience in providing secular health care and access to nondenominational spiritual support services. Signature has extensive experience with physician assisted death and Death with Dignity laws as our current hospice operations in Oregon have supported patients who chose to pursue death with dignity under the Oregon act. Faith based applicants are not able to serve all patients by honoring their legal and lawful right to pursue Washington's Death with Dignity act. We feel that this limitation does not allow the applicant to truly serve all patients in need of hospice. Although we included a copy of our Death with Dignity policy in the Public Comment, we have included it again on page 16 for ease of review by the DOH and the public."

Rebuttal comments were also provided by Dennis Barnes, Susan Young, and Carollynn Zimmers that focus on Washington State's Death with Dignity Act. Each of the rebuttal comments ended with a matching 'Summary and Conclusion' statement. While all rebuttal comments provided in the three separate submission are considered in this evaluation, for brevity of this evaluation, only the 'Summary and Conclusion' statement is restated below.

Dennis Barnes, Carollynn Zimmers, and Susan Young Rebuttal Comments

"Summary and Conclusions

1. *We support the approval of either the Envision or the Seasons application. In light of the Pierce County unmet need close to exceeding 70 ADC, we recommend approving both applicants. This approach will provide the greatest improvement to needed access by Pierce County hospice patients seeking to access the provisions of the Washington Death with Dignity Act.*
2. *The fact that CommonSpirit/CHI hospice currently has 70% of the market share means that an approval of either Seasons or Envision is not an "unnecessary duplication" but is, instead a "necessary duplication" of existing capacity because the CommonSpirit/CHI hospice does not today address the needs of patients requesting Death with Dignity.*
3. *The Providence application is seriously flawed and cannot be approved because it does not demonstrate financial feasibility or compliance with Medicare rules and Washington law:*
   a) *It does not provide any method for projecting volumes or related revenue.*
   b) *Despite its disdain for for-profit hospices, Providence provides the least amount of funding for charity care of all five applicants.*
   c) *Under the Structure and Process of Care criterion, Providence meets neither the requirement to comply with the COP's nor state law requiring it to provide the general public with information about its prohibiting its physicians from participating in Washington's Death with Dignity Act.*
4. *We recommend that the Department require as a condition of CON receipt that any agency approved provide a copy of the language in their policy that complies with the Medicare COP's and with Washington law requiring informing the public and informing patients of their rights regarding the Death with Dignity law."*

Department's Evaluation of Death with Dignity Topic Related to All Six Projects
Pertinent sections of RCW 70.245.190 are restated below.

RCW 70.245.190(1)(d) states:
"Only willing health care providers shall participate in the provision to a qualified patient of medication to end his or her life in a humane and dignified manner. If a health care provider is unable or unwilling to carry out a patient's request under this chapter, and the patient transfers his or her care to a new health care provider, the prior health care provider shall transfer, upon request, a copy of the patient's relevant medical records to the new health care provider." [emphasis added]

RCW 70.245.190(2)(a) states:
"A health care provider may prohibit another health care provider from participating under chapter 1, Laws of 2009 on the premises of the prohibiting provider if the prohibiting provider has given notice to all health care providers with privileges to practice on the premises and to the general public of the prohibiting provider's policy regarding participating under chapter 1, Laws of 2009. This subsection does not prevent a health care provider from providing health care services to a patient that do not constitute participation under chapter 1, Laws of 2009." [emphasis added]

[note: 'notify' and 'participate' in chapter 1, laws of 2009' are both defined in this sub-section.]

As noted in the underlined sections above, the assertion that *"Washington law requires providers not offering DwD to inform the public of that intent"* is an accurate statement. While RCW 70.245.190(1) does not require all hospice providers to offer these services, sub-section (2) above requires a provider that prohibits participation under RCW 70.245.190 to provide notification to both practicing providers associated with the agency and the public.

As a result, the department does not have the authority deny a Certificate of Need application if a provider chooses not to provide services under RCW 70.245. However, for those applications that are approved and choose not to provide services under RCW 70.245, the department could include a condition requiring the applicant to agree to adhere to RCW 70.245.190.

Continuum Care of Pierce County WAC 246-310-230(4) Conclusion
Continuum provided documentation that the department concluded meets this specific sub-criterion. Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the Continuum project would not result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is met**.

Envision Hospice of Washington WAC 246-310-230(4) Conclusion
Envision provided documentation that the department concluded meets this specific sub-criterion. Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the Envision project would not result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is met**.

The Pennant Group, Inc. WAC 246-310-230(4) Conclusion
While Pennant provided documentation specific to this sub-criterion, the department must also consider its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and previous sections of 230. The department concluded this project failed under WAC 246-310-220(1)

because the applicant did not provide for the project's third full year utilization assumptions or projected staffing figures. In addition, the department concluded this project failed under WAC 246-310-230(1) as well because of the missing third full year of staffing figures. For these reasons, the department concludes that approval of the Pennant project could result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met**.

Providence Health & Services-Washington WAC 246-310-230(4) Conclusion

Providence Health & Services provided documentation that the department concluded meets this specific sub-criterion. Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the Providence Health & Services project would not result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is met**.

AccentCare, Inc. WAC 246-310-230(4) Conclusion

AccentCare, Inc. provided documentation that the department concluded meets this specific sub-criterion. Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the AccentCare, Inc. project would not result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is met**.

Signature Group, LLC WAC 246-310-230(4) Conclusion

While Signature Group, LLC provided documentation specific to this sub-criterion, the department must also consider its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and previous sections of 230. The department concluded this project failed the need sub-criterion under WAC 246-310-210(1) and (2) because of unclear information regarding pediatric patients. The department also concluded this project failed under WAC 246-310-220(1) because the applicant provided revised pro forma statements within its rebuttal responses. For these reasons, the department concludes that approval of the Signature Group, LLC project could result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not 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.

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

- Continuum Care of Pierce LLC
- Envision Hospice of Washington, LLC
- Providence Health & Services-Washington dba Providence Hospice of Seattle
- AccentCare/Seasons, LLC
- Signature Group, LLC
- The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

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

Based on the source information reviewed, the department determines the following applicants **met the applicable cost containment criteria in WAC 246-310-240:**

- Providence Health & Services-Washington dba Providence Hospice of Seattle

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable cost containment criteria in WAC 246-310-240:**

- Continuum Care of Pierce LLC
- Envision Hospice of Washington, LLC
- The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County
- AccentCare, Inc./Seasons, LLC
- Signature Group, LLC

(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 each 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.

WAC 246-310-290(10) provides the following direction for review this sub-criterion of applications for hospice agencies. It states:

"In addition to demonstrating numeric need under subsection (7) of this section, applicants must meet the following certificate of need requirements:

(a) Determination of need under WAC 246-310-210;

(b) Determination of financial feasibility under WAC 246-310-220;

(c) Criteria for structure and process of care under WAC 246-310-230; and

(d) Determination of cost containment under WAC 246-310-240."

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria in WAC 246-310-290(11), which includes the superiority criteria used to compare competing projects and make the determination of the best alternative between two or more approvable projects.

Continuum Care of Pierce LLC

Step One

For this project, Continuum met the applicable review criteria, therefore the department moves to step two below.

Step Two

Continuum provided the following listed options it considered and a table detailing its rationale prior to submission of its project. [source: Application, pdf38-39]

- Do nothing,
- Establish a licensed only agency, and
- Undertake the project described in this application.

Applicant's Table

Table 10
Advantages and Disadvantages of Options Considered

	No Action	Licensed Only Hospice Agency	Establish Medicare Certified/Medicaid Eligible Hospice Agency
Patient Access to Health Care Services	No ability to improve access, especially for the underserved described in earlier section of this application.	A licensed only in-home services agency with a hospice service category would not address the majority of access issues because Medicare would not be a payer, and Medicaid requires Medicare certification for contract eligibility	Greatest ability to address current gaps, especially related to underserved populations and meeting need per methodology in WAC 246-310-290.
Capital Cost	No capital	Low capital cost (just over $100,000)	Low capital cost (just over $100,000)
Legal Restrictions	None	None	Certificate of Need required
Staffing Impacts	None	Requires additional staff, but fewer at the skilled level than a Medicare certified agency would	Requires highest level of additional staff, but still a relatively small number of staff.
Quality of Care			Ability to provide a high quality hospice option for Pierce County residents.
Cost or Operation Efficiency	None	Some efficiencies but licensed only entities cannot provide the same level of service as a Medicare certified/Medicaid agency.	

Source: Applicant

Public Comment

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County – Oppose [source: pdf4]

"*Continuum, like all applicants, was asked to, 'Identify all alternatives considered prior to submitting this project. At a minimum include a brief discussion of this project versus no project.' Though they listed some alternatives, Continuum provided no discussion. The CN department is left with nothing to identify that Continuum is the best available project for Pierce County.*"

Rebuttal Comment
Continuum Care of Pierce LLC Rebuttal Comment [source: pdf19-20]
"***E. Continuum considered a number of alternatives, and we are the best alternative project for Pierce County for a number of reasons that are outlined in the application.***
Symbol suggests that the Cost Containment section of the Continuum application does not allow the Program to determine that 'Continuum is the best available project for Pierce County'. To the contrary, the record is filled with information regarding why Continuum is the best alternative. This includes our member's ability to start up rapidly in Snohomish County, our commitment to the underserved, our expansive scope of services, and our high quality, to name a few."

Department Evaluation
The numeric methodology demonstrated need for one agency in Pierce County. The applicant provided information to demonstrate its project would meet all review criteria to establish Medicare and Medicaid-certified hospice services in Pierce County.

Pennant provided comment suggesting that Continuum did not provide a discussion as to why its selected project is the best alternative for the applicant, as requested by the application form. However, Continuum did provide brief analysis in its Table 10. Continuum rebutted this comment restating some of its project's key points.

Based on this information, the options rejected by Continuum are appropriate. The department did not identify any superior alternative for this applicant in terms of cost, efficiency, or effectiveness that is available or practicable.

Continuum provided a comprehensive rationale regarding the appropriateness of its project based on the need in Pierce County, low capital cost, and potential to increase quality. The department concludes approval of Continuum's application can be considered an available alternative for Pierce County. **This sub-criterion is met.**

Envision Hospice of Washington, LLC
Envision provided the following options considered and an analysis of the options prior to submitting its project. [source: Application, pdf40-44]
"*Generally, capital costs are not applicable to hospice patients because services are delivered in the patient's in the community and not in a facility and required office space is generally for the administrative staff and does not require special facilities. In terms of selecting how to add capacity; an important factor is staffing, particularly nurse staffing during this staff shortage period. Any strategy that improves staffing efficiency would be advantageous.*

The alternatives Envision Hospice of Washington, LLC considered in developing this proposed project included:

- *Postponing action*
- *Acquisition vs. start-up*
- *Implementing the Project through a new start-up*
- *Adding Pierce County to the existing hospice agency*

Postponing Action

Need:

Postponing action has already been determined to be an inferior alternative. There is need for one additional hospice in Pierce County based on the 2020-21 Hospice Need Methodology. The 2019-2020 methodology projected a 2021 Need for a 60-patient average daily census. The 2020-21 methodology projected a 2021 Need for a 40-patient average daily census. In short holding population constant, actual utilization of hospice services decreased due to postponement in adding services, resulting in a reduction of a 20-patient average daily census when projected to this year.

Financial Feasibility:

Postponing action when there is need and when the capital and operating costs of other alternatives is minimal is unwarranted. The lack of choice and availability has depressed utilization of services.

Structure and Process of Care:

Since there is need for a new agency and postponing action has been demonstrated to reduce utilization; postponing action cannot be justified particularly when several alternatives only require variable hospice staffing and Envision has demonstrated expertise in recruiting staff.

Cost Effectiveness:

Washington State is committed to the Triple Aim and even adding the fourth leg of the stool -- reducing disparity. Not providing additional resources results in hospice services in Washington State making no progress in Pierce County in terms of the Triple Aim of improving health, health care and managing costs.

Acquisition versus Start-Up of New Hospice Agency

Need:

There is need for one additional hospice in Pierce County based on the 2020-21 Hospice Need Methodology. Comparing 2021 Need using the 2019-20 and 2020-21 need methodologies shows that existing provider capacity in 2021 decreased by 42 patients.

Financial feasibility:

Since Envision found that no acquisition was available at this time, a financial feasibility analysis could not be undertaken. Even if an acquisition opportunity was available, the capital costs of acquisition would exceed the proposed alternative since there is no working capital required, and the capital expenditure for the project are only $7,000. These costs would easily be offset by the fixed lease expense for an existing agency because no additional space is required for other Envision alternatives.

Structure and Process of Care:

Since Envision has approved and operating hospices throughout the Puget Sound area, there would be no advantages in terms of developing ancillary support agreements. The same relationships could be maintained for a separate Pierce County agency. Direct staffing would probably be neutral between either a new hospice agency or an extension of an existing hospice agency to a new county; particularly since the hospice service location for serving Pierce County under either models would remain unchanged – offices are maintained in Pierce County.

Cost Effectiveness:

This approach could increase overall Envision administrative costs when compared with just adding a county to the existing Envision Hospice of Washington, LLC agency. Envision has already determined that its most effective model is to operate one hospice agency in the Puget Sound area with individual county-based certificate of need approved counties.

Establishing a new Hospice Agency to Serve Pierce County

Need:

There is need for one additional hospice in Pierce County based on the 2020-21 Hospice Need Methodology. This alternative would meet that need.

Financial feasibility:

This alternative is feasible. Working capital start-up costs would be required for this alternative of adding Pierce County to the existing Envision Hospice of Washington, LLC agency because certification approval time and efforts would delay the agency anticipated start up time by an estimated 3 months. Capital costs would remain the same at $7,000 and other fixed expenses such as lease cost would remain unchanged. Administrative staff costs could be higher under this alternative either at the Envision Home Health of Washington or the Envision Hospice of Washington level for maintaining two separately licensed and certified hospice agencies operated by Envision in the Puget Sound area.

Structure and Process of Care:

Since Envision has approved and operating hospice services throughout the Puget Sound area, there would be no advantages in terms of developing ancillary support agreements. Staffing efficiencies would be lower since Envision has another Pierce County alternative that would reduce administrative overhead of an independent agency. There would be little difference in direct care staffing since that is variable based on volume.

Cost Effectiveness:

This approach does not reduce overall Envision administrative costs when compared with adding a service area to an existing agency in Pierce County. This option would take longer to implement than adding a county to the existing Envision agency since certification time would be added to the development schedule. Either operating a new Envision hospice agency or providing hospice services to Pierce County residents with the existing Envision Hospice of Washington agency adds equal choice for residents at no loss in cost effectiveness given that the Program has determined a Need for an additional agency; Envision already has office space available in Pierce County and the central administrative staff is housed in Thurston County.

Adding Pierce County to Envision Hospice of Washington, LLC

Need:

There is need for one additional hospice in Pierce County based on the 2020-21 Hospice Need Methodology. This alternative would meet that need. More importantly, this alternative adds hospice service availability earlier than establishing an entirely new agency by reducing time required for certification.

Capital costs:

The capital expenditure costs of $7,000 to add Pierce County to Envision Hospice of Washington, LLC are minimal, and there are no working capital requirements.

Structure and Process of Care

Adding Pierce County to the existing agency minimizes staffing costs since most costs are related to the volume of services provided. Since Envision has approved and operating hospices throughout the Puget Sound area, there would be no advantages in terms of developing ancillary support agreements since the same relationships could be maintained for a separate Pierce County agency or this option. Direct staffing would probably be neutral between either a new hospice agency or an extension of an existing hospice agency to a new county. This is particularly the case since the

hospice service location for serving Pierce County under either model would remain unchanged – offices are maintained in Pierce County.

Cost Effectiveness:

Adding a service area to an existing agency in Pierce County will reduce overall Envision administrative costs when compared to operating a new Envision hospice agency. Adding a county to the existing Envision Hospice of Washington agency adds choice for residents and does so more expeditiously by reducing start up times necessary for certification; and at no loss in cost effectiveness given that the Program has determined a Need for an additional agency; Envision already has office space available in Pierce County and the central administrative staff is housed in Thurston County.

Alternatives Summary

Considering the alternatives available in light of the criteria above, the advantages and disadvantages taken together make it clear that adding the Pierce County service area to the Envision Hospice of Washington, LLC agency is the best alternative."

Public Comment

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County – Oppose [source: pdf5]

"*Without the shared staffing percentages and costs between the Thurston and Pierce operations, cost containment cannot be determined.*"

Envision Hospice of Washington Rebuttal Comment [source: pdf27]

"***Envision Response to Issue 1:*** *Envision did show the percentages of shared costs and staffing that the Pierce service area expansion will be responsible for compared to its Thurston operation.*

Cornerstone states that because Envision did not show the percentages of shared costs and staffing the Program cannot determine financial feasibility without these percentages. However, Envision did provide detailed percentages of shared costs and staffing for the Pierce County Pro Forma in Appendix L, pages 202 – 205 covering all shared cost items and staffing. ***Since Envision did provide detailed assumptions, we assume that Cornerstone would support the financial feasibility of the Envision project.***" [**emphasis** in original]

Department Evaluation

The numeric methodology demonstrated need for one agency in Pierce County. The applicant provided information to demonstrate its project would meet all review criteria to establish Medicare and Medicaid-certified hospice services in Pierce County.

Comment was provided by Pennant referring to perceived errors in underlying assumptions for shared costs between its separate operations. Envision appropriately rebutted this information, which the department was able to confirm.

Based on this information, options rejected by Envision are appropriate. The department did not identify any superior alternatives for this applicant in terms of cost, efficiency, or effectiveness that is available or practicable.

Envision provided a comprehensive rationale regarding the appropriateness of its project based on the need in Pierce County, minimal capital costs, efficiency of staffing, and overall administrative costs. The department concludes approval of Envision's application can be considered an available alternative for Pierce County. **This sub-criterion is met.**

The Pennant Group, Inc., dba Puget Sound Hospice of Pierce County

For this project, Pennant did not meet all the applicable review criteria under WAC 246-310-220 and WAC 246-310-230. Therefore, the department does not further evaluate this project under WAC 246-310-240.

Providence Health & Services-Washington dba Providence Hospice of Seattle

The applicant provided the following information regarding alternatives considered prior to submission of this application. [source: Application, pdf56-61]

"As part of its due diligence, and in deciding to submit this application, Providence Hospice explored the following alternatives:

1. *Alternative 1: Status quo: do nothing or postpone action*
2. *Alternative 2: The requested project: seek CN approval for a hospice agency*
3. *Alternative 3: Acquire an existing hospice agency in Pierce County*
4. *Alternative 4: Partner and create a joint venture and seek CN approval for a hospice agency*

The four alternatives were evaluated using the following decision criteria: access to hospice services; quality of care; cost and operating efficiency; staffing impacts; legal restrictions; and capital costs. Each alternative has been evaluated to identify its advantages (A), disadvantages (D), and neutrality (N). Based on the decision criteria, it is clear that the requested project — seek CN approval to operate a Medicare certified and Medicaid eligible hospice agency to serve residents of Pierce County — is the best option. Please see Tables 21-24 below for a thorough analysis of alternatives, including the alternative of project versus no project (do nothing)."

Applicant's Table 21 Alternative 1: Do Nothing or Postpone Action

Decision Making Criteria	Analysis
Access to Healthcare Services	Maintaining the status quo does nothing to address the quantitative need for an additional hospice agency in the Pierce County Planning Area. It does not address the access to care issues that currently exist. There is no advantage to maintaining the status quo in terms of improving access. (D)
Quality of Care	There is no advantage from a quality of care perspective. (N) Maintaining the status quo will continue to drive shortages in access to hospice services. Over time, as access is constrained, there will be adverse impacts on quality of care if Planning Area physicians and their patients cannot find adequate access to hospice services. (D)
Cost & Operating Efficiency	With this option, there would be no impacts on costs. (N) The principal disadvantage is that by maintaining the status quo, there would be no improvements to cost efficiencies. (D)
Staffing Impacts	The principal advantage is the cost avoidance of hiring/employing additional staff. (A) The status quo will not provide opportunities for local job growth and economic development. (D)

Legal Restrictions	There are no legal restrictions to continuing operations as presently. (A)
Capital Costs	There are no capital costs to continuing operations as-is (A)
Final Assessment	**This alternative was not selected.** It does not improve access to health care services, drive cost and operating efficiencies, or provide opportunities for local job growth and economic development. It also may have a detrimental impact on quality of care.

Applicant's Table 22 Alternative 2: Requested Project

Decision Making Criteria	Analysis
Access to Healthcare Services	The requested project meets current and future access issues identified in the Pierce County Planning Area. It increases access to care. (A) From an improved access perspective, there are no disadvantages. (A)
Quality of Care	The requested project meets and promotes quality and continuity of care in the Planning Area. (A) From a quality of care perspective, there are no disadvantages. (N)
Cost & Operating Efficiency	This option allows Providence Hospice to better utilize and leverage fixed costs, and spread those fixed costs over a larger service area and set of services. (A) From a cost and operational efficiency perspective, the project may incur minimal operating expense losses in the early startup period before it reaches sufficient volume to cover fixed and variable costs. (D)
Staffing Impacts	This option creates new jobs, which benefits the Planning Area and provides opportunities for the specialization of staff dedicated to efficient delivery of hospice services. (A) From a staffing impacts perspective, there are no disadvantages as Providence Hospice has a solid track record of being able to hire and retain high quality staff. (N)
Legal Restrictions	The principal advantage would be allowing Providence Hospice staff to immediately provide hospice services to Pierce County residents. This will improve access, quality, and continuity of care. (A) The principal disadvantage is that it requires CN approval, which requires time and expense. (D)
Capital Costs	There are no capital costs to for the proposed project (A)
Final Assessment	**This alternative (the proposed project) was selected.** It improves access to health care services, promotes quality and continuity of care, leverages existing fixed costs, promotes job growth and economic development, and requires no capital investment. It can be executed immediately and does not face any adverse or onerous legal or regulatory requirements.

Applicant's Table 23 Alternative 3: Acquisition of an Existing Hospice Agency in Pierce County

Decision Making Criteria	Analysis
Access to Healthcare Services	The principal disadvantage is that an acquisition would not necessarily add additional capacity for hospice services in Pierce County Planning Area when compared to Alternative 2 and Alternative 4 (D). As far as we are aware, there are no existing hospice agencies in Pierce County that are open to acquisition (D)
Quality of Care	This option meets and promotes quality and continuity of care issues in the Planning Area. (A) From a quality of care perspective, there are no disadvantages - assuming the existing hospice agency does not have any quality of care issues. (N)
Cost & Operating Efficiency	Acquisition of an existing hospice requires considerable upfront costs as part of the purchase and due diligence. (D) An acquisition will require significant work in regard to bringing the new entity onto the Providence Hospice platform. For example, this would include ensuring consistent instances of the Epic electronic health record are in place, and ensuring that staff training and protocols are consistent between Providence Hospice and the new entity. (D)
Staffing Impacts	The only advantage from a staffing perspective is that the staff from the existing agency is already in place. (A) This option potentially creates no new jobs, which does not promote job growth and economic development in the Planning Area. (D)
Legal Restrictions	There are no advantages from a legal restriction's perspective. (N) The principal disadvantage is that an acquisition takes considerable time and resources to conduct full due diligence assessment prior to the acquisition. (D)
Capital Costs	There are likely capital costs associated with an acquisition of an existing agency, potentially adding to an increase of the overall costs of care (D)
Final Assessment	**This alternative was not selected. I**t does not improve access to health care services, may add additional costs and efforts related to acquiring an existing provider, and requires considerable time and resources related to legal and due diligence requirements. Finally, we are not aware of any existing hospice providers that are open to acquisition.

Applicant's Table 24 Alternative 4: Create a Joint Venture & Seek CN Approval

Decision Making Criteria	Analysis
Access to Healthcare Services	Depending on the partnership, this alternative would have the potential to meet current and future access issues identified in the Pierce County Planning Area. (A) Partnering with another entity should not adversely impact access to services under the assumption that the project would remain similar to the proposed project. (N)
Quality of Care	Partnering with another entity will not likely adversely impact quality of care when compared to the proposed project, although it adds additional layers of operational complexity. (N)
Cost & Operating Efficiency	A partnership would increase operating complexity and may add other partnership-related costs. In this scenario, costs may increase due to additional efforts required to establish the governance and ownership

	structure, establish a new staffing structure, and accommodate partner preferences about how to deliver care. (D)
Staffing Impacts	Partnering with another entity would create less staffing flexibility from the perspective of Providence Hospice. In this scenario, Providence Hospice would have to build and establish additional management processes and structures, and may have to negotiate new compensation benefit packages for clinical staff. (D)
Legal Restrictions	Partnering with another entity introduces a high degree of operational complexity. Under this scenario, a new governance structure would have to be established along with obtaining agreement on operational processes. (D) The principal disadvantage is that it requires CN approval, which requires time and expense. (D)
Capital Costs	It is unclear if there would be capital costs associated with a JV, as a JV may include purchasing an existing provider or may simply require an extension of our existing agency in King County (N)
Final Assessment	It is unclear if there would be capital costs associated with a JV, as a JV may include purchasing an existing provider or may simply require an extension of our existing agency in King County (N)

There were no public comments or rebuttal comments related to this sub-criterion.

Department's Evaluation

The numeric methodology demonstrated need for one agency in Pierce County. The applicant provided information to demonstrate its project would meet all review criteria to expand its Medicare and Medicaid-certified hospice services into Pierce County.

Based on this information, options rejected by Providence are appropriate. The department did not identify any superior alternatives for this applicant in terms of cost, efficiency, or effectiveness that is available or practicable.

Providence also provided a comprehensive rationale regarding the appropriateness of its project based on the need in Pierce County, minimal capital costs, efficiency of staffing, and overall administrative costs. The department concludes approval of this application can be considered an available alternative for Pierce County. **This sub-criterion is met.**

AccentCare, Inc./Seasons

AccentCare, Inc./Seasons provided the following information related to alternatives considered. [source: Application, pdf90-91]

"Seasons Pierce County is responding to the Department of Health's 2020 methodology documenting a need for an additional hospice agency to serve residents of Pierce County. Any alternative that does not include adding a program in Pierce County does not address the unmet need identified by the Department of Health.

Regardless of need, the only alternative in a state that requires CN is to acquire an existing hospice agency. However, no opportunities to purchase an existing agency have been identified. Establishing new hospice agencies in areas where they are needed most, such as Pierce County, Washington, the principals of Seasons Hospice & Palliative Care are able to continue the mission

of honoring life and offering hope to the terminally ill and their families. As business opportunities increase, so do the benefits the companies offer to the communities they serve.

Government limitations on the establishment of new hospice agencies through the CN program determines the number needed to serve the planning area. In Pierce County need was announced for an additional hospice agency to meet future need. Regardless of the inability to identify an existing hospice agency willing to sell its operations, not establishing additional capacity limits service, and therefore limits access and quality of health care to the community.

Hospice care reflects a highly personalized and specialty managed regimen of services. End of life care requires personal interactions among medical and nursing professionals, the patient, the family, significant others and volunteers aligned to meet the last wishes of the patient for a painless experience during the process of dying. Sensitivity, compassion, attention to detail, managing emotions and reactions, and producing comfort form a hallmark of hospice care.

As discussed previously, racial and ethnic disparities in accessing hospice care are seen in Pierce County. Seasons Pierce County believes it can overcome many of the cultural barriers through its proposed outreach efforts, diversity in staffing, and programs developed to overcome such racial and ethnic barriers. This is based on the experience of Seasons Hospice affiliates throughout a diverse range of communities across the nation. Furthermore, a recent article, Closing the Gap in Hospice Utilization for the Minority Medicare Population, concludes that "the prevalence of for-profit hospices was associated with significantly increased hospice utilization among racial/ethnic minorities." The article provides evidence that while racial and ethnic disparities in hospice care exist, for-profit hospices enroll more minorities, which in turn leads to increased access and overall lower healthcare costs. A copy of this article is found in Exhibit 11.

As the methodology in use by the Department of Health demonstrates, the current capacity of hospices serving the market is 3,740, lower than the forecast of 4,131 by CY 2022. The import of the methodology shows that without program expansion, existing providers' program growth lags the future forecast, limiting patient access. Approval of a new hospice program spurs market growth through innovations and new services, thereby improving access and quality of care.

Capital cost outlays are small relative to establishment of a new healthcare facility, as the service for hospice care is delivered in home. Seasons Pierce County's hospice agency is funded with $2 million in cash to furnish and equip office space and fund initial operating deficits during the startup period. The program reaches a breakeven point during the second full year of operations, CY 2024. Moreover, as indicated in the above referenced article, increasing access to minorities, an under-served population, lowers Medicare costs, with an average savings of approximately $2,105 per Medicare hospice enrollee. Overall, this leads to improved access and quality of life while producing a cost savings.

Furthermore, Seasons Pierce County addresses staffing issues in Section C, Structure and Process (Quality) of Care, Question #9, pages 76-83, and is not repeated here. Recruitment and retention efforts, along with education and outreach efforts ensure a strong workforce results with establishment of Seasons Pierce County. Therefore, the impact on staffing is positive as development opportunities increase for the healthcare workforce.

Overall, approval of Seasons Pierce County's hospice program for Pierce County is consistent with the Department's need methodology, assures residents of Pierce County with ongoing access to quality hospice services, and improves job opportunities for nursing and social services. The only alternative to establish a new hospice agency is to purchase an existing hospice, but limited availability excludes this alternative."

There were no public comments or rebuttal comments related to this sub-criterion.

Department's Evaluation

The numeric methodology demonstrated need for one agency in Pierce County. The applicant provided information to demonstrate its project would meet all review criteria to establish Medicare and Medicaid-certified hospice services in Pierce County.

AccentCare, Inc./Seasons did not provide a listing of alternatives it considered prior to submission of this application. Rather the applicant noted that submission of an application is required to fill any need in the planning area and provided extensive information about this project and why this application should be considered the best alternative for the county.

AccentCare, Inc./Seasons did provide comprehensive rationale regarding the appropriateness of its project based on the need in Pierce County, minimal capital costs, efficiency of staffing, and overall administrative costs. The department concludes approval of this application can be considered an available alternative for Pierce County. **This sub-criterion is met.**

Signature Group, LLC

For this project, Signature Group, LLC did not meet all the applicable review criteria under WAC 246-310-210, WAC 246-310-220, and WAC 246-310-230. Therefore, the department does not further evaluate this project under WAC 246-310-240.

(2) In the case of a project involving construction:
(a) The costs, scope, and methods of construction and energy conservation are reasonable;
(b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.

None of the applicants' proposals required construction. Therefore, this sub-criterion does not apply to any of these projects.

(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.

Continuum Care of Pierce LLC

In response to this sub-criterion, Continuum provided the following statements. [Source: Application, pdf40]

"*Hospice care has been demonstrated to be a cost-effective service. Patients that choose to enroll in hospice largely forego curative treatment and opt for comfort care and symptom management, which are significantly lower cost options that produce better care for patients. A study published in the*

March 2013 Health Affairs found that hospice enrollment saves money for Medicare and improves care quality for Medicare beneficiaries. Researchers at the Department of Geriatrics and Palliative Medicine at the Icahn School of Medicine at Mt. Sinai looked at the most common hospice enrollment periods: 1 to 7 days, 8 to 14 days, 15 to 30 days, and 53 to 105 days. Within all enrollment periods studied, hospice patients had significantly lower rates of hospital and intensive care use, hospital readmissions, and in-hospital death when compared to the matched non-hospice patients. The study found savings to Medicare for both cancer patients and non-cancer patients. It also found that savings grow as the period of hospice enrollment lengthens.

In terms of staffing, hospice fosters efficiency by allocating scarce RN and other resources to those most in need. For example, instead of a patient requiring a 1:1 ratio in the ICU, the patient is at home with nursing resources to provide comfort care."

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

Department Evaluation

Based on the information provided above, including WAC 246-310-220(2), the department concludes **Continuum meets this sub-criterion**.

Envision Hospice of Washington, LLC

In response to this sub-criterion, Envision provided the following statement. [source: Application, pdf44]

"*The Envision response to Question 10 in the Project Description section provides an overview of improvements and innovations in service delivery that foster cost containment, quality assurance and cost effectiveness*."

Following is Envision's response to question 10 in the Project Description section. [source: Application, pdf13-15]

"*Hospice services will be provided to patients requiring end-of-life care; Medicare hospice patients are those terminally ill patients with a life expectancy of 6 months or less.*

Many of these patients will be end-stage cancer patients. The remainder of the patients will have terminal conditions related to a variety of diagnoses. Please see the table at Question 5 in the Need Section below for a percentage breakdown of estimated diagnostic mix for Pierce County. The majority of patients will be over age 75. However, Envision will adhere to its Patient Admission Criteria, including Procedure 5, which states that care will be provided to all patients who can benefit, regardless of age.

Patients receiving in-home care will include not only those still living in their own private homes but also those who are residents of nursing homes, adult family homes and assisted living facilities.

Hospice services will be provided to patients requiring end-of-life care; Medicare hospice patients are those terminally ill patients with a life expectancy of 6 months or less.

The proposed hospice will provide care to patients regardless of the source or availability of payment for care.

Care will be provided to all patients regardless of culture, language, or sensory disability. Where needed, interpretive services and assistive communication methods and technologies will be used.

As discussed above, the depth and breadth of hospice services reflect four Envision service goals beyond the core capabilities of a Medicare- certified hospice. A number of these goals emphasize special or tailored outreach and services to special populations in Pierce County: The underlined items below indicate those special populations that Envision's program detail addresses specifically:

Goal 1: Respond with focused capabilities to specific clinical groups with special needs, in particular:
- *c. Patients with Alzheimer's or other dementias and their caregivers*
- *d. Support to 'pre-hospice' patients with advanced care planning & palliative care*

Goal 2: Making hospice care as accessible as possible to groups living in the broadest array of settings including:
- *g. Telemedicine at home*
- *h. Residents of assisted living facilities*
- *i. Residents of adult family homes*
- *j. Residents of nursing homes*
- *k. Homeless outreach*
- *l. Mobile outreach clinics*

Goal 3: Respond to specific cultural and demographic groups with appropriate and relevant communications and care with programming emphasis on:
- *c. Veterans*
- *d. Latinos and Spanish-speaking residents*

Goal 4: Reducing suffering through availability of:
- *d. Excellence in palliative care*
- *e. 'Your Hand in Mine' for persons dying alone*
- *f. Death with Dignity for persons requesting it*

For cultural and ethnic minorities, language is a key barrier to optimum hospice care but not the only one. Cultural norms and traditions surrounding illness, death, and dying are major factors in outreach and care. In setting goals for cultural competence, Envision Hospice of Washington determined that a focused effort on a cultural group with large numbers in Pierce County will be the most effective use of resources. It examined Pierce County demographics, census information and hospice utilization. Envision Hospice concluded that the large size, cultural differences, and increasing diversity of the Pierce County Latino population merits a program of special emphasis and resources in Envision hospice outreach and care.

Fortunately, the National Hospice and Palliative Care Organization has developed useful materials for guiding the development of such a program. More detailed description of Envision's approach is provided in Envision Hospice's 'Pierce County Program Detail."

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

Department Evaluation
Based on the information provided above, including WAC 246-310-220(2), the department concludes **Envision meets this sub-criterion**.

Providence Health & Services-Washington dba Providence Hospice of Seattle
Provident provided extensive information under this sub-criterion related to the following topics:

- Support for the Financing of Hospice Services;
- Innovations in Delivery of Health Care Services;
- Promoting Quality of Care and Quality Assurance; and
- Promoting Cost Containment and Cost-Effectiveness.

While the information is not restated in this evaluation, all information is considered in this review. [source: Application, pdf62-67]

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

Department Evaluation
Based on the information provided above, including WAC 246-310-220(2), the department concludes **Providence meets this sub-criterion**.

AccentCare, Inc./Seasons
AccentCare, Inc./Seasons provided the following information under this sub-criterion. [source: Application, pdf92]
"Increasing availability and access to hospice care through the introduction of a new hospice agency or agencies within the planning area has a positive effect on cost containment. As the majority of hospice care is reimbursed by Medicare and Medicaid, charges are limited by the reimbursement rates and program limits. As discussed previously in response to Section B, Financial Feasibility, Question #8, pages 66-67, cost efficiencies and improved quality of life are demonstrated with increased hospice use. The cited articles documenting cost containment and quality assurance appear in Exhibit 18 in the Appendix.

The numerous programs and services of Seasons Pierce County described in detail in Section II, Project Description, pages 8-14 and in response to Question #7, pages 16-30, demonstrate the innovative ways in the delivery of hospice service. The applicant's commitment to seeking Joint Commission accreditation and adherence to conditions of participation in the Medicare and Medicaid programs demonstrate the program's ability to deliver quality care. Therefore, quality, choice, and cost effective care results with approval of Seasons Pierce County. The new hospice agency will increase the number of hospice enrollments and provide a diverse array of services to improve quality of life for terminally ill residents of Pierce County."

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

Department Evaluation
Based on the information provided above, including WAC 246-310-220(2), the department concludes **AccentCare, Inc./Seasons meets this sub-criterion**.

WAC 246-310-290(11) Superiority Evaluation
As previously stated in the evaluation, the numeric methodology projects need for one additional hospice agency in Pierce County. Of the six applications reviewed, four qualify for approval. WAC 246-310-290(11) identifies the criteria and measures used to compare these applications.

The department requested that all applicants provide documentation to support approval of their agency assuming a superiority review would be required. This section of this evaluation will restate the criteria in the rule, identify the data used to compare the remaining projects, and include a table showing the scoring of each project. All applicants provided information to support why their project should be considered the best available alternative. Their full comments are available in the application record. The document showing the superiority review is attached as Appendix B to this evaluation. Source data used for this superiority evaluation consists of each applicant's project materials and publicly available data compiled by CMS available from the CMS website at: *https://data.cms.gov/provider-data/topics/hospice-care*

(i) Improved service to the planning area;
This measure requires the department to evaluate which, if any, of the projects would represent improved service to the planning area. The department used publicly available data from CMS to compare historical performance at agencies owned/operated by the applicants to the performance of the existing providers in the planning area. Each applicant provided a listing of all hospice agencies they own and operate nationwide – the averages of the scores received by all of these agencies were applied.

Two datasets were used. One, titled "*CAHPS Hospice Survey*" includes survey responses in which patients and families reported on good communication, pain and symptom management, training assistance, timely help, respectful behavior, and over all ranking of the agency. The other, titled "*Hospice Item Set*" includes measures regarding the agency's performance in screening and treating for different conditions, offering treatment preferences, addressing the patient's beliefs and values, and a comprehensive assessment measure. The department used eight measures from each report for a total of sixteen. If an applicant's historical performance outscored the existing providers in the planning area on more than half of the measures, they are eligible to receive a point. Following is a summary of the measures counted for either an applicant or Pierce County providers.

Applicant	Count Applicant	Count County	Ratio Applicant/Total
Continuum	8	8	50.00%
Envision	13	3	81.25%
Providence	13	3	81.25%
Accent/Seasons	7	9	43.75%

Envision and Providence each receives a point in this section.

Department's Superiority Review Cumulative Table 24-A

246-310-290(11)	Continuum	Envision	Providence	Accent/Seasons
(i)	0	1	1	0
Point Total	**0**	**1**	**1**	**0**

(ii) Specific populations including, but not limited to, pediatrics;

This measure requires the department to evaluate which, if any, of the projects would serve specific populations. Any applicant that proposes to serve specific populations is eligible to receive a point. All applicants provided information regarding specific populations they intend to serve, following is a summary by applicant.

Applicant	Specific Population(s)	Source
Continuum	African American, Asian, Native American, low-income, dually eligible, LGBTQ, homeless, veterans, and pediatric.	Application, pdf14-18 Screening response, pdf3-4 and pdf7
Envision	Homeless, Latino and Spanish-speaking, veterans, and patients residing in nursing homes and assisted living facilities.	Application, pdf11
Providence	Pediatric, veterans, ESRD patients, minorities, low-income, dually eligible, LGBTQ, and homeless.	Application, pdf29-30
Accent/Seasons	Homeless, minorities, elderly, children low-income, dually eligible, LGBTQ, patients residing in nursing homes & assisted living facilities.	Application, pdf56 & pdf94

Each applicant is awarded a point.

Department's Superiority Review Cumulative Table 24-B

246-310-290(11)	Continuum	Envision	Providence	Accent/Seasons
(i) Points from above	0	1	1	0
(ii)	1	1	1	1
Point Total	**1**	**2**	**2**	**1**

(iii) Minimum impact on existing programs;

This measure requires the department to evaluate how the applicants would impact existing programs in the planning area. Any applicant that proposes to exceed the unserved patient volumes from the need methodology would not be eligible to receive a point. Applicants whose project does not propose to impact existing programs would be eligible to receive a point. Following is a summary of each applicant's projected admissions in its third full year of operation relative to how many are projected by the department's methodology if it is extrapolated.[58]

[58] A demonstrative methodology is available in Appendix B, solely for use in superiority evaluation. Not for use in WAC 246-310-210(1).

Applicant	Year Three	Projected Admits	Source	Methodology Extrapolated
Continuum	2025	413	Application, pdf13	856
Envision	2024	365	Application, Apdx J	701
Providence	2024	271	Application, pdf22	701
Accent/Seasons	2025	300	Application, pdf41	856

Each applicant is awarded a point.

Department's Superiority Review Cumulative Table 24-C

246-310-290(11)	Continuum	Envision	Providence	Accent/Seasons
(i) Points from above	0	1	1	0
(ii) Points from above	1	1	1	1
(iii)	1	1	1	1
Point Total	**2**	**3**	**3**	**2**

(iv) Greatest breadth and depth of hospice services;

This measure requires the department to evaluate which applicant(s) would offer the greatest breadth and depth of services. The four remaining applicants provided documentation that they would provide a number of services beyond those required by CMS for hospice. The department will not opine on the value of one service over another for the purposes of scoring. Any applicant that proposes to provide services beyond those required by CMS is eligible to receive a point. For these four projects, each applicant is awarded a point.

Department's Superiority Review Cumulative Table 24-D

246-310-290(11)	Continuum	Envision	Providence	Accent/Seasons
(i) Points from above	0	1	1	0
(ii) Points from above	1	1	1	1
(iii) Points from above	1	1	1	1
(iv)	1	1	1	1
Point Total	**3**	**4**	**4**	**3**

(v) Published and publicly available quality data.

This measure requires the department to evaluate using published and publicly available quality data. The department used publicly available data from CMS to compare historical performance at agencies owned/operated by the applicants. Each applicant provided a listing of all hospice agencies they own and operate nationwide – the averages of the scores received by all of these agencies were used. Two datasets were used. One, titled "*CAHPS Hospice Survey*" (CAHPS) includes survey responses in which patients and families reported on good communication, pain and symptom management, training assistance, timely help, respectful behavior, and over all ranking of the agency. The other, titled "*Hospice Item Set*" (HIS) includes measures regarding the agency's performance in screening and treating for different conditions, offering treatment preferences, addressing the

patient's beliefs and values, and a comprehensive assessment measure. The department used eight measures from each report for a total of sixteen measures. Each of these measures has a score out of 100. The total scores were summed for each applicant. Only the highest scoring applicant will receive a point. Following is a summary of the totaled scores by applicant.

Applicant	CAHPS	HIS	Total Score
Continuum	633.00	790.70	**1,423.70**
Envision	638.00	800.00	**1,438.00**
Providence	657.77	788.20	**1,445.97**
Accent/Seasons	627.26	779.88	**1,407.13**

Providence's score is highest and receives the final point.

Department's Superiority Review Cumulative Table 24-E

246-310-290(11)	Continuum	Envision	Providence	Accent/Seasons
(i) Points from above	0	1	1	0
(ii) Points from above	1	1	1	1
(iii) Points from above	1	1	1	1
(iv) Points from above	1	1	1	1
(v)	0	0	1	0
Point Total	**3**	**4**	**5**	**3**

As shown in the table directly above, Continuum was awarded 1,423.70 points; Envision was awarded 1,438.00 points; Providence was awarded 1,445.97 points; and Accent/Seasons was awarded 1,407.13 points. Based on this superiority review, **the department concludes that Providence is the best available alternative for Pierce County.**

APPENDIX A

Department of Health
2020-2021 Hospice Numeric Need Methodology
Posted October 30, 2020

WAC246-310-290(8)(a) Step 1:

Calculate the following two statewide predicted hospice use rates using department of health survey and vital statistics data:

WAC 246-310-290(8)(a)(i) The percentage of patients age sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients sixty five and over by the average number of past three years statewide total deaths age sixty-five and over.
WAC246-310-290(8)(a)(ii) The percentage of patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients under sixty-five by the average number of past three years statewide total of deaths under sixty-five.

Hospice admissions ages 0-64	
Year	Admissions
2017	3,757
2018	4,114
2019	3,699
average:	**3,857**

Deaths ages 0-64	
Year	Deaths
2017	14,113
2018	14,055
2019	14,047
average:	**14,072**

Use Rates	
0-64	27.41%
65+	60.52%

Hospice admissions ages 65+	
Year	Admissions
2017	26,365
2018	26,207
2019	26,017
average:	**26,196**

Deaths ages 65+	
Year	Deaths
2017	42,918
2018	42,773
2019	44,159
average:	**43,283**

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
Posted October 30, 2020

WAC246-310-290(8)(b) Step 2:
Calculate the average number of total resident deaths over the last three years for each planning area by age cohort.

0-64				
County	2017	2018	2019	2017-2019 Average Deaths
Adams	38	28	35	**34**
Asotin	49	52	54	**52**
Benton	385	331	346	**354**
Chelan	124	130	137	**130**
Clallam	180	191	186	**186**
Clark	883	874	887	**881**
Columbia	19	6	7	**11**
Cowlitz	351	300	294	**315**
Douglas	71	51	63	**62**
Ferry	30	28	20	**26**
Franklin	133	145	123	**134**
Garfield	6	5	5	**5**
Grant	203	195	197	**198**
Grays Harbor	238	227	251	**239**
Island	166	135	167	**156**
Jefferson	69	64	72	**68**
King	3,256	3,264	3,275	**3,265**
Kitsap	485	515	557	**519**
Kittitas	91	68	90	**83**
Klickitat	63	58	46	**56**
Lewis	210	227	210	**216**
Lincoln	20	25	25	**23**
Mason	169	158	167	**165**
Okanogan	119	103	119	**114**
Pacific	88	64	66	**73**
Pend Oreille	34	43	31	**36**
Pierce	1,936	1,964	1,911	**1,937**
San Juan	18	19	20	**19**
Skagit	271	231	229	**244**
Skamania	16	27	19	**21**
Snohomish	1,483	1,533	1,533	**1,516**
Spokane	1,147	1,177	1,143	**1,156**
Stevens	96	113	112	**107**
Thurston	530	554	525	**536**
Wahkiakum	3	13	11	**9**
Walla Walla	123	110	118	**117**
Whatcom	367	360	394	**374**
Whitman	57	66	47	**57**
Yakima	586	601	555	**581**

65+				
County	2017	2018	2019	2017-2019 Average Deaths
Adams	78	72	93	**81**
Asotin	190	214	222	**209**
Benton	1,081	1,125	1,154	**1,120**
Chelan	556	573	626	**585**
Clallam	842	871	955	**889**
Clark	2,579	2,767	2,987	**2,778**
Columbia	116	43	52	**70**
Cowlitz	917	840	951	**903**
Douglas	232	255	270	**252**
Ferry	60	55	64	**60**
Franklin	284	278	313	**292**
Garfield	17	30	21	**23**
Grant	509	524	508	**514**
Grays Harbor	622	647	659	**643**
Island	630	675	642	**649**
Jefferson	308	336	338	**327**
King	10,039	9,917	10,213	**10,056**
Kitsap	1,780	1,713	1,811	**1,768**
Kittitas	237	239	266	**247**
Klickitat	151	158	160	**156**
Lewis	721	730	722	**724**
Lincoln	105	94	89	**96**
Mason	550	526	548	**541**
Okanogan	350	332	358	**347**
Pacific	262	279	265	**269**
Pend Oreille	133	130	125	**129**
Pierce	5,019	4,926	5,002	**4,982**
San Juan	115	114	127	**119**
Skagit	1,007	1,001	1,018	**1,009**
Skamania	65	56	87	**69**
Snohomish	4,118	4,055	4,081	**4,085**
Spokane	3,527	3,556	3,545	**3,543**
Stevens	376	373	345	**365**
Thurston	1,768	1,823	1,908	**1,833**
Wahkiakum	37	33	53	**41**
Walla Walla	501	445	450	**465**
Whatcom	1,329	1,252	1,461	**1,347**
Whitman	236	199	219	**218**
Yakima	1,471	1,517	1,451	**1,480**

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
Posted October 30, 2020

WAC246-310-290(8)(c) Step 3.
Multiply each hospice use rate determined in Step 1 by the planning areas' average total resident deaths determined in Step 2, separated by age cohort.

0-64		
County	2017-2019 Average Deaths	Projected Patients: 27.38% of Deaths
Adams	34	9
Asotin	52	14
Benton	354	97
Chelan	130	36
Clallam	186	51
Clark	881	242
Columbia	11	3
Cowlitz	315	86
Douglas	62	17
Ferry	26	7
Franklin	134	37
Garfield	5	1
Grant	198	54
Grays Harbor	239	65
Island	156	43
Jefferson	68	19
King	3,265	895
Kitsap	519	142
Kittitas	83	23
Klickitat	56	15
Lewis	216	59
Lincoln	23	6
Mason	165	45
Okanogan	114	31
Pacific	73	20
Pend Oreille	36	10
Pierce	1,937	531
San Juan	19	5
Skagit	244	67
Skamania	21	6
Snohomish	1,516	416
Spokane	1,156	317
Stevens	107	29
Thurston	536	147
Wahkiakum	9	2
Walla Walla	117	32
Whatcom	374	102
Whitman	57	16
Yakima	581	159

65+		
County	2017-2019 Average Deaths	Projected Patients: 61.04% of Deaths
Adams	81	49
Asotin	209	126
Benton	1,120	678
Chelan	585	354
Clallam	889	538
Clark	2,778	1,681
Columbia	70	43
Cowlitz	903	546
Douglas	252	153
Ferry	60	36
Franklin	292	177
Garfield	23	14
Grant	514	311
Grays Harbor	643	389
Island	649	393
Jefferson	327	198
King	10,056	6,086
Kitsap	1,768	1,070
Kittitas	247	150
Klickitat	156	95
Lewis	724	438
Lincoln	96	58
Mason	541	328
Okanogan	347	210
Pacific	269	163
Pend Oreille	129	78
Pierce	4,982	3,015
San Juan	119	72
Skagit	1,009	610
Skamania	69	42
Snohomish	4,085	2,472
Spokane	3,543	2,144
Stevens	365	221
Thurston	1,833	1,109
Wahkiakum	41	25
Walla Walla	465	282
Whatcom	1,347	815
Whitman	218	132
Yakima	1,480	896

Source:
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WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

0-64								
County	Projected Patients	2017-2019 Average Population	2020 projected population	2021 projected population	2022 projected population	2020 potential volume	2021 potential volume	2022 potential volume
Adams	9	18,029	18,291	18,456	18,622	9	9	10
Asotin	14	16,779	16,652	16,596	16,540	14	14	14
Benton	97	166,554	169,415	171,026	172,638	99	100	101
Chelan	36	61,991	62,463	62,512	62,562	36	36	36
Clallam	51	52,550	52,439	52,233	52,027	51	51	50
Clark	242	405,282	417,273	421,901	426,529	249	251	254
Columbia	3	2,863	2,780	2,745	2,710	3	3	3
Cowlitz	86	85,717	85,917	85,843	85,769	87	86	86
Douglas	17	34,732	35,527	35,803	36,080	17	17	18
Ferry	7	5,680	5,577	5,541	5,506	7	7	7
Franklin	37	85,922	90,102	92,443	94,784	38	39	40
Garfield	1	1,602	1,560	1,541	1,522	1	1	1
Grant	54	84,909	87,158	88,240	89,322	56	56	57
Grays Harbor	65	57,817	56,958	56,679	56,401	64	64	64
Island	43	62,964	63,264	63,280	63,296	43	43	43
Jefferson	19	20,688	20,722	20,636	20,550	19	19	19
King	895	1,863,482	1,906,749	1,918,470	1,930,192	916	921	927
Kitsap	142	217,040	220,035	220,614	221,192	144	145	145
Kittitas	23	37,892	39,015	39,286	39,556	23	24	24
Klickitat	15	15,828	15,575	15,439	15,304	15	15	15
Lewis	59	62,398	63,001	63,164	63,327	60	60	60
Lincoln	6	7,923	7,805	7,751	7,698	6	6	6
Mason	45	50,142	51,122	51,397	51,672	46	46	47
Okanogan	31	32,545	32,183	32,087	31,991	31	31	31
Pacific	20	14,688	14,403	14,322	14,242	20	19	19
Pend Oreille	10	9,905	9,812	9,769	9,727	10	10	10
Pierce	531	747,538	765,139	769,918	774,696	543	547	550
San Juan	5	10,974	10,753	10,730	10,707	5	5	5
Skagit	67	100,076	101,537	101,887	102,236	68	68	68
Skamania	6	9,254	9,242	9,223	9,205	6	6	6
Snohomish	416	694,793	716,781	721,527	726,273	429	432	434
Spokane	317	421,066	425,447	426,740	428,033	320	321	322
Stevens	29	34,226	33,992	33,917	33,841	29	29	29
Thurston	147	234,880	241,500	243,867	246,235	151	153	154
Wahkiakum	2	2,555	2,441	2,405	2,368	2	2	2
Walla Walla	32	50,546	50,981	51,028	51,075	32	32	32
Whatcom	102	183,023	187,812	189,267	190,722	105	106	107
Whitman	16	43,137	43,308	43,315	43,322	16	16	16
Yakima	159	221,051	224,497	225,822	227,147	162	163	164

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
Posted October 30, 2020

Washington State Department of Health

WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

65+								
County	Projected Patients	2017-2019 Average Population	2020 projected population	2021 projected population	2022 projected population	2020 potential volume	2021 potential volume	2022 potential volume
Adams	49	2,114	2,341	2,383	2,424	54	55	56
Asotin	126	5,619	6,005	6,175	6,344	135	139	143
Benton	678	29,821	32,150	33,373	34,597	731	759	786
Chelan	354	15,343	16,408	17,052	17,695	379	393	408
Clallam	538	21,334	22,267	22,901	23,535	562	578	594
Clark	1681	75,085	82,125	85,686	89,247	1,839	1,918	1,998
Columbia	43	1,202	1,269	1,287	1,304	45	46	46
Cowlitz	546	21,326	22,969	23,719	24,470	588	608	627
Douglas	153	7,595	8,358	8,666	8,974	168	174	180
Ferry	36	2,095	2,241	2,289	2,337	39	39	40
Franklin	177	8,765	9,610	10,083	10,557	194	203	213
Garfield	14	633	658	669	680	14	15	15
Grant	311	14,244	15,477	16,071	16,665	338	351	364
Grays Harbor	389	15,594	16,653	17,133	17,612	415	427	439
Island	393	19,701	20,777	21,412	22,047	414	427	440
Jefferson	198	11,252	11,924	12,323	12,722	210	217	224
King	6086	296,484	324,660	337,771	350,881	6,665	6,934	7,203
Kitsap	1070	51,788	55,878	58,185	60,492	1,155	1,202	1,250
Kittitas	150	7,351	7,943	8,266	8,589	162	168	175
Klickitat	95	5,570	6,088	6,268	6,448	103	106	110
Lewis	438	16,398	17,219	17,697	18,175	460	473	486
Lincoln	58	2,823	2,959	3,039	3,119	61	63	64
Mason	328	15,311	16,499	17,167	17,836	353	367	382
Okanogan	210	10,050	10,901	11,210	11,519	228	234	240
Pacific	163	6,584	6,910	7,035	7,159	171	174	177
Pend Oreille	78	3,742	4,107	4,239	4,371	86	89	91
Pierce	3015	125,262	136,114	142,422	148,729	3,277	3,429	3,580
San Juan	72	5,545	5,991	6,174	6,357	78	80	82
Skagit	610	26,595	29,168	30,314	31,460	670	696	722
Skamania	42	2,542	2,798	2,923	3,048	46	48	50
Snohomish	2472	113,447	125,219	131,978	138,737	2,729	2,876	3,023
Spokane	2144	84,343	91,361	94,670	97,979	2,323	2,407	2,491
Stevens	221	10,884	11,837	12,214	12,591	240	248	255
Thurston	1109	48,683	52,832	54,900	56,967	1,204	1,251	1,298
Wahkiakum	25	1,441	1,565	1,580	1,595	27	27	27
Walla Walla	282	10,944	11,068	11,350	11,632	285	292	299
Whatcom	815	39,164	42,640	44,217	45,794	888	921	953
Whitman	132	5,237	5,815	6,008	6,201	146	151	156
Yakima	896	36,670	38,391	39,475	40,559	938	964	991

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
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WAC246-310-290(8)(e) Step 5:
Combine the two age cohorts. Subtract the average of the most recent three years hospice capacity in each planning area from the projected volumes calculated in Step 4 to determine the number of projected admissions beyond the planning area capacity.

County	2020 potential volume	2021 potential volume	2022 potential volume	Current Supply of Hospice Providers	2020 Unmet Need Admissions*	2021 Unmet Need Admissions*	2022 Unmet Need Admissions*
Adams	64	65	66	**45.33**	18	19	20
Asotin	149	153	157	**99.67**	49	53	57
Benton	829	858	887	**976.67**	(147)	(118)	(90)
Chelan	415	430	444	**398.67**	16	31	46
Clallam	613	628	644	**273.63**	339	355	371
Clark	2,087	2,170	2,252	**2,396.97**	(310)	(227)	(145)
Columbia	48	48	49	**23.33**	24	25	26
Cowlitz	675	694	713	**794.00**	(119)	(100)	(81)
Douglas	185	192	198	**147.67**	38	44	50
Ferry	46	46	47	**36.33**	9	10	11
Franklin	232	242	253	**171.33**	61	71	82
Garfield	16	16	16	**3.33**	12	13	13
Grant	394	407	421	**281.00**	113	126	140
Grays Harbor	480	491	503	**277.33**	202	214	226
Island	457	470	483	**389.67**	68	80	93
Jefferson	229	236	243	**188.00**	41	48	55
King	7,580	7,855	8,130	**7,517.23**	63	338	613
Kitsap	1,299	1,347	1,395	**1,303.97**	(5)	43	91
Kittitas	185	192	199	**171.67**	13	20	27
Klickitat	118	121	124	**277.57**	(159)	(156)	(153)
Lewis	520	533	546	**451.00**	69	82	95
Lincoln	67	69	70	**28.67**	39	40	42
Mason	399	414	428	**222.67**	176	191	206
Okanogan	258	265	271	**177.67**	81	87	93
Pacific	190	193	196	**107.00**	83	86	89
Pend Oreille	96	98	101	**64.33**	31	34	37
Pierce	3,820	3,975	4,131	**3,739.67**	80	236	391
San Juan	83	85	87	**79.00**	4	6	8
Skagit	737	764	790	**729.00**	8	35	61
Skamania	52	54	56	**27.00**	25	27	29
Snohomish	3,157	3,308	3,458	**2,950.87**	207	357	507
Spokane	2,643	2,728	2,813	**2,671.83**	(29)	56	141
Stevens	269	277	284	**150.00**	119	127	134
Thurston	1,355	1,404	1,452	**1,247.57**	108	156	205
Wahkiakum	29	30	30	**6.33**	23	23	23
Walla Walla	317	324	332	**285.00**	32	39	47
Whatcom	993	1,027	1,060	**1,042.97**	(50)	(16)	17
Whitman	162	167	172	**203.83**	(42)	(37)	(32)
Yakima	1,099	1,127	1,154	**1,182.67**	(83)	(56)	(29)

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

Source:
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WAC246-310-290(8)(f) Step 6:
Multiply the unmet need from Step 5 by the statewide average length of stay as determined by CMS to determine unmet need patient days in the projection years.

				Step 6 (Admits * ALOS) = Unmet Patient Days			
County	**2020 Unmet Need Admissions***	**2021 Unmet Need Admissions***	**2022 Unmet Need Admissions***	**Statewide ALOS**	**2020 Unmet Need Patient Days***	**2021 Unmet Need Patient Days***	**2022 Unmet Need Patient Days***
Adams	18	19	20	**62.66**	1,148	1,214	1,280
Asotin	49	53	57	**62.66**	3,092	3,328	3,564
Benton	(147)	(118)	(90)	**62.66**	(9,222)	(7,421)	(5,620)
Chelan	16	31	46	**62.66**	1,000	1,932	2,864
Clallam	339	355	371	**62.66**	21,238	22,228	23,217
Clark	(310)	(227)	(145)	**62.66**	(19,394)	(14,226)	(9,057)
Columbia	24	25	26	**62.66**	1,532	1,568	1,605
Cowlitz	(119)	(100)	(81)	**62.66**	(7,461)	(6,261)	(5,061)
Douglas	38	44	50	**62.66**	2,362	2,758	3,155
Ferry	9	10	11	**62.66**	582	631	681
Franklin	61	71	82	**62.66**	3,798	4,458	5,118
Garfield	12	13	13	**62.66**	774	788	802
Grant	113	126	140	**62.66**	7,055	7,911	8,766
Grays Harbor	202	214	226	**62.66**	12,688	13,418	14,147
Island	68	80	93	**62.66**	4,232	5,026	5,820
Jefferson	41	48	55	**62.66**	2,550	2,986	3,421
King	63	338	613	**62.66**	3,960	21,177	38,394
Kitsap	(5)	43	91	**62.66**	(326)	2,685	5,696
Kittitas	13	20	27	**62.66**	846	1,268	1,690
Klickitat	(159)	(156)	(153)	**62.66**	(9,971)	(9,788)	(9,605)
Lewis	69	82	95	**62.66**	4,325	5,135	5,945
Lincoln	39	40	42	**62.66**	2,414	2,515	2,616
Mason	176	191	206	**62.66**	11,053	11,965	12,877
Okanogan	81	87	93	**62.66**	5,058	5,456	5,855
Pacific	83	86	89	**62.66**	5,212	5,398	5,584
Pend Oreille	31	34	37	**62.66**	1,964	2,135	2,305
Pierce	80	236	391	**62.66**	5,039	14,766	24,493
San Juan	4	6	8	**62.66**	232	380	528
Skagit	8	35	61	**62.66**	520	2,183	3,847
Skamania	25	27	29	**62.66**	1,557	1,685	1,813
Snohomish	207	357	507	**62.66**	12,944	22,350	31,757
Spokane	(29)	56	141	**62.66**	(1,834)	3,498	8,830
Stevens	119	127	134	**62.66**	7,467	7,942	8,417
Thurston	108	156	205	**62.66**	6,736	9,782	12,827
Wahkiakum	23	23	23	**62.66**	1,440	1,454	1,468
Walla Walla	32	39	47	**62.66**	2,016	2,473	2,930
Whatcom	(50)	(16)	17	**62.66**	(3,137)	(1,028)	1,081
Whitman	(42)	(37)	(32)	**62.66**	(2,616)	(2,310)	(2,005)
Yakima	(83)	(56)	(29)	**62.66**	(5,230)	(3,511)	(1,793)

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
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WAC246-310-290(8)(g) Step 7:
Divide the unmet patient days from Step 6 by 365 to determine the unmet need ADC.

				Step 7 (Patient Days / 365) = Unmet ADC		
County	**2020 Unmet Need Patient Days***	**2021 Unmet Need Patient Days***	**2022 Unmet Need Patient Days***	**2020 Unmet Need ADC***	**2021 Unmet Need ADC***	**2022 Unmet Need ADC***
Adams	1,148	1,214	1,280	3	3	4
Asotin	3,092	3,328	3,564	8	9	10
Benton	(9,222)	(7,421)	(5,620)	(25)	(20)	(15)
Chelan	1,000	1,932	2,864	3	5	8
Clallam	21,238	22,228	23,217	58	61	64
Clark	(19,394)	(14,226)	(9,057)	(53)	(39)	(25)
Columbia	1,532	1,568	1,605	4	4	4
Cowlitz	(7,461)	(6,261)	(5,061)	(20)	(17)	(14)
Douglas	2,362	2,758	3,155	6	8	9
Ferry	582	631	681	2	2	2
Franklin	3,798	4,458	5,118	10	12	14
Garfield	774	788	802	2	2	2
Grant	7,055	7,911	8,766	19	22	24
Grays Harbor	12,688	13,418	14,147	35	37	39
Island	4,232	5,026	5,820	12	14	16
Jefferson	2,550	2,986	3,421	7	8	9
King	3,960	21,177	38,394	11	58	105
Kitsap	(326)	2,685	5,696	(1)	7	16
Kittitas	846	1,268	1,690	2	3	5
Klickitat	(9,971)	(9,788)	(9,605)	(27)	(27)	(26)
Lewis	4,325	5,135	5,945	12	14	16
Lincoln	2,414	2,515	2,616	7	7	7
Mason	11,053	11,965	12,877	30	33	35
Okanogan	5,058	5,456	5,855	14	15	16
Pacific	5,212	5,398	5,584	14	15	15
Pend Oreille	1,964	2,135	2,305	5	6	6
Pierce	5,039	14,766	24,493	14	40	67
San Juan	232	380	528	1	1	1
Skagit	520	2,183	3,847	1	6	11
Skamania	1,557	1,685	1,813	4	5	5
Snohomish	12,944	22,350	31,757	35	61	87
Spokane	(1,834)	3,498	8,830	(5)	10	24
Stevens	7,467	7,942	8,417	20	22	23
Thurston	6,736	9,782	12,827	18	27	35
Wahkiakum	1,440	1,454	1,468	4	4	4
Walla Walla	2,016	2,473	2,930	6	7	8
Whatcom	(3,137)	(1,028)	1,081	(9)	(3)	3
Whitman	(2,616)	(2,310)	(2,005)	(7)	(6)	(5)
Yakima	(5,230)	(3,511)	(1,793)	(14)	(10)	(5)

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

Source:
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WAC246-310-290(8)(h) Step 8:
Determine the number of hospice agencies in the planning area that could support the unmet need with an ADC of thirty-five.

Application Year

Step 7 (Patient Days / 365) = Unmet ADC				Step 8 - Numeric Need	
County	**2020 Unmet Need ADC***	**2021 Unmet Need ADC***	**2022 Unmet Need ADC***	**Numeric Need?**	**Number of New Agencies Needed?****
Adams	3	3	4	FALSE	FALSE
Asotin	8	9	10	FALSE	FALSE
Benton	(25)	(20)	(15)	FALSE	FALSE
Chelan	3	5	8	FALSE	FALSE
Clallam	58	61	64	***TRUE***	***1***
Clark	(53)	(39)	(25)	FALSE	FALSE
Columbia	4	4	4	FALSE	FALSE
Cowlitz	(20)	(17)	(14)	FALSE	FALSE
Douglas	6	8	9	FALSE	FALSE
Ferry	2	2	2	FALSE	FALSE
Franklin	10	12	14	FALSE	FALSE
Garfield	2	2	2	FALSE	FALSE
Grant	19	22	24	FALSE	FALSE
Grays Harbor	35	37	39	***TRUE***	***1***
Island	12	14	16	FALSE	FALSE
Jefferson	7	8	9	FALSE	FALSE
King	11	58	105	***TRUE***	***3***
Kitsap	(1)	7	16	FALSE	FALSE
Kittitas	2	3	5	FALSE	FALSE
Klickitat	(27)	(27)	(26)	FALSE	FALSE
Lewis	12	14	16	FALSE	FALSE
Lincoln	7	7	7	FALSE	FALSE
Mason	30	33	35	***TRUE***	***1***
Okanogan	14	15	16	FALSE	FALSE
Pacific	14	15	15	FALSE	FALSE
Pend Oreille	5	6	6	FALSE	FALSE
Pierce	14	40	67	***TRUE***	***1***
San Juan	1	1	1	FALSE	FALSE
Skagit	1	6	11	FALSE	FALSE
Skamania	4	5	5	FALSE	FALSE
Snohomish	35	61	87	***TRUE***	***2***
Spokane	(5)	10	24	FALSE	FALSE
Stevens	20	22	23	FALSE	FALSE
Thurston	18	27	35	***TRUE***	***1***
Wahkiakum	4	4	4	FALSE	FALSE
Walla Walla	6	7	8	FALSE	FALSE
Whatcom	(9)	(3)	3	FALSE	FALSE
Whitman	(7)	(6)	(5)	FALSE	FALSE
Yakima	(14)	(10)	(5)	FALSE	FALSE

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

**The numeric need methodology projects need for whole hospice agencies only - not partial hospice agencies. Therefore, the results are rounded down to the nearest whole number.

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
0-64 Population Projection

County	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2017-2019 Average Population
Adams	17,637	17,768	17,899	18,029	18,160	18,291	18,456	18,622	18,787	18,953	19,118	18,029
Asotin	16,969	16,906	16,842	16,779	16,715	16,652	16,596	16,540	16,485	16,429	16,373	16,779
Benton	162,262	163,693	165,123	166,554	167,984	169,415	171,026	172,638	174,249	175,861	177,472	166,554
Chelan	61,284	61,520	61,755	61,991	62,227	62,463	62,512	62,562	62,611	62,661	62,710	61,991
Clallam	52,716	52,661	52,605	52,550	52,494	52,439	52,233	52,027	51,821	51,615	51,409	52,550
Clark	387,296	393,291	399,287	405,282	411,278	417,273	421,901	426,529	431,158	435,786	440,414	405,282
Columbia	2,988	2,947	2,905	2,863	2,822	2,780	2,745	2,710	2,675	2,640	2,605	2,863
Cowlitz	85,417	85,517	85,617	85,717	85,817	85,917	85,843	85,769	85,695	85,621	85,547	85,717
Douglas	33,540	33,938	34,335	34,732	35,130	35,527	35,803	36,080	36,356	36,633	36,909	34,732
Ferry	5,834	5,782	5,731	5,680	5,628	5,577	5,541	5,506	5,470	5,435	5,399	5,680
Franklin	79,651	81,742	83,832	85,922	88,012	90,102	92,443	94,784	97,124	99,465	101,806	85,922
Garfield	1,665	1,644	1,623	1,602	1,581	1,560	1,541	1,522	1,502	1,483	1,464	1,602
Grant	81,535	82,660	83,784	84,909	86,033	87,158	88,240	89,322	90,403	91,485	92,567	84,909
Grays Harbor	59,105	58,675	58,246	57,817	57,387	56,958	56,679	56,401	56,122	55,844	55,565	57,817
Island	62,514	62,664	62,814	62,964	63,114	63,264	63,280	63,296	63,312	63,328	63,344	62,964
Jefferson	20,636	20,653	20,670	20,688	20,705	20,722	20,636	20,550	20,463	20,377	20,291	20,688
King	1,798,581	1,820,215	1,841,848	1,863,482	1,885,115	1,906,749	1,918,470	1,930,192	1,941,913	1,953,635	1,965,356	1,863,482
Kitsap	212,548	214,045	215,543	217,040	218,538	220,035	220,614	221,192	221,771	222,349	222,928	217,040
Kittitas	36,206	36,768	37,330	37,892	38,453	39,015	39,286	39,556	39,827	40,097	40,368	37,892
Klickitat	16,208	16,082	15,955	15,828	15,702	15,575	15,439	15,304	15,168	15,033	14,897	15,828
Lewis	61,494	61,796	62,097	62,398	62,700	63,001	63,164	63,327	63,491	63,654	63,817	62,398
Lincoln	8,101	8,042	7,982	7,923	7,864	7,805	7,751	7,698	7,644	7,591	7,537	7,923
Mason	48,672	49,162	49,652	50,142	50,632	51,122	51,397	51,672	51,946	52,221	52,496	50,142
Okanogan	33,087	32,906	32,726	32,545	32,364	32,183	32,087	31,991	31,896	31,800	31,704	32,545
Pacific	15,115	14,972	14,830	14,688	14,545	14,403	14,322	14,242	14,161	14,081	14,000	14,688
Pend Oreille	10,045	9,998	9,952	9,905	9,859	9,812	9,769	9,727	9,684	9,642	9,599	9,905
Pierce	721,137	729,937	738,738	747,538	756,339	765,139	769,918	774,696	779,475	784,253	789,032	747,538
San Juan	11,305	11,194	11,084	10,974	10,863	10,753	10,730	10,707	10,684	10,661	10,638	10,974
Skagit	97,885	98,616	99,346	100,076	100,807	101,537	101,887	102,236	102,586	102,935	103,285	100,076
Skamania	9,272	9,266	9,260	9,254	9,248	9,242	9,223	9,205	9,186	9,168	9,149	9,254
Snohomish	661,812	672,806	683,800	694,793	705,787	716,781	721,527	726,273	731,019	735,765	740,511	694,793
Spokane	414,493	416,684	418,875	421,066	423,256	425,447	426,740	428,033	429,326	430,619	431,912	421,066
Stevens	34,576	34,459	34,343	34,226	34,109	33,992	33,917	33,841	33,766	33,690	33,615	34,226
Thurston	224,951	228,261	231,571	234,880	238,190	241,500	243,867	246,235	248,602	250,970	253,337	234,880
Wahkiakum	2,726	2,669	2,612	2,555	2,498	2,441	2,405	2,368	2,332	2,295	2,259	2,555
Walla Walla	49,893	50,111	50,328	50,546	50,763	50,981	51,028	51,075	51,121	51,168	51,215	50,546
Whatcom	175,840	178,234	180,629	183,023	185,418	187,812	189,267	190,722	192,178	193,633	195,088	183,023
Whitman	42,880	42,965	43,051	43,137	43,222	43,308	43,315	43,322	43,330	43,337	43,344	43,137
Yakima	215,882	217,605	219,328	221,051	222,774	224,497	225,822	227,147	228,473	229,798	231,123	221,051

Source:
2017 OFM Population Projections, Medium-Series
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
65+ Population Projection

County	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2017-2019 Average Population
Adams	1,773	1,887	2,000	2,114	2,227	2,341	2,383	2,424	2,466	2,507	2,549	2,114
Asotin	5,041	5,233	5,426	5,619	5,812	6,005	6,175	6,344	6,514	6,683	6,853	5,619
Benton	26,328	27,492	28,657	29,821	30,986	32,150	33,373	34,597	35,820	37,044	38,267	29,821
Chelan	13,746	14,279	14,811	15,343	15,876	16,408	17,052	17,695	18,339	18,982	19,626	15,343
Clallam	19,934	20,401	20,867	21,334	21,800	22,267	22,901	23,535	24,168	24,802	25,436	21,334
Clark	64,524	68,044	71,564	75,085	78,605	82,125	85,686	89,247	92,807	96,368	99,929	75,085
Columbia	1,102	1,135	1,169	1,202	1,236	1,269	1,287	1,304	1,322	1,339	1,357	1,202
Cowlitz	18,863	19,684	20,505	21,326	22,148	22,969	23,719	24,470	25,220	25,971	26,721	21,326
Douglas	6,450	6,831	7,213	7,595	7,976	8,358	8,666	8,974	9,283	9,591	9,899	7,595
Ferry	1,876	1,949	2,022	2,095	2,168	2,241	2,289	2,337	2,386	2,434	2,482	2,095
Franklin	7,499	7,921	8,343	8,765	9,188	9,610	10,083	10,557	11,030	11,504	11,977	8,765
Garfield	595	607	620	633	645	658	669	680	692	703	714	633
Grant	12,395	13,011	13,628	14,244	14,861	15,477	16,071	16,665	17,258	17,852	18,446	14,244
Grays Harbor	14,005	14,535	15,064	15,594	16,123	16,653	17,133	17,612	18,092	18,571	19,051	15,594
Island	18,086	18,625	19,163	19,701	20,239	20,777	21,412	22,047	22,682	23,317	23,952	19,701
Jefferson	10,244	10,580	10,916	11,252	11,588	11,924	12,323	12,722	13,121	13,520	13,919	11,252
King	254,219	268,307	282,395	296,484	310,572	324,660	337,771	350,881	363,992	377,102	390,213	296,484
Kitsap	45,652	47,697	49,743	51,788	53,833	55,878	58,185	60,492	62,800	65,107	67,414	51,788
Kittitas	6,464	6,760	7,055	7,351	7,647	7,943	8,266	8,589	8,911	9,234	9,557	7,351
Klickitat	4,792	5,051	5,310	5,570	5,829	6,088	6,268	6,448	6,627	6,807	6,987	5,570
Lewis	15,166	15,576	15,987	16,398	16,808	17,219	17,697	18,175	18,652	19,130	19,608	16,398
Lincoln	2,619	2,687	2,755	2,823	2,891	2,959	3,039	3,119	3,200	3,280	3,360	2,823
Mason	13,528	14,123	14,717	15,311	15,905	16,499	17,167	17,836	18,504	19,173	19,841	15,311
Okanogan	8,773	9,198	9,624	10,050	10,475	10,901	11,210	11,519	11,827	12,136	12,445	10,050
Pacific	6,095	6,258	6,421	6,584	6,747	6,910	7,035	7,159	7,284	7,408	7,533	6,584
Pend Oreille	3,195	3,378	3,560	3,742	3,925	4,107	4,239	4,371	4,504	4,636	4,768	3,742
Pierce	108,983	114,409	119,836	125,262	130,688	136,114	142,422	148,729	155,037	161,344	167,652	125,262
San Juan	4,876	5,099	5,322	5,545	5,768	5,991	6,174	6,357	6,541	6,724	6,907	5,545
Skagit	22,735	24,021	25,308	26,595	27,881	29,168	30,314	31,460	32,607	33,753	34,899	26,595
Skamania	2,158	2,286	2,414	2,542	2,670	2,798	2,923	3,048	3,172	3,297	3,422	2,542
Snohomish	95,788	101,674	107,560	113,447	119,333	125,219	131,978	138,737	145,495	152,254	159,013	113,447
Spokane	73,817	77,325	80,834	84,343	87,852	91,361	94,670	97,979	101,288	104,597	107,906	84,343
Stevens	9,454	9,930	10,407	10,884	11,360	11,837	12,214	12,591	12,969	13,346	13,723	10,884
Thurston	42,459	44,534	46,608	48,683	50,757	52,832	54,900	56,967	59,035	61,102	63,170	48,683
Wahkiakum	1,254	1,316	1,379	1,441	1,503	1,565	1,580	1,595	1,611	1,626	1,641	1,441
Walla Walla	10,757	10,819	10,881	10,944	11,006	11,068	11,350	11,632	11,915	12,197	12,479	10,944
Whatcom	33,950	35,688	37,426	39,164	40,902	42,640	44,217	45,794	47,372	48,949	50,526	39,164
Whitman	4,370	4,659	4,948	5,237	5,526	5,815	6,008	6,201	6,395	6,588	6,781	5,237
Yakima	34,088	34,949	35,809	36,670	37,530	38,391	39,475	40,559	41,643	42,727	43,811	36,670

Source:
2017 OFM Population Projections, Medium-Series
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
Preliminary Death Data Updated October 12, 2020

	0-64			65+		
County	**2017**	**2018**	**2019**	**2017**	**2018**	**2019**
ADAMS	38	28	35	78	72	93
ASOTIN	49	52	54	190	214	222
BENTON	385	331	346	1,081	1,125	1,154
CHELAN	124	130	137	556	573	626
CLALLAM	180	191	186	842	871	955
CLARK	883	874	887	2,579	2,767	2,987
COLUMBIA	19	6	7	116	43	52
COWLITZ	351	300	294	917	840	951
DOUGLAS	71	51	63	232	255	270
FERRY	30	28	20	60	55	64
FRANKLIN	133	145	123	284	278	313
GARFIELD	6	5	5	17	30	21
GRANT	203	195	197	509	524	508
GRAYS HARBOR	238	227	251	622	647	659
ISLAND	166	135	167	630	675	642
JEFFERSON	69	64	72	308	336	338
KING	3,256	3,264	3,275	10,039	9,917	10,213
KITSAP	485	515	557	1,780	1,713	1,811
KITTITAS	91	68	90	237	239	266
KLICKITAT	63	58	46	151	158	160
LEWIS	210	227	210	721	730	722
LINCOLN	20	25	25	105	94	89
MASON	169	158	167	550	526	548
OKANOGAN	119	103	119	350	332	358
PACIFIC	88	64	66	262	279	265
PEND OREILLE	34	43	31	133	130	125
PIERCE	1,936	1,964	1,911	5,019	4,926	5,002
SAN JUAN	18	19	20	115	114	127
SKAGIT	271	231	229	1,007	1,001	1,018
SKAMANIA	16	27	19	65	56	87
SNOHOMISH	1,483	1,533	1,533	4,118	4,055	4,081
SPOKANE	1,147	1,177	1,143	3,527	3,556	3,545
STEVENS	96	113	112	376	373	345
THURSTON	530	554	525	1,768	1,823	1,908
WAHKIAKUM	3	13	11	37	33	53
WALLA WALLA	123	110	118	501	445	450
WHATCOM	367	360	394	1,329	1,252	1,461
WHITMAN	57	66	47	236	199	219
YAKIMA	586	601	555	1,471	1,517	1,451

Source:
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
Survey Responses

Note: Kindred Hospice in Whitman and Spokane Counties did not respond to the department's survey for 2018 data. As a result, the averageof 2016 and 2017 data was used as a proxy for 2018.

Agency Name	License Number	County	Year	0-64	65+
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Adams	2017	4	30
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Grant	2017	44	209
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Lincoln	2017	3	22
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Clallam	2017	14	143
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Jefferson	2017	1	14
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Lewis	2017	17	257
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Mason	2017	8	43
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Thurston	2017	39	235
Astria Home Health and Hospice (Yakima Regional Home Health and Hospice)	IHS.FS.60097245	Yakima	2017	11	48
Central Washington Hospital Home Care Services	IHS.FS.00000250	Chelan	2017	44	319
Central Washington Hospital Home Care Services	IHS.FS.00000250	Douglas	2017	18	119
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Clark	2017	67	419
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Cowlitz	2017	116	630
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Wahkiakum	2017	1	4
Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2017	7	85
Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2017	1	1
Evergreen Health Home Care Services	IHS.FS.00000278	Island	2017	0	7
Evergreen Health Home Care Services	IHS.FS.00000278	King	2017	272	2393
Evergreen Health Home Care Services	IHS.FS.00000278	Snohomish	2017	82	478
Franciscan Hospice	IHS.FS.00000287	King	2017	90	1115
Franciscan Hospice	IHS.FS.00000287	Kitsap	2017	64	796
Franciscan Hospice	IHS.FS.00000287	Pierce	2017	181	2242
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Douglas	2017	1	10
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Grant	2017	0	7
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Okanogan	2017	34	132
Gentiva Hospice (Odyssey Hospice)	IHS.FS.60330209	King	2017	14	375
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2017	72	292
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2017	17	106
Heart of Hospice	IHS.FS.00000185	Skamania	2017	2	11
Heart of Hospice	IHS.FS.00000185	Klickitat	2017	1	20
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Benton	2017	12	130
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Yakima	2017	28	197
Home Health Care of Whidbey General Hospital (Whidbey General)	IHS.FS.00000323	Island	2017	21	248
PeaceHealth Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Clark	2017	165	1064
PeaceHealth Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Cowlitz	2017	7	47
PeaceHealth Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Skamania	2017	0	0
Horizon Hospice	IHS.FS.00000332	Spokane	2017	35	420
Hospice of Kitsap County	IHS.FS.00000335	Kitsap	2017	0	0
Hospice of Spokane	IHS.FS.00000337	Ferry	2017	7	37
Hospice of Spokane	IHS.FS.00000337	Lincoln	2017	0	0
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2017	8	55
Hospice of Spokane	IHS.FS.00000337	Spokane	2017	340	1722
Hospice of Spokane	IHS.FS.00000337	Stevens	2017	25	128
Hospice of Spokane	IHS.FS.00000337	Whitman	2017	0	1
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Island	2017	11	77
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	San Juan	2017	3	70
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Skagit	2017	61	616
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Snohomish	2017	7	83
Jefferson Healthcare Home Health and Hospice (Hospice of Jefferson County)	IHS.FS.00000349	Jefferson	2017	13	153
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Clark	2017	50	415
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Cowlitz	2017	1	18
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Skamania	2017	0	0
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	King	2017	38	487
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Kitsap	2017	7	107
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Pierce	2017	27	189
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Snohomish	2017	2	68
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Spokane	2017	22	325
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Whitman	2017	29	247
Kittitas Valley Home Health and Hospice	IHS.FS.00000320	Kittitas	2017	46	134
Klickitat Valley Home Health & Hospice (Klickitat Valley Health)	IHS.FS.00000361	Klickitat	2017	11	33
Kline Galland Community Based Services	IHS.FS.60103742	King	2017	13	301
Memorial Home Care Services	IHS.FS.00000376	Yakima	2017	149	717
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639376	King	2017	42	149
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639377	Kitsap	2017	33	253
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639378	Pierce	2017	211	925
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Klickitat	2017	5	29
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Skamania	2017	2	10
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2017	3	32
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	King	2017	5	14
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2017	238	1440
Providence Hospice of Seattle	IHS.FS.00000336	King	2017	387	1888
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2017	10	15
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Lewis	2017	28	163
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Mason	2017	26	189
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Thurston	2017	105	664
Tri-Cities Chaplaincy	IHS.FS.00000456	Benton	2017	98	745
Tri-Cities Chaplaincy	IHS.FS.00000456	Franklin	2017	15	122

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
Survey Responses

Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2017	1	17
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2017	45	276
Wesley Homes	IHS.FS.60276500	King	2017	1	17
Whatcom Hospice (Peacehealth)	IHS.FS.00000471	Whatcom	2017	139	766
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Adams	2018	6	34
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Grant	2018	40	254
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Lincoln	2018	6	28
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Clallam	2018	16	186
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Jefferson	2018	1	11
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Lewis	2018	35	280
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Mason	2018	4	44
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Thurston	2018	24	273
Astria Home Health and Hospice (Yakima Regional Home Health and Hospice)	IHS.FS.60097245	Yakima	2018	41	8
Central Washington Hospital Home Care Services	IHS.FS.00000250	Chelan	2018	34	386
Central Washington Hospital Home Care Services	IHS.FS.00000250	Douglas	2018	10	133
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Clark	2018	54	383
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Cowlitz	2018	87	524
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Wahkiakum	2018	2	5
Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2018	6	121
Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2018	1	2
Evergreen Health Home Care Services	IHS.FS.00000278	Island	2018	1	9
Evergreen Health Home Care Services	IHS.FS.00000278	King	2018	348	1989
Evergreen Health Home Care Services	IHS.FS.00000278	Snohomish	2018	79	690
Franciscan Hospice	IHS.FS.00000287	King	2018	102	921
Franciscan Hospice	IHS.FS.00000287	Kitsap	2018	141	693
Franciscan Hospice	IHS.FS.00000287	Pierce	2018	331	2110
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Douglas	2018	0	3
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Grant	2018	1	7
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Okanogan	2018	21	148
Gentiva Hospice (Odyssey Hospice)	IHS.FS.60330209	King	2018	37	180
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2018	35	180
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2018	13	71
Heart of Hospice	IHS.FS.00000185	Skamania	2018	0	10
Heart of Hospice	IHS.FS.00000185	Klickitat	2018	1	23
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Benton	2018	6	137
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Yakima	2018	24	219
Home Health Care of Whidbey General Hospital (Whidbey General)	IHS.FS.00000323	Island	2018	20	235
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Clark	2018	243	1305
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Cowlitz	2018	20	76
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Skamania	2018	1	1
Horizon Hospice	IHS.FS.00000332	Spokane	2018	31	389
Hospice of Kitsap County	IHS.FS.00000335	Kitsap	2018	0	0
Hospice of Spokane	IHS.FS.00000337	Ferry	2018	6	29
Hospice of Spokane	IHS.FS.00000337	Lincoln	2018	1	1
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2018	8	53
Hospice of Spokane	IHS.FS.00000337	Spokane	2018	346	1593
Hospice of Spokane	IHS.FS.00000337	Stevens	2018	30	121
Hospice of Spokane	IHS.FS.00000337	Whitman	2018	none reported	none reported
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Island	2018	6	60
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	San Juan	2018	6	79
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Skagit	2018	48	680
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Snohomish	2018	2	67
Jefferson Healthcare Home Health and Hospice (Hospice of Jefferson County)	IHS.FS.00000349	Jefferson	2018	20	144
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Clark	2018	39	436
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Cowlitz	2018	none reported	none reported
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Skamania	2018	none reported	none reported
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	King	2018	25	416
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Kitsap	2018	14	96
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Pierce	2018	35	198
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Snohomish	2018	14	94
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Spokane	2018	23	265.5
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Whitman	2018	19	226.5
Kittitas Valley Home Health and Hospice	IHS.FS.00000320	Kittitas	2018	15	135
Klickitat Valley Home Health & Hospice (Klickitat Valley Health)	IHS.FS.00000361	Klickitat	2018	5	40
Kline Galland Community Based Services	IHS.FS.60103742	King	2018	29	368
Memorial Home Care Services	IHS.FS.00000376	Yakima	2018	183	750
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639376	King	2018	32	158
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639377	Kitsap	2018	25	232
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639378	Pierce	2018	177	867
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Klickitat	2018	4	18
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Skamania	2018	1	9
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2018	11	44
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	King	2018	none reported	none reported
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2018	316	1772
Providence Hospice of Seattle	IHS.FS.00000336	King	2018	407	1959
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2018	11	13
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Lewis	2018	21	140
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Mason	2018	10	117
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Thurston	2018	90	663
Tri-Cities Chaplaincy	IHS.FS.00000456	Benton	2018	112	750
Tri-Cities Chaplaincy	IHS.FS.00000456	Franklin	2018	30	155

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
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Survey Responses

Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2018	1	23
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2018	24	227
Wesley Homes	IHS.FS.60276500	King	2018	29	368
Whatcom Hospice (Peacehealth)	IHS.FS.00000471	Whatcom	2018	117	770
IRREGULAR-COMMUNITY HOME HEALTH & HOSPICE	IHS.FS.00000262	Pacific	2018	0	1
IRREGULAR-MULTICARE	IHS.FS.60639376	Clallam	2018	0	1
Alpha Home Health	IHS.FS.61032013	Snohomish	2019	0	0
Alpowa Healthcare Inc. d/b/a Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2019	9	71
Alpowa Healthcare Inc. d/b/a Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2019	1	4
Central Washington Homecare Services	IHS.FS.00000250	Chelan	2019	28	385
Central Washington Homecare Services	IHS.FS.00000250	Douglas	2019	19	125
Chaplaincy Health Care 2018	IHS.FS.00000456	Benton	2019	96	700
Chaplaincy Health Care 2018	IHS.FS.00000456	Franklin	2019	26	164
Community Home Health/Hospice	IHS.FS.00000262	Cowlitz	2019	98	636
Community Home Health/Hospice	IHS.FS.00000262	Wahkiakum	2019	0	7
Community Home Health/Hospice	IHS.FS.00000262	Clark	2019	60	453
Continuum Care of King LLC	IHS.FS.61058934	King	2019	0	0
Continuum Care of Snohomish LLC	IHS.FS.61010090	Snohomish	2019	0	0
Envision Hospice of Washington	IHS.FS.60952486	Thurston	2019	2	22
EvergreenHealth	IHS.FS.00000278	King	2019	225	2025
EvergreenHealth	IHS.FS.00000278	Snohomish	2019	53	471
EvergreenHealth	IHS.FS.00000278	Island	2019	1	11
Franciscan Hospice	IHS.FS.00000287	King	2019	92	921
Franciscan Hospice	IHS.FS.00000287	Kitsap	2019	118	757
Franciscan Hospice	IHS.FS.00000287	Pierce	2019	364	2236
Frontier Home Health & Hospice	IHS.FS.60379608	Okanogan	2019	27	171
Frontier Home Health & Hospice	IHS.FS.60379608	Douglas	2019	0	5
Frontier Home Health & Hospice	IHS.FS.60379608	Grant	2019	4	8
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2019	41	212
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2019	15	98
Heartlinks	IHS.FS.00000369	Benton	2019	7	137
Heartlinks	IHS.FS.00000369	Yakima	2019	21	180
Heartlinks	IHS.FS.00000369	Franklin	2019	0	2
Horizon Hospice	IHS.FS.00000332	Spokane	2019	30	393
Hospice of Jefferson County, Jefferson Healthcare	IHI.FS.00000349	Jefferson	2019	26	172
Hospice of Spokane	IHS.FS.00000337	Spokane	2019	289	1692
Hospice of Spokane	IHS.FS.00000337	Stevens	2019	20	126
Hospice of Spokane	IHS.FS.00000337	Ferry	2019	5	25
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2019	4	65
Hospice of the Northwest	IHS.FS.00000437	Island	2019	14	56
Hospice of the Northwest	IHS.FS.00000437	San Juan	2019	6	73
Hospice of the Northwest	IHS.FS.00000437	Skagit	2019	77	705
Hospice of the Northwest	IHS.FS.00000437	Snohomish	2019	5	58
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Skamania	2019	0	17
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Klickitat	2019	2	24
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Clark	2019	0	3
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Snohomish	2019	0	0
Kaiser Continuing Care Services Hospice	IHS.FS.00000353	Clark	2019	43	387
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	King	2019	37	489
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	Kitsap	2019	18	123
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	Pierce	2019	25	176
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	Snohomish	2019	7	62
Kindred Hospice	IHS.FS.60330209	King	2019	6	217
Kittitas Valley Healthcare Home Health and Hospice	IHS.FS.00000320	Kittitas	2019	16	169
Klickitat Valley Hospice	IHS.FS.00000361	Klickitat	2019	1	44
Kline Galland Community Based Services	IHS.FS.60103742	King	2019	35	345
Memorial Home Care Services	IHS.FS.00000376	Yakima	2019	148	730
MultiCare Hospice	IHS.FS.60639376	King	2019	27	149
MultiCare Hospice	IHS.FS.60639376	Pierce	2019	167	758
MultiCare Hospice	IHS.FS.60639376	Kitsap	2019	37	194
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Clallam	2019	23	234
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Jefferson	2019	0	9
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Lewis	2019	17	244
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Mason	2019	6	45
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Thurston	2019	22	240
Olympic Medical Hospice	IHS.FS.00000393	Clallam	2019	0	0
PeaceHealth Hospice	IHS.FS.60331226	Clark	2019	184	1217
PeaceHealth Hospice	IHS.FS.60331226	Cowlitz	2019	23	99
PeaceHealth Hospice	IHS.FS.60331226	Skamania	2019	0	1
Providence Hospice	IHS.FS.60201476	Klickitat	2019	9	22
Providence Hospice	IHS.FS.60201476	Skamania	2019	1	15
Providence Hospice	IHS.FS.60201476	Clark	2019	0	0
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2019	272	1613
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2019	1	29
Providence Hospice of Seattle	IHS.FS.00000336	King	2019	338	2083
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2019	5	10
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Thurston	2019	91	685
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Mason	2019	28	148
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Lewis	2019	33	118
Puget Sound Hopsice	IHS.FS.61032138	Thurston	2019	0	0
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2019	41	242

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
Survey Responses

Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2019	3	25
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Adams	2019	8	54
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Grant	2019	41	228
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Lincoln	2019	3	22
WhidbeyHealth Home Health, Hospice	IHS.FS.00000323	Island	2019	27	245
Yakima HMA Home Health, LLC	IHS.FS.60097245	Yakima	2019	6	88
PeaceHealth Whatcom	0	Whatcom	2019	138	995
Wesley Homes	IHS.FS.60276500	King	2019	5	86
Kindred Hospice	IHS.FS.60308060	Spokane	2019	10	90
Kindred Hospice	IHS.FS.60308060	Whitman	2019	12	77

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
Admissions - Summarized

0-64 Total Admissions by County

Sum of 0-64	Column Labels		
Row Labels	**2017**	**2018**	**2019**
Adams	4	6	8
Asotin	7	6	9
Benton	110	118	103
Chelan	44	34	28
Clallam	14	16	23
Clark	282	336	287
Columbia	1	1	3
Cowlitz	124	107	121
Douglas	19	10	19
Ferry	7	6	5
Franklin	15	30	26
Garfield	1	1	1
Grant	44	41	45
Grays Harbor	72	35	41
Island	35	38	43
Jefferson	14	21	26
King	862	1,009	765
Kitsap	104	180	173
Kittitas	46	15	16
Klickitat	17	10	12
Lewis	45	56	50
Lincoln	3	7	3
Mason	34	14	34
Okanogan	34	21	27
Pacific	17	13	15
Pend Oreille	8	8	4
Pierce	419	543	556
San Juan	3	6	6
Skagit	61	48	77
Skamania	4	2	1
Snohomish	339	422	342
Spokane	397	400	329
Stevens	25	30	20
Thurston	144	114	115
Wahkiakum	1	2	0
Walla Walla	45	24	41
Whatcom	139	117	138
Whitman	29	19	12
Yakima	188	248	175

65+ Total Admissions by County

Sum of 65+	Column Labels		
Row Labels	**2017**	**2018**	**2019**
Adams	30	34	54
Asotin	85	121	71
Benton	875	887	837
Chelan	319	386	385
Clallam	143	187	234
Clark	1,898	2,124	2,060
Columbia	17	23	25
Cowlitz	695	600	735
Douglas	129	136	130
Ferry	37	29	25
Franklin	122	155	166
Garfield	1	2	4
Grant	216	261	236
Grays Harbor	292	180	212
Island	364	348	341
Jefferson	167	155	181
King	6,739	6,359	6,315
Kitsap	1,156	1,021	1,074
Kittitas	134	135	169
Klickitat	82	81	90
Lewis	420	420	362
Lincoln	22	29	22
Mason	232	161	193
Okanogan	132	148	171
Pacific	106	72	98
Pend Oreille	55	53	65
Pierce	3,356	3,175	3,170
San Juan	70	79	73
Skagit	616	680	705
Skamania	21	20	33
Snohomish	2,084	2,636	2,214
Spokane	2,467	2,248	2,175
Stevens	128	121	126
Thurston	899	936	947
Wahkiakum	4	5	7
Walla Walla	276	227	242
Whatcom	766	770	995
Whitman	248	227	77
Yakima	962	977	998

Total Admissions by County - Not Adjusted for New

County	2017	2018	2019	Average
Adams	34	40	62	**45.33**
Asotin	92	127	80	**99.67**
Benton	985	1,005	940	**976.67**
Chelan	363	420	413	**398.67**
Clallam	157	203	257	**205.67**
Clark	2,180	2,460	2,347	**2329.00**
Columbia	18	24	28	**23.33**
Cowlitz	819	707	856	**794.00**
Douglas	148	146	149	**147.67**
Ferry	44	35	30	**36.33**
Franklin	137	185	192	**171.33**
Garfield	2	3	5	**3.33**
Grant	260	302	281	**281.00**
Grays Harb	364	215	253	**277.33**
Island	399	386	384	**389.67**
Jefferson	181	176	207	**188.00**
King	7,601	7,368	7,080	**7349.67**
Kitsap	1,260	1,201	1,247	**1236.00**
Kittitas	180	150	185	**171.67**
Klickitat	99	91	102	**97.33**
Lewis	465	476	412	**451.00**
Lincoln	25	36	25	**28.67**
Mason	266	175	227	**222.67**
Okanogan	166	169	198	**177.67**
Pacific	123	85	113	**107.00**
Pend Oreill	63	61	69	**64.33**
Pierce	3,775	3,718	3,726	**3739.67**
San Juan	73	85	79	**79.00**
Skagit	677	728	782	**729.00**
Skamania	25	22	34	**27.00**
Snohomish	2,423	3,058	2,556	**2679.00**
Spokane	2,864	2,648	2,504	**2671.83**
Stevens	153	151	146	**150.00**
Thurston	1,043	1,050	1,062	**1051.67**
Wahkiakun	5	7	7	**6.33**
Walla Wall	321	251	283	**285.00**
Whatcom	905	887	1,133	**975.00**
Whitman	277	246	89	**203.83**
Yakima	1,150	1,225	1,173	**1182.67**

Total Admissions by County - Adjusted for New

Adjusted Cells Highlighted in YELLOW

County	2017	2018	2019	Average
Adams	34	40	62	**45.33**
Asotin	92	127	80	**99.67**
Benton	985	1,005	940	**976.67**
Chelan	363	420	413	**398.67**
Clallam	157	203	461	**273.63**
Clark	2,180	2,460	2,551	**2,396.97**
Columbia	18	24	28	**23.33**
Cowlitz	819	707	856	**794.00**
Douglas	148	146	149	**147.67**
Ferry	44	35	30	**36.33**
Franklin	137	185	192	**171.33**
Garfield	2	3	5	**3.33**
Grant	260	302	281	**281.00**
Grays Harb	364	215	253	**277.33**
Island	399	386	384	**389.67**
Jefferson	181	176	207	**188.00**
King	7,787	7,368	7,397	**7,517.23**
Kitsap	1,260	1,201	1,451	**1,303.97**
Kittitas	180	150	185	**171.67**
Klickitat	282	271	280	**277.57**
Lewis	465	476	412	**451.00**
Lincoln	25	36	25	**28.67**
Mason	266	175	227	**222.67**
Okanogan	166	169	198	**177.67**
Pacific	123	85	113	**107.00**
Pend Oreill	63	61	69	**64.33**
Pierce	3,775	3,718	3,726	**3,739.67**
San Juan	73	85	79	**79.00**
Skagit	677	728	782	**729.00**
Skamania	25	22	34	**27.00**
Snohomish	2,423	3,058	3,372	**2,950.87**
Spokane	2,864	2,648	2,504	**2,671.83**
Stevens	153	151	146	**150.00**
Thurston	1,043	1,254	1,446	**1,247.57**
Wahkiakun	5	7	7	**6.33**
Walla Wall	321	251	283	**285.00**
Whatcom	905	887	1,337	**1,042.97**
Whitman	277	246	89	**203.83**
Yakima	1,150	1,225	1,173	**1,182.67**

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
Admissions - Summarized

35 ADC * 365 days per year = 12,775 default patient days
12,775 patient days/62.66 ALOS = 203.9 default admissions
203.9 Default
For affected counties, the actual volumes from these recently approved agnecies will be subtracted, and default values will be added.

Recent approvals showing default volumes:
Wesley Homes Hospice - King County. Approved in 2015, operational since 2017. 2018 volumes exceed "default" - no adjustment for 2018. Adjustments in 2017 and 2019.
Heart of Hospice - Klickitat County. Approved in August 2017. Operational since August 2017. Default volumes in 2017-2019.
Envision Hospice - Thurston County. Approved in September 2018. Default volumes in 2018-2019.
Continuum Care of Snohomish - Snohomish County. Approved in July 2019. Default volumes in 2019.
Olympic Medical Center - Clallam County. Approved in September 2019. Default volumes for 2019.
Symbol Healthcare - Thurston County. Approved in November 2019. Default volumes for 2019.
Heart of Hospice - Snohomish County. Approved in November 2019. Default volumes for 2019.
Envision Hospice - Snohomish County. Approved in November 2019. Default volumes for 2019.
Glacier Peak Healthcare - Snohomish County. Approved in November 2019. Default volumes for 2019.
Providence Hospice - Clark County. Approved in 2019. Default volumes in 2019.
Envision Hospice - King County. Approved in 2019. Default volumes for 2019.
EmpRes Healthcare Group - Whatcom County. Approved in 2019 review cycle. No adjustment possible for 2020, adjustment in 2019 as proxy.
Envision Hospice - Kitsap County. Approved in 2019 review cycle. No adjustment possible for 2020, adjustment in 2019 as proxy.

Source:
Self-Report Provider Utilization Surveys for Years 2017-2019
Prepared by DOH Program Staff

APPENDIX B

Pierce County Hospice Superiority Workbook
Appendix B

Current Pierce County Providers

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Average of Score	Column Labels		
Row Labels	**Always**	**Sometimes/Nev**	**Usually**
Good Communication	77.33	7.67	15.00
Pain/Symptom Management	72.33	10.67	17.00
Receive Needed Training	73.00	10.00	17.00
Received Timely Help	72.33	10.67	17.00
Treated With Respect	88.67	2.33	9.00

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Average of Score	Column Labels		
Row Labels	**High**	**Low**	**Medium**
Ranking Out of Ten	76.67	5.33	18.00

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Average of Score	Column Labels	
Row Labels	**No**	**Yes**
Emotional Support	10.00	90.00

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Average of Score	Column Labels		
Row Labels	**No Would Not**	**Yes Definitely**	**Yes Probably**
Would You Recommend?	4.67	82.67	12.67

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Row Labels	Average of Score
Hospice and Palliative Care Treatment Preferences	99.40
Beliefs & Values Addressed (if desired by the patient)	98.30
Hospice and Palliative Care Pain Screening	98.97
Hospice and Palliative Care Pain Assessment	97.03
Hospice and Palliative Care Dyspnea Screening	99.23
Hospice and Palliative Care Dyspnea Treatment	97.67
Patient Treated with an Opioid Who Are Given a Bowel Regimen	99.07
Hospice and Palliative Care Composite Process Measure	94.20

Source: November 2020 CMS Hospice Compare, "CAHPS Hospice Survey"
Source: November 2020 CMS Hospice Compare, "Hospice Item Set"

Pierce County Hospice Superiority Workbook
Appendix B

CONTINUUM

CHAIN Continuum

Average of Score	Column Labels		
Row Labels	Always	Sometimes/ Never	Usually
Good Communication	77.00	8.50	14.50
Pain/Symptom Management	71.00	11.00	18.00
Receive Needed Training	77.50	9.00	13.50
Received Timely Help	69.50	11.00	19.50
Treated With Respect	88.50	2.50	9.00

Pierce Score	Superior Score
77.33	County
72.33	County
73.00	Applicant
72.33	County
88.67	County

CHAIN Continuum

Average of Score	Column Labels		
Row Labels	High	Low	Medium
Ranking Out of Ten	76.50	4.50	19.00

Pierce Score	Superior Score
76.67	County

CHAIN Continuum

Average of Score	Column Labels	
Row Labels	No	Yes
Emotional Support	11.50	88.50

Pierce Score	Superior Score
90.00	County

CHAIN Continuum

Average of Score	Column Labels		
Row Labels	No Would Not	Yes Definitely	Yes Probably
Would You Recommend?	5.00	84.50	10.50

Pierce Score	Superior Score
82.67	Applicant

Chain Continuum

Row Labels	Average of Score
Beliefs & Values Addressed (if desired by the patient)	99.00
Hospice and Palliative Care Composite Process Measure	96.37
Hospice and Palliative Care Dyspnea Screening	99.23
Hospice and Palliative Care Dyspnea Treatment	97.20
Hospice and Palliative Care Pain Assessment	99.70
Hospice and Palliative Care Pain Screening	99.20
Hospice and Palliative Care Treatment Preferences	100.00
Patient Treated with an Opioid Who Are Given a Bowel Regimen	100.00

Pierce Score	Superior Score
99.40	County
98.30	County
98.97	Applicant
97.03	Applicant
99.23	Applicant
97.67	Applicant
99.07	Applicant
94.20	Applicant

Source: November 2020 CMS Hospice Compare, "CAHPS Hospice Survey"
Source: November 2020 CMS Hospice Compare, "Hospice Item Set"

Total County	**8**
Total Applicant	**8**
Ratio Applicant/Total	**50.00%**
Point Awarded?	**No**
-290(11)(a)(i)	
Improved service to the planning area;	
Continuum Total Points	**1,423.70**
-290(11)(a)(v)	
Published and publicly available quality data.	

Pierce County Hospice Superiority Workbook
Appendix B

ENVISION

CHAIN Envision

Average of Score	Column Labels		
Row Labels	Always	Sometimes/ Never	Usually
Good Communication	77.00	7.00	16.00
Pain/Symptom Management	69.00	8.00	23.00
Receive Needed Training	67.00	12.00	21.00
Received Timely Help	79.00	9.00	12.00
Treated With Respect	92.00	2.00	6.00

Pierce Score	Superior Score
77.33	County
72.33	County
73.00	County
72.33	Applicant
88.67	Applicant

CHAIN Envision

Average of Score	Column Labels		
Row Labels	High	Low	Medium
Ranking Out of Ten	80.00	3.00	17.00

Pierce Score	Superior Score
76.67	Applicant

CHAIN Envision

Average of Score	Column Labels	
Row Labels	No	Yes
Emotional Support	9.00	91.00

Pierce Score	Superior Score
90.00	Applicant

CHAIN Envision

Average of Score	Column Labels		
Row Labels	No Would Not	Yes Definitely	Yes Probably
Would You Recommend?	2.00	83.00	15.00

Pierce Score	Superior Score
82.67	Applicant

Chain Envision

Row Labels	Average of Score
Beliefs & Values Addressed (if desired by the patient)	100.00
Hospice and Palliative Care Composite Process Measure	100.00
Hospice and Palliative Care Dyspnea Screening	100.00
Hospice and Palliative Care Dyspnea Treatment	100.00
Hospice and Palliative Care Pain Assessment	100.00
Hospice and Palliative Care Pain Screening	100.00
Hospice and Palliative Care Treatment Preferences	100.00
Patient Treated with an Opioid Who Are Given a Bowel Regimen	100.00

Pierce Score	Superior Score
99.40	Applicant
98.30	Applicant
98.97	Applicant
97.03	Applicant
99.23	Applicant
97.67	Applicant
99.07	Applicant
94.20	Applicant

Source: November 2020 CMS Hospice Compare, "CAHPS Hospice Survey"
Source: November 2020 CMS Hospice Compare, "Hospice Item Set"

Total County	**3**
Total Applicant	**13**
Ratio Applicant/Total	**81.25%**
Point Awarded?	**Yes**
-290(11)(a)(i)	
Improved service to the planning area;	
Envision Total Points	**1,438.00**
-290(11)(a)(v)	
Published and publicly available quality data.	

Pierce County Hospice Superiority Workbook
Appendix B

PROVIDENCE

CHAIN	Providence

Average of Score	Column Labels		
Row Labels	Always	Sometimes/ Never	Usually
Good Communication	80.54	6.00	13.46
Pain/Symptom Management	74.62	9.77	15.62
Receive Needed Training	76.08	8.08	15.85
Received Timely Help	76.92	9.46	13.62
Treated With Respect	88.92	3.69	7.38

Pierce Score	Superior Score
77.33	Applicant
72.33	Applicant
73.00	Applicant
72.33	Applicant
88.67	Applicant

CHAIN	Providence

Average of Score	Column Labels		
Row Labels	High	Low	Medium
Ranking Out of Ten	82.62	3.69	13.69

Pierce Score	Superior Score
76.67	Applicant

CHAIN	Providence

Average of Score	Column Labels	
Row Labels	No	Yes
Emotional Support	9.15	90.85

Pierce Score	Superior Score
90.00	Applicant

CHAIN	Providence

Average of Score	Column Labels		
Row Labels	No Would Not	Yes Definitely	Yes Probably
Would You Recommend?	3.23	87.23	9.54

Pierce Score	Superior Score
82.67	Applicant

Chain	Providence

Row Labels	Average of Score
Beliefs & Values Addressed (if desired by the patient)	99.36
Hospice and Palliative Care Composite Process Measure	95.54
Hospice and Palliative Care Dyspnea Screening	99.18
Hospice and Palliative Care Dyspnea Treatment	98.63
Hospice and Palliative Care Pain Assessment	97.02
Hospice and Palliative Care Pain Screening	99.56
Hospice and Palliative Care Treatment Preferences	99.75
Patient Treated with an Opioid Who Are Given a Bowel Regimen	99.16

Pierce Score	Superior Score
99.40	County
98.30	County
98.97	Applicant
97.03	Applicant
99.23	County
97.67	Applicant
99.07	Applicant
94.20	Applicant

Source: November 2020 CMS Hospice Compare, "CAHPS Hospice Survey"
Source: November 2020 CMS Hospice Compare, "Hospice Item Set"

Total County	**3**
Total Applicant	**13**
Ratio Applicant/Total	**81.25%**
Point Awarded?	**Yes**
-290(11)(a)(i)	
Improved service to the planning area;	
Providence Total Points	**1,445.97**
-290(11)(a)(v)	
Published and publicly available quality data.	

Pierce County Hospice Superiority Workbook
Appendix B

ACCENT/SEASONS

CHAIN Accent/Seasons

Average of Score	Column Labels		
Row Labels	Always	Sometimes/ Never	Usually
Good Communication	77.07	8.33	14.60
Pain/Symptom Management	72.14	11.07	16.79
Receive Needed Training	71.12	11.33	17.56
Received Timely Help	73.67	10.98	15.35
Treated With Respect	88.02	2.91	9.07

Pierce Score	Superior Score
77.33	County
72.33	County
73.00	County
72.33	Applicant
88.67	County

CHAIN Accent/Seasons

Average of Score	Column Labels		
Row Labels	High	Low	Medium
Ranking Out of Ten	77.35	6.56	16.09

Pierce Score	Superior Score
76.67	Applicant

CHAIN Accent/Seasons

Average of Score	Column Labels	
Row Labels	No	Yes
Emotional Support	11.70	88.30

Pierce Score	Superior Score
90.00	County

CHAIN Accent/Seasons

Average of Score	Column Labels		
Row Labels	No Would Not	Yes Definitely	Yes Probably
Would You Recommend?	6.21	79.58	14.21

Pierce Score	Superior Score
82.67	County

Chain Accent/Seasons

Row Labels	Average of Score
Beliefs & Values Addressed (if desired by the patient)	99.32
Hospice and Palliative Care Composite Process Measure	92.90
Hospice and Palliative Care Dyspnea Screening	99.13
Hospice and Palliative Care Dyspnea Treatment	97.62
Hospice and Palliative Care Pain Assessment	94.14
Hospice and Palliative Care Pain Screening	98.68
Hospice and Palliative Care Treatment Preferences	99.85
Patient Treated with an Opioid Who Are Given a Bowel Regimen	98.23

Pierce Score	Superior Score
99.40	County
98.30	County
98.97	Applicant
97.03	Applicant
99.23	County
97.67	Applicant
99.07	Applicant
94.20	Applicant

Source: November 2020 CMS Hospice Compare, "CAHPS Hospice Survey"
Source: November 2020 CMS Hospice Compare, "Hospice Item Set"

Total County	**9**
Total Applicant	**7**
Ratio Applicant/Total	**43.75%**
Point Awarded?	**No**
-290(11)(a)(i)	
Improved service to the planning area;	
Accent/Seasons Total Points	**1,407.13**
-290(11)(a)(v)	
Published and publicly available quality data.	

Appendix B - Demonstrative Exhibit
2020-2021 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

WAC246-310-290(8)(a) Step 1:

Calculate the following two statewide predicted hospice use rates using department of health survey and vital statistics data:

WAC 246-310-290(8)(a)(i) The percentage of patients age sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients sixty five and over by the average number of past three years statewide total deaths age sixty-five and over.
WAC246-310-290(8)(a)(ii) The percentage of patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients under sixty-five by the average number of past three years statewide total of deaths under sixty-five.

Hospice admissions ages 0-64	
Year	Admissions
2017	3,757
2018	4,114
2019	3,699
average:	**3,857**

Deaths ages 0-64	
Year	Deaths
2017	14,113
2018	14,055
2019	14,047
average:	**14,072**

Use Rates	
0-64	27.41%
65+	60.52%

Hospice admissions ages 65+	
Year	Admissions
2017	26,365
2018	26,207
2019	26,017
average:	**26,196**

Deaths ages 65+	
Year	Deaths
2017	42,918
2018	42,773
2019	44,159
average:	**43,283**

Source:
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Appendix B - Demonstrative Exhibit
2020-2021 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(b) Step 2:
Calculate the average number of total resident deaths over the last three years for each planning area by age cohort.

0-64				
County	2017	2018	2019	2017-2019 Average Deaths
Adams	38	28	35	**34**
Asotin	49	52	54	**52**
Benton	385	331	346	**354**
Chelan	124	130	137	**130**
Clallam	180	191	186	**186**
Clark	883	874	887	**881**
Columbia	19	6	7	**11**
Cowlitz	351	300	294	**315**
Douglas	71	51	63	**62**
Ferry	30	28	20	**26**
Franklin	133	145	123	**134**
Garfield	6	5	5	**5**
Grant	203	195	197	**198**
Grays Harbor	238	227	251	**239**
Island	166	135	167	**156**
Jefferson	69	64	72	**68**
King	3,256	3,264	3,275	**3,265**
Kitsap	485	515	557	**519**
Kittitas	91	68	90	**83**
Klickitat	63	58	46	**56**
Lewis	210	227	210	**216**
Lincoln	20	25	25	**23**
Mason	169	158	167	**165**
Okanogan	119	103	119	**114**
Pacific	88	64	66	**73**
Pend Oreille	34	43	31	**36**
Pierce	1,936	1,964	1,911	**1,937**
San Juan	18	19	20	**19**
Skagit	271	231	229	**244**
Skamania	16	27	19	**21**
Snohomish	1,483	1,533	1,533	**1,516**
Spokane	1,147	1,177	1,143	**1,156**
Stevens	96	113	112	**107**
Thurston	530	554	525	**536**
Wahkiakum	3	13	11	**9**
Walla Walla	123	110	118	**117**
Whatcom	367	360	394	**374**
Whitman	57	66	47	**57**
Yakima	586	601	555	**581**

65+				
County	2017	2018	2019	2017-2019 Average Deaths
Adams	78	72	93	**81**
Asotin	190	214	222	**209**
Benton	1,081	1,125	1,154	**1,120**
Chelan	556	573	626	**585**
Clallam	842	871	955	**889**
Clark	2,579	2,767	2,987	**2,778**
Columbia	116	43	52	**70**
Cowlitz	917	840	951	**903**
Douglas	232	255	270	**252**
Ferry	60	55	64	**60**
Franklin	284	278	313	**292**
Garfield	17	30	21	**23**
Grant	509	524	508	**514**
Grays Harbor	622	647	659	**643**
Island	630	675	642	**649**
Jefferson	308	336	338	**327**
King	10,039	9,917	10,213	**10,056**
Kitsap	1,780	1,713	1,811	**1,768**
Kittitas	237	239	266	**247**
Klickitat	151	158	160	**156**
Lewis	721	730	722	**724**
Lincoln	105	94	89	**96**
Mason	550	526	548	**541**
Okanogan	350	332	358	**347**
Pacific	262	279	265	**269**
Pend Oreille	133	130	125	**129**
Pierce	5,019	4,926	5,002	**4,982**
San Juan	115	114	127	**119**
Skagit	1,007	1,001	1,018	**1,009**
Skamania	65	56	87	**69**
Snohomish	4,118	4,055	4,081	**4,085**
Spokane	3,527	3,556	3,545	**3,543**
Stevens	376	373	345	**365**
Thurston	1,768	1,823	1,908	**1,833**
Wahkiakum	37	33	53	**41**
Walla Walla	501	445	450	**465**
Whatcom	1,329	1,252	1,461	**1,347**
Whitman	236	199	219	**218**
Yakima	1,471	1,517	1,451	**1,480**

Source:
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Appendix B - Demonstrative Exhibit
2020-2021 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(c) Step 3.
Multiply each hospice use rate determined in Step 1 by the planning areas' average total resident deaths determined in Step 2, separated by age cohort.

0-64		
County	2017-2019 Average Deaths	Projected Patients: 27.38% of Deaths
Adams	34	9
Asotin	52	14
Benton	354	97
Chelan	130	36
Clallam	186	51
Clark	881	242
Columbia	11	3
Cowlitz	315	86
Douglas	62	17
Ferry	26	7
Franklin	134	37
Garfield	5	1
Grant	198	54
Grays Harbor	239	65
Island	156	43
Jefferson	68	19
King	3,265	895
Kitsap	519	142
Kittitas	83	23
Klickitat	56	15
Lewis	216	59
Lincoln	23	6
Mason	165	45
Okanogan	114	31
Pacific	73	20
Pend Oreille	36	10
Pierce	1,937	531
San Juan	19	5
Skagit	244	67
Skamania	21	6
Snohomish	1,516	416
Spokane	1,156	317
Stevens	107	29
Thurston	536	147
Wahkiakum	9	2
Walla Walla	117	32
Whatcom	374	102
Whitman	57	16
Yakima	581	159

65+		
County	2017-2019 Average Deaths	Projected Patients: 61.04% of Deaths
Adams	81	49
Asotin	209	126
Benton	1,120	678
Chelan	585	354
Clallam	889	538
Clark	2,778	1,681
Columbia	70	43
Cowlitz	903	546
Douglas	252	153
Ferry	60	36
Franklin	292	177
Garfield	23	14
Grant	514	311
Grays Harbor	643	389
Island	649	393
Jefferson	327	198
King	10,056	6,086
Kitsap	1,768	1,070
Kittitas	247	150
Klickitat	156	95
Lewis	724	438
Lincoln	96	58
Mason	541	328
Okanogan	347	210
Pacific	269	163
Pend Oreille	129	78
Pierce	4,982	3,015
San Juan	119	72
Skagit	1,009	610
Skamania	69	42
Snohomish	4,085	2,472
Spokane	3,543	2,144
Stevens	365	221
Thurston	1,833	1,109
Wahkiakum	41	25
Walla Walla	465	282
Whatcom	1,347	815
Whitman	218	132
Yakima	1,480	896

Source:
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Appendix B - Demonstrative Exhibit
2020-2021 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

0-64														
County	Projected Patients	2017-2019 Average Population	2020 projected population	2021 projected population	2022 projected population	2023 projected population	2024 projected population	2025 projected population	2020 potential volume	2021 potential volume	2022 potential volume	2023 potential volume	2024 potential volume	2025 potential volume
Adams	**9**	**18,029**	18,291	18,456	18,622	18,787	18,953	19,118	9	9	10	10	10	10
Asotin	**14**	**16,779**	16,652	16,596	16,540	16,485	16,429	16,373	14	14	14	14	14	14
Benton	**97**	**166,554**	169,415	171,026	172,638	174,249	175,861	177,472	99	100	101	102	102	103
Chelan	**36**	**61,991**	62,463	62,512	62,562	62,611	62,661	62,710	36	36	36	36	36	36
Clallam	**51**	**52,550**	52,439	52,233	52,027	51,821	51,615	51,409	51	51	50	50	50	50
Clark	**242**	**405,282**	417,273	421,901	426,529	431,158	435,786	440,414	249	251	254	257	260	262
Columbia	**3**	**2,863**	2,780	2,745	2,710	2,675	2,640	2,605	3	3	3	3	3	3
Cowlitz	**86**	**85,717**	85,917	85,843	85,769	85,695	85,621	85,547	87	86	86	86	86	86
Douglas	**17**	**34,732**	35,527	35,803	36,080	36,356	36,633	36,909	17	17	18	18	18	18
Ferry	**7**	**5,680**	5,577	5,541	5,506	5,470	5,435	5,399	7	7	7	7	7	7
Franklin	**37**	**85,922**	90,102	92,443	94,784	97,124	99,465	101,806	38	39	40	41	42	43
Garfield	**1**	**1,602**	1,560	1,541	1,522	1,502	1,483	1,464	1	1	1	1	1	1
Grant	**54**	**84,909**	87,158	88,240	89,322	90,403	91,485	92,567	56	56	57	58	59	59
Grays Harbor	**65**	**57,817**	56,958	56,679	56,401	56,122	55,844	55,565	64	64	64	63	63	63
Island	**43**	**62,964**	63,264	63,280	63,296	63,312	63,328	63,344	43	43	43	43	43	43
Jefferson	**19**	**20,688**	20,722	20,636	20,550	20,463	20,377	20,291	19	19	19	19	18	18
King	**895**	**1,863,482**	1,906,749	1,918,470	1,930,192	1,941,913	1,953,635	1,965,356	916	921	927	933	938	944
Kitsap	**142**	**217,040**	220,035	220,614	221,192	221,771	222,349	222,928	144	145	145	145	146	146
Kittitas	**23**	**37,892**	39,015	39,286	39,556	39,827	40,097	40,368	23	24	24	24	24	24
Klickitat	**15**	**15,828**	15,575	15,439	15,304	15,168	15,033	14,897	15	15	15	15	14	14
Lewis	**59**	**62,398**	63,001	63,164	63,327	63,491	63,654	63,817	60	60	60	60	60	60
Lincoln	**6**	**7,923**	7,805	7,751	7,698	7,644	7,591	7,537	6	6	6	6	6	6
Mason	**45**	**50,142**	51,122	51,397	51,672	51,946	52,221	52,496	46	46	47	47	47	47
Okanogan	**31**	**32,545**	32,183	32,087	31,991	31,896	31,800	31,704	31	31	31	31	30	30
Pacific	**20**	**14,688**	14,403	14,322	14,242	14,161	14,081	14,000	20	19	19	19	19	19
Pend Oreille	**10**	**9,905**	9,812	9,769	9,727	9,684	9,642	9,599	10	10	10	10	10	10
Pierce	**531**	**747,538**	765,139	769,918	774,696	779,475	784,253	789,032	543	547	550	554	557	560
San Juan	**5**	**10,974**	10,753	10,730	10,707	10,684	10,661	10,638	5	5	5	5	5	5
Skagit	**67**	**100,076**	101,537	101,887	102,236	102,586	102,935	103,285	68	68	68	68	69	69
Skamania	**6**	**9,254**	9,242	9,223	9,205	9,186	9,168	9,149	6	6	6	6	6	6
Snohomish	**416**	**694,793**	716,781	721,527	726,273	731,019	735,765	740,511	429	432	434	437	440	443
Spokane	**317**	**421,066**	425,447	426,740	428,033	429,326	430,619	431,912	320	321	322	323	324	325
Stevens	**29**	**34,226**	33,992	33,917	33,841	33,766	33,690	33,615	29	29	29	29	29	29
Thurston	**147**	**234,880**	241,500	243,867	246,235	248,602	250,970	253,337	151	153	154	156	157	159
Wahkiakum	**2**	**2,555**	2,441	2,405	2,368	2,332	2,295	2,259	2	2	2	2	2	2
Walla Walla	**32**	**50,546**	50,981	51,028	51,075	51,121	51,168	51,215	32	32	32	32	32	32
Whatcom	**102**	**183,023**	187,812	189,267	190,722	192,178	193,633	195,088	105	106	107	108	108	109
Whitman	**16**	**43,137**	43,308	43,315	43,322	43,330	43,337	43,344	16	16	16	16	16	16
Yakima	**159**	**221,051**	224,497	225,822	227,147	228,473	229,798	231,123	162	163	164	164	165	166

Source:
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Appendix B - Demonstrative Exhibit
2020-2021 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

65+														
County	Projected Patients	2017-2019 Average Population	2020 projected population	2021 projected population	2022 projected population	2023 projected population	2024 projected population	2025 projected population	2020 potential volume	2021 potential volume	2022 potential volume	2023 potential volume	2024 potential volume	2025 potential volume
Adams	**49**	**2,114**	2,341	2,383	2,424	2,466	2,507	2,549	54	55	56	57	58	59
Asotin	**126**	**5,619**	6,005	6,175	6,344	6,514	6,683	6,853	135	139	143	146	150	154
Benton	**678**	**29,821**	32,150	33,373	34,597	35,820	37,044	38,267	731	759	786	814	842	870
Chelan	**354**	**15,343**	16,408	17,052	17,695	18,339	18,982	19,626	379	393	408	423	438	453
Clallam	**538**	**21,334**	22,267	22,901	23,535	24,168	24,802	25,436	562	578	594	610	626	642
Clark	**1681**	**75,085**	82,125	85,686	89,247	92,807	96,368	99,929	1,839	1,918	1,998	2,078	2,158	2,237
Columbia	**43**	**1,202**	1,269	1,287	1,304	1,322	1,339	1,357	45	46	46	47	47	48
Cowlitz	**546**	**21,326**	22,969	23,719	24,470	25,220	25,971	26,721	588	608	627	646	665	685
Douglas	**153**	**7,595**	8,358	8,666	8,974	9,283	9,591	9,899	168	174	180	187	193	199
Ferry	**36**	**2,095**	2,241	2,289	2,337	2,386	2,434	2,482	39	39	40	41	42	43
Franklin	**177**	**8,765**	9,610	10,083	10,557	11,030	11,504	11,977	194	203	213	222	232	241
Garfield	**14**	**633**	658	669	680	692	703	714	14	15	15	15	15	15
Grant	**311**	**14,244**	15,477	16,071	16,665	17,258	17,852	18,446	338	351	364	377	390	403
Grays Harbor	**389**	**15,594**	16,653	17,133	17,612	18,092	18,571	19,051	415	427	439	451	463	475
Island	**393**	**19,701**	20,777	21,412	22,047	22,682	23,317	23,952	414	427	440	452	465	478
Jefferson	**198**	**11,252**	11,924	12,323	12,722	13,121	13,520	13,919	210	217	224	231	238	245
King	**6086**	**296,484**	324,660	337,771	350,881	363,992	377,102	390,213	6,665	6,934	7,203	7,472	7,741	8,011
Kitsap	**1070**	**51,788**	55,878	58,185	60,492	62,800	65,107	67,414	1,155	1,202	1,250	1,298	1,345	1,393
Kittitas	**150**	**7,351**	7,943	8,266	8,589	8,911	9,234	9,557	162	168	175	181	188	195
Klickitat	**95**	**5,570**	6,088	6,268	6,448	6,627	6,807	6,987	103	106	110	113	116	119
Lewis	**438**	**16,398**	17,219	17,697	18,175	18,652	19,130	19,608	460	473	486	499	511	524
Lincoln	**58**	**2,823**	2,959	3,039	3,119	3,200	3,280	3,360	61	63	64	66	68	69
Mason	**328**	**15,311**	16,499	17,167	17,836	18,504	19,173	19,841	353	367	382	396	410	425
Okanogan	**210**	**10,050**	10,901	11,210	11,519	11,827	12,136	12,445	228	234	240	247	253	260
Pacific	**163**	**6,584**	6,910	7,035	7,159	7,284	7,408	7,533	171	174	177	180	183	186
Pend Oreille	**78**	**3,742**	4,107	4,239	4,371	4,504	4,636	4,768	86	89	91	94	97	100
Pierce	**3015**	**125,262**	136,114	142,422	148,729	155,037	161,344	167,652	3,277	3,429	3,580	3,732	3,884	4,036
San Juan	**72**	**5,545**	5,991	6,174	6,357	6,541	6,724	6,907	78	80	82	85	87	89
Skagit	**610**	**26,595**	29,168	30,314	31,460	32,607	33,753	34,899	670	696	722	748	775	801
Skamania	**42**	**2,542**	2,798	2,923	3,048	3,172	3,297	3,422	46	48	50	52	54	56
Snohomish	**2472**	**113,447**	125,219	131,978	138,737	145,495	152,254	159,013	2,729	2,876	3,023	3,171	3,318	3,465
Spokane	**2144**	**84,343**	91,361	94,670	97,979	101,288	104,597	107,906	2,323	2,407	2,491	2,575	2,659	2,743
Stevens	**221**	**10,884**	11,837	12,214	12,591	12,969	13,346	13,723	240	248	255	263	271	278
Thurston	**1109**	**48,683**	52,832	54,900	56,967	59,035	61,102	63,170	1,204	1,251	1,298	1,345	1,392	1,440
Wahkiakum	**25**	**1,441**	1,565	1,580	1,595	1,611	1,626	1,641	27	27	27	28	28	28
Walla Walla	**282**	**10,944**	11,068	11,350	11,632	11,915	12,197	12,479	285	292	299	307	314	321
Whatcom	**815**	**39,164**	42,640	44,217	45,794	47,372	48,949	50,526	888	921	953	986	1,019	1,052
Whitman	**132**	**5,237**	5,815	6,008	6,201	6,395	6,588	6,781	146	151	156	161	166	171
Yakima	**896**	**36,670**	38,391	39,475	40,559	41,643	42,727	43,811	938	964	991	1,017	1,043	1,070

Source:
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff

Appendix B - Demonstrative Exhibit
2020-2021 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(e) Step 5:
Combine the two age cohorts. Subtract the average of the most recent three years hospice capacity in each planning area from the projected volumes calculated in Step 4 to determine the number of projected admissions beyond the planning area capacity.

County	2020 potential volume	2021 potential volume	2022 potential volume	2023 potential volume	2024 potential volume	2025 potential volume	Current Supply of Hospice Providers	2020 Unmet Need Admissions*	2021 Unmet Need Admissions*	2022 Unmet Need Admissions*	2023 Unmet Need Admissions*	2024 Unmet Need Admissions*	2025 Unmet Need Admissions*
Adams	64	65	66	67	68	69	**45.33**	18	19	20	21	23	24
Asotin	149	153	157	160	164	168	**99.67**	49	53	57	61	64	68
Benton	829	858	887	916	944	973	**976.67**	(147)	(118)	(90)	(61)	(32)	(3)
Chelan	415	430	444	459	474	489	**398.67**	16	31	46	61	75	90
Clallam	613	628	644	660	676	692	**273.63**	339	355	371	386	402	418
Clark	2,087	2,170	2,252	2,335	2,417	2,500	**2,396.97**	(310)	(227)	(145)	(62)	20	103
Columbia	48	48	49	50	50	51	**23.33**	24	25	26	26	27	27
Cowlitz	675	694	713	732	752	771	**794.00**	(119)	(100)	(81)	(62)	(42)	(23)
Douglas	185	192	198	204	211	217	**147.67**	38	44	50	57	63	69
Ferry	46	46	47	48	49	50	**36.33**	9	10	11	12	12	13
Franklin	232	242	253	264	274	285	**171.33**	61	71	82	92	103	113
Garfield	16	16	16	16	17	17	**3.33**	12	13	13	13	13	13
Grant	394	407	421	435	448	462	**281.00**	113	126	140	154	167	181
Grays Harbor	480	491	503	515	526	538	**277.33**	202	214	226	237	249	261
Island	457	470	483	495	508	521	**389.67**	68	80	93	106	118	131
Jefferson	229	236	243	250	256	263	**188.00**	41	48	55	62	68	75
King	7,580	7,855	8,130	8,405	8,680	8,954	**7,517.23**	63	338	613	888	1,162	1,437
Kitsap	1,299	1,347	1,395	1,443	1,491	1,539	**1,303.97**	(5)	43	91	139	187	235
Kittitas	185	192	199	205	212	219	**171.67**	13	20	27	34	40	47
Klickitat	118	121	124	127	130	133	**277.57**	(159)	(156)	(153)	(150)	(147)	(145)
Lewis	520	533	546	559	572	585	**451.00**	69	82	95	108	121	134
Lincoln	67	69	70	72	74	75	**28.67**	39	40	42	43	45	47
Mason	399	414	428	443	457	472	**222.67**	176	191	206	220	235	249
Okanogan	258	265	271	277	284	290	**177.67**	81	87	93	100	106	113
Pacific	190	193	196	199	202	205	**107.00**	83	86	89	92	95	98
Pend Oreille	96	98	101	104	107	109	**64.33**	31	34	37	40	42	45
Pierce	3,820	3,975	4,131	4,286	4,441	4,596	**3,739.67**	80	236	391	546	701	857
San Juan	83	85	87	90	92	95	**79.00**	4	6	8	11	13	16
Skagit	737	764	790	817	843	870	**729.00**	8	35	61	88	114	141
Skamania	52	54	56	58	60	62	**27.00**	25	27	29	31	33	35
Snohomish	3,157	3,308	3,458	3,608	3,758	3,908	**2,950.87**	207	357	507	657	807	957
Spokane	2,643	2,728	2,813	2,898	2,983	3,068	**2,671.83**	(29)	56	141	226	311	396
Stevens	269	277	284	292	300	307	**150.00**	119	127	134	142	150	157
Thurston	1,355	1,404	1,452	1,501	1,549	1,598	**1,247.57**	108	156	205	253	302	350
Wahkiakum	29	30	30	30	30	30	**6.33**	23	23	23	24	24	24
Walla Walla	317	324	332	339	346	354	**285.00**	32	39	47	54	61	69
Whatcom	993	1,027	1,060	1,094	1,128	1,161	**1,042.97**	(50)	(16)	17	51	85	118
Whitman	162	167	172	177	182	186	**203.83**	(42)	(37)	(32)	(27)	(22)	(17)
Yakima	1,099	1,127	1,154	1,181	1,209	1,236	**1,182.67**	(83)	(56)	(29)	(1)	26	54

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

Source:
Vital Statistics Death Data for Years 2017-2019
Prepared by DOH Program Staff