December 31, 2018

Janis Sigman, Manager
Certificate of Need Program
Department of Health
111 Israel Road SE
Tumwater, WA 98501

Re: Application of Providence Health & Services – Oregon d/b/a Providence Hospice to Operate a Medicare Certified and Medicaid Eligible Hospice Agency in Clark County

Dear Ms. Sigman:

Enclosed please find two copies of the certificate of need application of Providence Health & Services – Oregon d/b/a Providence Hospice to operate a Medicare certified and Medicaid eligible Hospice Agency in Clark County.

As required, the review and processing fee of $21,968 also is enclosed.

Please contact me at 425-525-6656 or Sarah.Cameron@providence.org if you have any questions regarding this application. Thanks for your assistance.

Sincerely,

Sarah Cameron
Vice President, Strategy and Planning
Providence Home and Community Care

STATE OF WASHINGTON

DEPARTMENT OF HEALTH

Olympia, Washington 98504

WASHINGTON STATE CERTIFICATE OF NEED PROGRAM
RCW 70.38 AND WAC 246-310

APPLICATION FOR CERTIFICATE OF NEED
HOSPICE PROJECTS
(excludes amendments)

Certificate of Need applications must be submitted with a fee in accordance with the instructions on page 2 of this form.

Application is made for a Certificate of Need in accordance with provisions in Revised Code of Washington (RCW) 70.38 and Washington Administrative Code (WAC) 246-310 adopted by the Washington State Department of Health. I hereby certify that the statements made in this application are correct to the best of my knowledge and belief.

Signature and Title of Responsible Officer: **Date: 12/24/18**	**Person To Whom Questions Regarding This Application Should Be Directed:** **Sarah Cameron** Vice President, Strategy and Planning **Telephone Number:** 425-525-6656
Legal Name of Applicant: Providence Health & Services-Oregon d/b/a Providence Hospice **Address of Applicant:** 6410 NE Halsey St Ste 300 Portland, OR, 97213 **Telephone Number:** 425-525-6656	**Type of Project (check all that apply):** [ ] New Agency [X] Existing Medicare Certified/Medicaid Eligible Agency Expanding into Different County [ ] Existing Licensed-Only Hospice Agency to Become Medicare Certified/Medicaid Eligible
Project Summary: Providence Health & Services-Oregon d/b/a Providence Hospice intends to operate a Medicare certified and Medicaid eligible Hospice Agency to serve residents of Clark County. **Estimated capital expenditure: $_0_____**	

INSTRUCTIONS FOR SUBMISSION:

1. Mail an original and a CD with a PDF of the completed application, with narrative portion to:

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

The application must be accompanied by a check, payable to: ***Department of Health***. This check is for the review fee as identified below.

2. COMPLETE THE FOLLOWING PRIOR TO SUBMISSION FOR REVIEW:

REVIEW FEE: $21,968[1]

[1] Please see Exhibit 1 for a copy of the check to the Department of Health.

APPLICATION INFORMATION INSTRUCTIONS:

These application information requirements are to be used in preparing a Certificate of Need application. The information will be used to evaluate the conformance of the project with all applicable review criteria contained in RCW 70.38.115 and WAC 246-310-210, 220, 230, 240, and 290.

Hospice projects are reviewed under a Concurrent Review schedule. Key dates include:

- **Letter of Intent:** Accepted between the 1st working day of November and the last working day of November of each year.[2]
- **Application Submission:** Accepted between the 1st working day of December and last working day of December of each year. If a letter of intent has not been received in November, an application will not be accepted in December.

The application is to be submitted together with a completed, signed Certificate of Need application face sheet and the appropriate review. Please send an original and one copy to:

Mailing Address:	Other Than By Mail:
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

· Please make the narrative information complete and concise. Data sources are to be cited. Extensive supporting data, that tends to interrupt the narrative, should be placed in the appendix.

· DO NOT bind the application.

· Please number **ALL** pages consecutively.

· All cost projections are to be in non-inflated dollars. Use the current year dollar value for all program data and projections. **DO NOT** inflate these dollar amounts.

· Capital expenditures should not include contingencies. Certificate of Need statutes and regulations allow a 12 percent or $50,000.00 *(whichever is greater)* margin before an amendment to an approved Certificate is required.

· All subsequent correspondence in relation to the application must be submitted with an original and one PDF copy.

[2] Please see Exhibit 2 for a copy of the Letter of Intent.

Providence Health & Services – Oregon d/b/a Providence Hospice

Certificate of Need Application

Proposing to Operate a Medicare Certified and Medicaid Eligible Hospice Agency in Clark County

December 2018

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Introduction and Summary

Providence Health & Services - Oregon d/b/a Providence Hospice ("Providence Hospice") requests Certificate of Need ("CN") approval to operate a Medicare certified and Medicaid eligible hospice agency to serve residents in Clark County, Washington.

The Sisters of Providence, whose work formed Providence Health & Services ("Providence"), have provided services to the Vancouver, Washington, and Portland, Oregon, area since the 1850s, including care for those who are ill or approaching the end of life. More than a century later, the Sisters' legacy continues to serve those in need, especially those who are poor and vulnerable. Providence Hospice was one of 26 programs in the United States selected to participate in the 1982 hospice demonstration project, which became the foundation of the Medicare Hospice Benefit in this country. Providence Hospice has been a Medicare/Medicaid certified hospice provider since that time and remains deeply committed to ensuring that hospice care is available to those in need.

Today, Providence Hospice continues in its deep tradition and heritage to provide personalized, compassionate whole person care for people nearing end of life. Our physicians, registered nurses, chaplains, social workers, community volunteers, and other team members provide highly-effective interdisciplinary care. This care ranges from pain control and comfort care to emotional, social, spiritual, and bereavement support, including support for family members, friends, and staff who provide care.

Providence Hospice operates out of its branch office in Portland, currently providing services in the following Oregon counties: Multnomah, Washington, Clackamas, Yamhill, and parts of Marion. From its Hood River branch, Providence Hospice serves residents in Hood River, Wasco, and Sherman counties in Oregon, as well as Klickitat and Skamania counties in Washington. On average, Providence Hospice serves approximately 400 patients daily and 2,300 unique patients annually across Northern Oregon and Southwest Washington. Providence Hospice employs approximately 175 clinical and administrative staff and has approximately 300 volunteers serving our patients, families, and community.

Providence Hospice remains a leader in the industry and actively participates in state and national organizations. Quality, safety, and clinical excellence have been core tenets of the organization since its inception. Committed to the aims of the Medicare Conditions of Participation and compliance with all local, state, and federal regulations, Providence Hospice has never had any license revocations

Ultimately, Providence Hospice is pursuing a certificate of need to establish a hospice agency in Clark County, Washington for two reasons:

1. Serve the unmet and growing needs of the population
2. Support enhanced continuity of care for patients interacting with the Providence care delivery system

The Planning Area Is Experiencing Steady Population Growth[3]

The Planning Area population in Clark County, Washington, has experienced steady growth from 2010 to 2015, averaging 1.0% per year. Population growth is forecasted to continue to increase at 1.3% annually from 2015 to 2020, and at 1.1% annually from 2020 to 2030. More importantly, the number of persons in the 65+ age cohort grew 4.5% annually from 2010 to 2015 and is forecasted to grow 4.6% annually from 2015 to 2020, and 3.4% annually from 2020 to 2030.

In addition, the percent of the population in the 65+ cohort is forecasted to grow from 13.6% of the total population in 2015 to 19.8% of the total population in 2030, suggesting nearly one in five Clark County residents will be over 65 years by 2030. This is important as hospice use rates are significantly higher for residents aged 65 and older.

Need Is Shown For A New Hospice Agency In Clark County

In order to determine whether there is need for new hospice agencies, the Department of Health ("Department") relies upon the Hospice Need Forecasting Method set forth in WAC 246-310-290. Utilizing the Forecasting Method, the numeric need for additional hospice agencies is calculated for each planning area using a three-year "planning horizon."

According to the Department's 2018-2019 Hospice Numeric Need Methodology, there is need in Clark County for 1.27 new hospice agencies in the target year of 2020. Providence Hospice intends to meet that need by operating a Medicare certified and Medicaid eligible hospice agency to serve residents in Clark County. The hospice agency will be based in Portland, Oregon, in Providence Hospice's existing office space.

The Right Care In The Right Place

It is critical in a community that sufficient hospice services are available not only to meet the need but to ensure patients have the option to choose both where and how they will seek care, especially for those in their final months, weeks, and days of life.

By examining Medicare inpatient mortality rates in Clark County, Providence Hospice believes a new hospice agency can help reduce an increasing trend in the Medicare inpatient mortality rate. For Clark County, the Medicare inpatient deaths increased from 2.40% in 2010 to 3.20% in 2017, representing approximately a 4.20% year-over-year increase.[4] In the same period, Oregon's overall Medicare inpatient mortality rate held steady from 3.63% to 3.56%, representing approximately a -0.28% year-over-year decline. In the same period, Washington's overall Medicare inpatient mortality rate increased from 3.6% to 3.8%, representing a year-over-year increase of 0.8%. Based on the increasing rate in Clark County compared to Oregon and Washington, by adding an additional hospice agency in Clark County, Providence Hospice can help reduce this trend and ensure Clark County residents have the opportunity to obtain end-of-life care in the most appropriate setting.

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[3] Population statistics referenced in this subsection are from Washington State's Office of Financial Management ("OFM") 2017 GMA Projections - Medium Series.

[4] Please see Exhibit 3 for the Clark County, Oregon, Washington, and National Medicare inpatient mortality rates.

An Integrated Care Delivery Network With Broad Support

As part of an integrated care delivery system, Providence Hospice works closely with existing Providence providers and partners in the Portland Metropolitan service area, including those in Clark County. We have significant presence in the Providence Portland hospitals, where patients from across the region come for care, and we work with specialists who see patients from Clark County – patients who may be best served by hospice care at some point in their Clark County home. Furthermore, year-to-date in 2018, Providence Health Plan has approximately 2,900 Medicare Advantage health plan members in Clark County. From this perspective, we are seeking to support the best continuity of care possible to serve the broader community and to serve the needs of patients in the Providence Health Plan. In addition, Providence Hospice is supported by existing hospice colleagues within Washington State that are based in Olympia, Tukwila, and Everett. With this depth of expertise, we are well positioned to identify and share best practices, improve quality outcomes, promote financial stewardship, increase access, and improve patient satisfaction across the care continuum.

Providence Hospice Is Committed To, And Has Deep Roots In, the Local Community

As a long-established provider, Providence Hospice has deep roots in and is fully committed to the local community in northwest Oregon and southwest Washington. Providence Hospice currently works closely with community partners, local hospitals, physicians, and other providers to ensure comprehensive post-acute care that improves access and continuity of care. Providence Hospice serves all patients requiring hospice services, with an emphasis on underserved populations, especially the poor and vulnerable.

Providence Hospice is well known in the community, especially for providing unique hospice services that are often left unfulfilled by other hospice providers. For example, Providence Hospice has robust grief support services, with other local hospice providers often referring their patients and families to Providence for bereavement services. In addition, Providence Hospice has a number of programs focused on children and teens. The Camp Erin program represents one of the largest networks in the nation of free bereavement services designed for children and teens ages 6-17 who have experienced the death of someone close to them. Camp Erin provides a unique opportunity for peer bonding between children and teens who are facing similar life circumstances. In addition, Providence Hospice's "Me Too" program is an eight-week program focused on child and family grief support serving children ages 5-18 and their parents and guardians. There are no costs to participate in these programs. Because of these programs, Providence Hospice is seen as the "go to" place for these critical services in the community. In fact, other hospice providers often refer their patients and families to Providence Hospice bereavement services due to its high reputation and no cost for participation.

Finally, the Providence Mission reaches beyond the walls of care settings to touch lives in the places where relief, comfort, and care are needed. One important way Providence does this is through providing community benefit. These investments not only support the health and well-being of our patients, but the whole community. Through programs

and donations, Providence's community benefit connects families with preventive care to keep them healthy, fills gaps in community services and provides opportunities that bring hope in difficult times. Providence provides significant community support in the form of free and discounted care; community health, grants, and donations; education and research programs; unfunded government-sponsored medical care; and subsidized services. In 2017, Providence provided $301.6 million in community benefit in Washington and $245 million in community benefit in Oregon.[5]

When the Sisters of Providence began their tradition of caring nearly 160 years ago, they greatly depended on partnering with others in the community who were committed to the same aims. Today, we collaborate with social service and government agencies, charitable foundations, community organizations, universities, local providers, and many other partners to identify the greatest needs and create solutions together.

[5] Please see Exhibit 4 for details about Providence Health & Services Washington and Oregon community benefit, 2017.

I. APPLICANT DESCRIPTION:

A. Provide the legal name(s) of applicant(s).
Note: The term "applicant" for this purpose is defined as any person or individual with a ten percent or greater financial interest in a partnership or corporation or other comparable legal entity that engage in any undertaking which is subject to review under provisions of RCW 70.38.

The legal name of the applicant is Providence Health & Services-Oregon d/b/a Providence Hospice.

B. For existing facilities, provide the name and address of the facility.
Note: The term "existing facility" for this purpose is defined as a home health agency that is currently providing licensed only home health care services OR a home health agency that is seeking to expand its Medicare certified service area.

While Providence does not have an existing office presence in Clark County, it will administer Clark County-based services out of its Portland-based offices. The name and addresses are provided below:

- Name: Providence Health & Services-Oregon d/b/a Providence Hospice

- Licensed Address: 6410 NE Halsey St, Ste. 300, Portland, OR, 97213
  - Providence Hospice is licensed out of the above address, but most clinical staff for hospice services are based in nearby offices. The facility at 6410 NE Halsey St. also houses Home Health Administration, Home Services Administration, Specialty Pharmacy, Infusion Services, and Home Medical Equipment, among other services. Providence owns the facility located at this address.

- Current Office Location: 9936 SE Washington, Ste. E-10, Portland, OR, 97216
  - Providence Hospice maintains most clinical staff out of the above address. Providence Hospice is scheduled to move out of its current office location and move to its future office location before the end of the first quarter of 2019. The current office location has been under a lease agreement.

- Future Office Location: 4400 NE Halsey St, Building 1, Ste. 160, Portland, OR 97213
  - As noted above, before the end of the first quarter of 2019, hospice clinical staff in the current leased office location will transition to the future office location at 4400 NE Halsey St, which is where hospice staff serving Clark County will be based. The future office location is owned by Providence.

The relocation of the hospice clinical staff to the future office has long been planned, and it is not part of the CN project. The relocation will allow Providence to better utilize its real estate assets by shifting from a leased space to an owned space. The future office location is fully built out and any office equipment required

will be transferred from the current office location. Providence Hospice has submitted a change request to the Oregon Health Authority ("OHA"), and OHA has acknowledged the receipt of the application and is processing the request. Please see Exhibit 11, which includes a copy of the OHA change request form, along with OHA's acknowledgement of receipt of the change request.

C. Identify the type of ownership (public, private, corporation, non-profit, etc.).

Providence Health & Services–Oregon d/b/a Providence Hospice is a private, non-profit organization – 501(c)(3).

D. Provide the name and address of *owning* entity at completion of project (unless same as applicant).

This question is not applicable. The owning entity is the same as the applicant.

E. Provide the name and address of *operating* entity at completion of project (unless same as applicant).

This question is not applicable. The operating entity is the same as the applicant.

F. Identify the corporate structure and related parties. Attach a chart showing organizational relationship to related parties.

Providence has facilities located in Alaska, Washington, Montana, Oregon, California, New Mexico, and Texas. For the purposes of this CN application, the Providence Health & Services legal structure has been provided in Exhibit 5. In addition, an organizational chart for Providence Health & Services–Oregon d/b/a Providence Hospice is provided in Exhibit 6.

On July 1, 2016, Providence Health & Services and St. Joseph Health System, a California non-profit corporation, became affiliated. The new affiliation creates a new "super-parent," Providence St. Joseph Health, a Washington non-profit corporation. It is important to note that Providence Health & Services remains a viable corporation as do any and all subsidiaries and d/b/as that fall under that corporate umbrella. This new affiliation does not change the name or corporate structure of Providence Health & Services or Providence Hospice. Finally, a copy of Oregon Secretary of State business license information for Providence Health & Services–Oregon d/b/a Providence Hospice is provided in Exhibit 7.

G. Provide a general description and address of each facility owned and/or operated by applicant (include out-of-state facilities, if any).

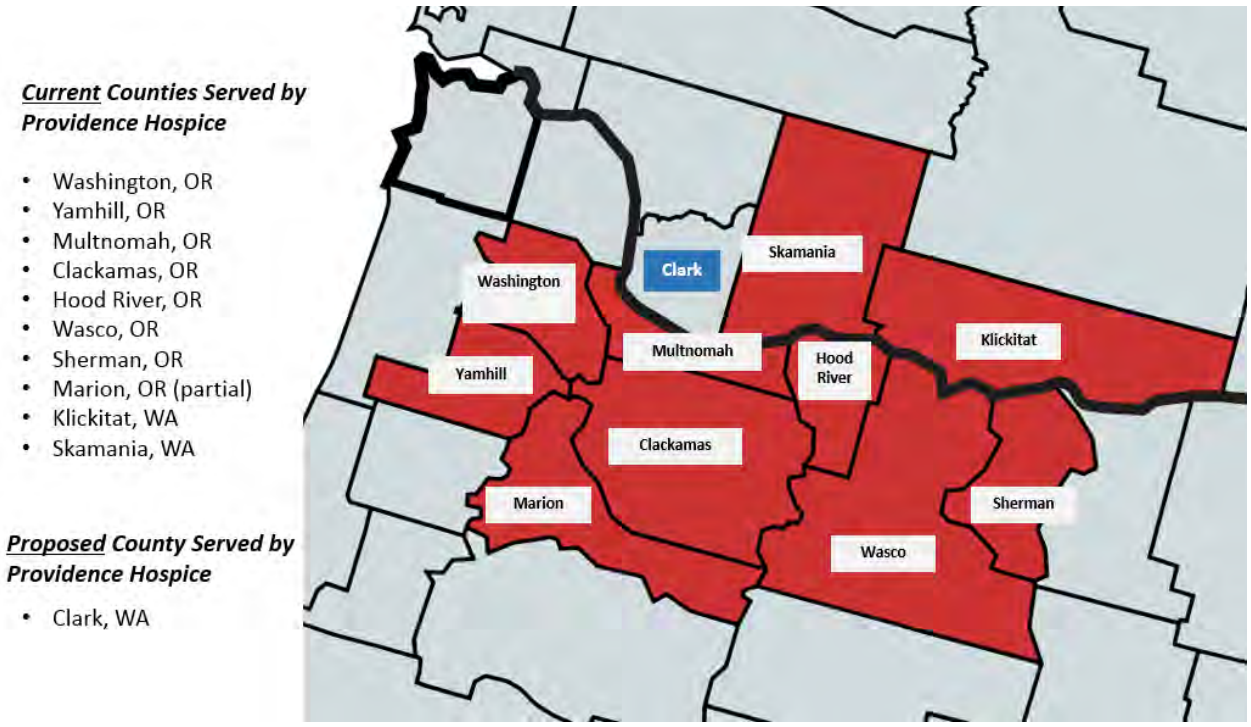
A list of all Providence facilities that are related to post-acute care (including hospice, home health, home infusion pharmacy, durable medical equipment, PACE[6], skilled nursing facilities, and other residential care settings) is provided in Exhibit 8.

H. <u>For existing facilities</u>, identify the geographic primary service area.

Providence Hospice provides services in the following counties in Oregon: Multnomah, Washington, Clackamas, Yamhill, Hood River, Wasco, Sherman, and parts of Marion. Providence Hospice also provides services in Klickitat and Skamania Counties in Washington. Figure 1 contains a map of the current counties served by Providence Hospice, as well as Clark County, which Providence Hospice is proposing to serve. The current service area for Providence Hospice naturally lends itself to providing the needed services in Clark County, with Providence Hospice bringing experience and capabilities to serve both populous and more remote communities.

In addition to a strong commitment in Oregon, Providence is a major provider of hospice services in Washington. Providence currently serves Thurston, Mason, Lewis, King, and Snohomish Counties, along with Camano Island in Washington.

Figure 1. Providence Hospice Current and Proposed Counties Served in OR and WA



[6] "PACE" is the Program for All-inclusive Care for the Elderly.

I. Identify the facility licensure/accreditation status.

- Providence Hospice is currently licensed as a Washington In Home Services Agency, with license # IHS.FS.60201476.
- Providence Hospice is currently licensed as a Medicare certified agency through Oregon State accreditation, with license number 38-1500.
- Providence Hospice's Oregon Medicaid license number is 16-1033.
- Providence Hospice is accredited with The Joint Commission, with accreditation number 320680.

J. Is applicant reimbursed for services under Titles XVIII, and XIX of Social Security Act?

Providence Hospice is reimbursed under Titles XVIII and XIX of the Social Security Act.

K. Identify the medical director and provide his/her professional license number, and specialty represented.

Providence Hospice employs Ruth Medak, M.D. as the Medical Director. Per the Oregon Medical Board, Dr. Medak (#MD09230) has an active Physician and Surgeon License with no enforcement actions. Dr. Medak is board certified in Internal Medicine and is board certified in Hospice and Palliative Care. In preparation to provide hospice services in Clark County if the CN is approved, Dr. Medak is in the current process of obtaining a Washington provider license.

Please see Exhibit 9 for a copy of Dr. Medak's Oregon provider credential details.

L. Please identify whether the medical director is employed directly by or has contracted with the applicant. If services are contracted, please provide a copy of the contract.

Providence Hospice employs Ruth Medak, M.D. as the Medical Director through Providence Health & Services – Oregon. Please see Exhibit 10 for a copy of the Providence Hospice Medical Director job description. Once this CN application is approved, the job description will be amended to include the oversight duties relating to the Clark County location. Since Dr. Medak is an employee of Providence, no contract is required.

M. <u>For existing facilities</u>, please provide the following information <u>for each county</u> currently serving:

1. total number of unduplicated hospice patients served per year for the last three years;

2. average length of stay (days) per patient per year for the last three years;
3. median length of stay; and
4. average daily census per year for the last three years.

The data provided in Table 1 is a holistic view of Providence Hospice that includes the provision of services in the following Oregon counties: Multnomah, Washington, Clackamas, Yamhill, Hood River, Wasco, Sherman, and parts of Marion. It also includes provision of hospice services in the following Washington counties: Klickitat and Skamania.

Table 1. Providence Hospice Utilization Metrics 2015-2018

	Historicals			Annualized
Providence Hospice (without project)	**2015**	**2016**	**2017**	**2018**
Total number of unduplicated hopsice patients served per year	2,265	2,445	2,329	2,336
Average length of stay per patient year	60	60	55	64
Median length of stay	23	21	21	24
Average daily census	372	402	408	402
Total patient days	135,765	147,297	148,971	146,780

Source: Providence Hospice

II. PROJECT DESCRIPTION

Include the following elements in the project description. An amendment to a Certificate of Need is required for certain project modifications as described in WAC 246-310-100(1).

A. Provide the name and address of the proposed facility.

While Providence does not have an existing office presence in Clark County, it will administer Clark County-based services out of its Portland-based offices. The name and addresses are provided below:

- Name: Providence Health & Services-Oregon d/b/a Providence Hospice

- Licensed Address: 6410 NE Halsey St, Ste. 300, Portland, OR, 97213
  - Providence Hospice is licensed out of the above address, but most clinical staff for hospice services are based in nearby offices. The facility at 6410 NE Halsey St. also houses Home Health Administration, Home Services Administration, Specialty Pharmacy, Infusion Services, and Home Medical Equipment, among other services. Providence owns the facility located at this address.

- Current Office Location: 9936 SE Washington, Ste. E-10, Portland, OR, 97216
  - Providence Hospice maintains most clinical staff out of the above address. Providence Hospice is scheduled to move out of its current office location and move to its future office location before the end of the first quarter of 2019. The current office location has been under a lease agreement.

- Future Office Location: 4400 NE Halsey St, Building 1, Ste. 160, Portland, OR 97213
  - As noted above, before the end of the first quarter of 2019, hospice clinical staff in the current leased office location will transition to the future office location at 4400 NE Halsey St, which is where hospice staff serving Clark County will be based. The future office location is owned by Providence.

The relocation of the hospice clinical staff to the future office has long been planned, and it is not part of the CN project. The relocation will allow Providence to better utilize its real estate assets by shifting from a leased space to an owned space. The future office location is fully built out, and any office equipment required will be transferred from the current office location. Providence Hospice has submitted a change request to the Oregon Health Authority ("OHA"), and OHA has acknowledged the receipt of the application and is processing the request. Please see Exhibit 11, which includes a copy of the OHA change request form, along with OHA's acknowledgement of receipt of the change request.

B. Describe the project for which Certificate of Need approval is sought.

Providence Health & Services-Oregon d/b/a Providence Hospice seeks to operate a Medicare certified and Medicaid eligible hospice agency to serve residents of Clark County, Washington. The hospice agency will be based out of Providence Hospice's office located in Portland, in Washington County, Oregon. Washington County is adjacent to Clark County, Washington.

C. List new services or changes in services represented by this project. Please indicate which services would be provided directly by the agency and which services would be contracted.

Please see Table 2, which provides a list of services that will be provided directly by Providence Hospice in Clark County and the services that will be contracted.

Table 2. Agency Provided and Contracted Services

Service Type	Provided by Hospice Agency	Contracted
Nursing Care	X	
Medical Social Worker	X	
Speech-language pathology services		X
Physical and occupational therapies		X
Dietary		X
Pastoral Care	X	
Home care aide	X	
Interdisciplinary team	X	
Case Management	X	
Medical Director	X	
Hospice Physician	X	
Nurse Practitioner	X	
Medical supplies		X
Pharmacy - drugs and biologicals		X
Inpatient hospital care for procedures necessary for pain control and acute chronic system management		X
Inpatient (nursing home) respite care to relieve home giver as necessary		X
24-hour continuous care in the home at critical periods	X	
In-home respite care (4 hours)	X (volunteers)	
Bereavement services for the family for 13 months	X	
Massage Therapy	X	X
Music Therapy		X
Pet Therapy	X	

Source: Providence Hospice

D. General description of types of patients to be served by the project.

The proposed agency will serve all patients requiring hospice services in Clark County, with an emphasis on underserved populations, especially the poor and vulnerable. Providence Hospice intends to provide a full range of hospice services to all appropriate patients, regardless of insurance status or ability to pay.

E. List the equipment proposed for the project:

1. **description of equipment proposed; and**
2. **description of equipment to be replaced, including cost of the equipment, disposal, or use of the equipment to be replaced.**

This question is not applicable, as there is no additional equipment required or proposed.

F. Provide drawings of proposed project:

1. **single line drawings, *approximately to scale,* of current locations which identify current department and services; and**
2. **single line drawings, *approximately to scale,* of proposed locations which identify proposed services and departments; and**
3. **total net and gross square feet of project.**

The agency will be based out of Providence Hospice's Portland existing office, located in Washington County, Oregon, which is adjacent to Clark County, Washington. The existing administrative infrastructure is well positioned to support census growth into Clark County. This will initially allow Providence Hospice to increase services in Clark County without adding additional staff in the first several months of operation.

Please see Exhibit 11, which contains single line drawings for the office space where hospice staff will be located. In addition, Exhibit 11 includes the Providence Hospice branch office change request submitted to the OHA, along with OHA's acknowledgement of receipt of the request. This change request notifies OHA that Providence Hospice will shift its office location from 9936 SE Washington, Ste. E-10, Portland, OR, 97216 to 4400 NE Halsey Street, Building 1, Portland, OR 97213. This relocation will occur in the first quarter of 2019. The relocation has long been planned and is not part of this CN project. Exhibit 11 also includes the floor plans for the current office location at 9936 SE Washington, Ste. E-10, Portland, OR, 97216.

The total gross square feet ("GSF") and net square feet ("NSF") for the entire office building at 4400 NE Halsey Street, Building 1, Portland, OR 97213 are 185,099 square feet and 179,943 square feet, respectively. The total GSF and NSF for the space (Suite 160) that the project will jointly occupy with existing staff are 8,065 square feet and 7,831 square feet, respectively.

G. Identify the anticipated dates of both commencement and completion of project.

We anticipate that both commencement and completion of the project will occur on November 1, 2019. This timeline is based on the CN Hospice timeline as set out by the Department, which sets the Department's hospice evaluation issuance date in mid to late August 2019.

In WAC 246-310-010(13) the term "commencement" is defined as "initiating a health service." Since no construction is required for this project, commencement and completion of the project are one and the same. Upon CN approval, Providence Hospice will initiate and complete any staff and agency licensing so it can commence providing services on November 1, 2019.

H. Describe the relationship of this project to the applicant's long-range business plan and long-range financial plan (if any).

Obtaining a certificate of need to operate a hospice agency in Clark County is an essential element of our long-range strategic plan to meet the needs of the residents of the County. Since 2009, Providence has been increasing its physician presence and medical group practice in Clark County. Through this application, Providence is seeking to ensure strong continuity of care as people seek specialty care across the state border. Hospice is an essential part of the overall care continuum and is fully supported in our long-range planning expectations.

Providence Hospice will be one of four Medicare certified and Medicaid eligible hospice agencies in the Clark County Planning Area, as the demand for hospice services will continue to increase. The proposed expansion of hospice agency services is in response to current utilization trends and in preparation for the future need for more hospice services in the Planning Area, as established by the Department's Hospice Numeric Need Methodology. This will better serve the residents' increasing health care needs.

Finally, Providence is committed to enhancing whole person care[7] by engaging people where they live, work, and play. Providence continues to integrate exceptional medical care with consistent attention to the personal experiences and well-being of the patients and families we serve.

I. Provide documentation that the applicant has sufficient interest in the site or facility proposed. "*Sufficient interest*" shall mean any of the following:

1. **clear legal title to the proposed site; or**
2. **a lease for at least one year with options to renew for not less than a total of three years; or**

[7] Whole person care is generally defined as health care based on medical, emotional, and personal needs. Whole person care means that: patients are full partners in decisions about all aspects of their care; families receive help supporting loved ones who are seriously ill; and professional caregivers receive help coping with the strains of caregiving.

3. **a legally enforceable agreement (i.e., draft detailed sales or lease agreement, executed sales or lease agreement with contingencies clause) to give such title or such lease in the event that a Certificate of Need is issued for the proposed project.**

Please see Exhibit 12, which demonstrates Providence has sufficient interest in the Portland facilities that serve as the office space for Providence Hospice.

Exhibit 12 includes two titles:

- The first title is for 6410 NE Halsey St, Ste. 300, Portland, OR, 97213, which is the licensed address for Providence Hospice.
- The second title is for 4400 NE Halsey Street, Building 1, Portland, OR 97213, which is the location where hospice clinical staff will be located.

III. *Project Rationale*

Please address each county proposing to be served separately.

A. Need (WAC 246-310-210)

1. Identify and analyze the unmet hospice service needs and/or other problems toward which this project is directed.

a. identify the unmet hospice needs of the patient population in the proposed service area(s). The unmet patient need should not include physical plant and/or operating (service delivery) deficiencies; and

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.

Our requested project seeks to address the unmet need for additional hospice services in Clark County. The Department of Health has identified net need for an additional hospice agency in Clark County in 2020, according to the Hospice Numeric Need Methodology.

Hospice Need Methodology
In the case of hospice agency need assessment, the methodology used to estimate the need for future hospice agencies is set forth in the eight-step need forecasting method in WAC 246-310-290. The steps are as follows:

STEP 1: Calculate the following two statewide predicted hospice use rates using department of health survey and vital statistics data:

- 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 during 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.
- The percentage of patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions during the last three years for patients under sixty-five by the average number of past three years statewide total of deaths under sixty-five.

Table 3 provides hospice admissions and deaths by the two age cohorts from ages 0-64 and ages 65+.

Table 3: Hospice Admissions and Deaths By Age Group

	2015	2016	2017	Average
Hospice Admissions (ages 0-64)	4,455	3,768	3,757	3,993
Hospice Admissions (ages 65+)	24,527	24,738	26,365	25,210
Deaths (ages 0-64)	14,365	13,557	14,113	14,012
Deaths (ages 65+)	40,149	41,104	42,918	41,390
Use Rates (0-64) = 28.50%				
Use Rates (65+) = 60.91%				

Source: DOH 2018-2019 Hospice Need Methodology

STEP 2: Calculate the average number of total resident deaths over the last three years for each planning area by age cohort:

Please see Table 4, which provides deaths in Clark County from 2015 to 2017 by age cohort.

Table 4: Deaths in Clark County By Age Cohort

	2015	2016	2017	Average
Deaths (ages 0-64)	881	781	883	848
Deaths (ages 65+)	2,553	2,589	2,579	2,574

Source: DOH 2018-2019 Hospice Need Methodology

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:

Please see Table 5, which provides the Planning Area's average and projected resident deaths by age cohort.

Table 5: Average and Projected Deaths in Clark County By Age Cohort

	Average 2015-2017	Projected Deaths	Use Rate
Deaths (ages 0-64)	848	242	28.50%
Deaths (ages 65+)	2,574	1,568	60.91%

Source: DOH 2018-2019 Hospice Need Methodology

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 use rate to determine the potential volume of

hospice use by the projected population by the two age cohorts identified in Step 1, (a)(i) and (ii) of this subsection using OFM data:

Please see Table 6, which provides the potential volume of hospice use by age cohort.

Table 6: Potential Clark County Hospice Volume, 2018-2020 By Age Cohort

ages 0-64							
Projected Patients	2015-2017 Average Population	2018 Projected Population	2019 Projected Population	2020 Projected Population	2018 Projected Volume	2019 Projected Volume	2020 Projected Volume
242	393,291	405,282	411,278	417,273	249	253	257
ages 65+							
1,568	68,044	75,085	78,605	82,125	1,730	1,811	1,892
Source: DOH 2018-2019 Hospice Need Methodology							

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:

Please see Table 7, which provides the number of projected admissions beyond the planning area's existing capacity.

Table 7: Potential Clark County Hospice Volume Beyond Planning Area Capacity, 2018-2020

2018 Potential Volume	2019 Potential Volume	2020 Potential Volume	Current Capacity	2018 Admits (Unmet)	2019 Admits (Unmet)	2020 Admits (Unmet)
1,979	2,064	2,148	1,881	98	183	267

Source: DOH 2018-2019 Hospice Need Methodology

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:

Please see Table 8, which provides the unmet need for both admissions and patient days in Clark County.

Table 8: Clark County Admissions & Patient Days Unmet Need, 2018-2020

2018 Admits (Unmet)	2019 Admits (Unmet)	2020 Admits (Unmet)	2018 Patient Days (Unmet)	2019 Patient Days (Unmet)	2020 Patient Days (Unmet)
98	183	267	5,959	11,119	16,278

Source: DOH 2018-2019 Hospice Need Methodology. Statewide ALOS = 60.86

STEP 7: Divide the unmet patient days from Step 6 by 365 to determine the unmet need ADC:

Please see Table 9, which provides the unmet need based on Average Daily Census in Clark County. As noted below, absent additional hospice capacity, the Planning Area will experience unmet ADC of 45 by the target year 2020.

Table 9: Clark County Unmet Need Based on ADC, 2018-2020

2018 ADC (Unmet)	2019 ADC (Unmet)	2020 ADC (Unmet)
16	30	45

Source: DOH 2018-2019 Hospice Need Methodology

STEP 8: Determine the number of hospice agencies in the planning area that could support the unmet need with an ADC of thirty-five:

Please see Table 10, which provides the unmet need for Hospice Agencies in Clark County. As noted, absent additional hospice capacity, the Planning Area will experience numeric need for 1.27 agencies by the target year of 2020.

Table 10: Clark County Unmet Need Hospice Agencies, 2020

2020 ADC (Unmet)	Agencies Needed in 2020?
45	1.27

Source: DOH 2018-2019 Hospice Need Methodology

b. identify the negative impact and consequences of unmet hospice needs and deficiencies.

Hospice provides care, comfort, and support for people nearing the end of life, wherever they reside. With a focus on quality of life, hospice addresses the needs of the whole person, from managing pain and symptoms to providing emotional, social, and spiritual support.

Given hospice care is primarily provided in a home setting, proximity to local hospice providers is an important factor. The Department's hospice need methodology establishes that, without an expansion of services in the Planning Area, Clark County residents will have insufficient access to hospice care and the associated benefits.

2. <u>Define the types of patients that are expected to be served by the project</u>. The types of patients expected to be served can be defined according to specific needs and circumstances of patients (i.e., culturally diverse, limited English speaking, etc.) or by the number of persons who prefer to receive the services of a particular recognized school or theory of medical care.

Providence Hospice provides experienced, compassionate care for people nearing the end of life. Our doctors, registered nurses, chaplains, social workers, and other team members provide comprehensive services, ranging from pain control and comfort care to emotional, social, and spiritual support, including support for family members and caregivers.

We understand each patient and family is special. For this reason, Providence tailors its team approach to the specific needs of each patient and family. Hospice services are provided in the patient's home, no matter where that home is located. It may be a private residence, an assisted living community, an adult care home, or a residential or intermediate care community.

<u>Home and Palliative Care Programs</u>

Providence Hospice will serve all patients requiring hospice services in Clark County, with an emphasis on underserved populations, especially the poor, vulnerable, and elderly. Providence Hospice will work with our home and palliative care programs[8] that are designed for patients who have chronic medical conditions or life-limiting illnesses, who are not appropriate or ready for hospice services and who may be continuing to receive medical treatment. Palliative care can address not only the patient's physical challenges and limitations, but psychosocial and spiritual issues, as well. Providence Hospice intends to bring these services to Clark County residents.

<u>We Honor Veterans</u>

Providence Hospice is proud to serve those who have served our country. We make a special effort to know and understand the unique needs of the veterans we serve and to ease their way in their final days. Our hospice team is dedicated, trained, and committed to providing sensitive and highly skilled care that meets the specific needs of veterans at the end of life. We make it an ongoing priority to provide veteran-centered training and education for our caregivers and volunteers, to build and nurture relationships with VA medical centers, and to improve and enhance the quality of the care that we provide for our local veterans. Our staff members and volunteers practice respectful inquiry and compassionate listening to provide comfort to patients with a history of military service. In addition, many of our volunteers are veterans themselves, offering a unique level of understanding as they work with and support our veteran patients.

In affirmation of our commitment to veterans, Providence Hospice has earned a four-star designation – the highest level attainable – with the We Honor Veterans program, a

[8] These programs include Providence Connections, Providence Home-based Palliative Care, Providence Oncology Palliative Care Program, and Providence Elder at Home.

partnership between the National Hospice and Palliative Care Association and the Veterans Administration.

Grief and Bereavement Services

Providence Hospice is well known in the community, especially for providing unique hospice services that are often left unfulfilled by other hospice providers. For example, Providence Hospice has robust grief support services, with other local hospice providers often referring their patients and families to Providence for bereavement services. In addition, Providence Hospice has a number of programs focused on children and teens. The Camp Erin program represents one of the largest networks in the nation of free bereavement services designed for children and teens ages 6-17 who have experienced the death of someone close to them. Camp Erin provides a unique opportunity for peer bonding between children and teens who are facing similar life circumstances.

In addition, Providence Hospice's "Me Too" program is an eight-week program focused on child and family grief support serving children aged 5-18 and their parents and guardians. There are no costs to participate in these programs. Because of these programs, Providence Hospice is seen as the "go to" place for these critical services in the community. In fact, other hospice providers often refer their patients and families to Providence Hospice bereavement services due to its high reputation and no cost for participation. Providence Hospice intends to make these services available to Clark County residents.

3. For existing facilities, include a patient origin analysis for at least the most recent three-month period, if such data is maintained, or provide patient origin data from the last statewide patient origin study. Patient origin is to be indicated by zip code. Zip codes are to be grouped by city and county, and include a zip code map illustrating the service area.

Please see Exhibit 30, which provides a patient origin analysis for Providence Hospice for September-November 2018.

4. Please provide utilization forecasts for the following, for each county proposing to serve:

a. total number of unduplicated hospice patients served per year for the first three years;
b. average length of stay (days) per patient per year for the first three years;
c. median length of stay; and
d. average daily census per year for the first three years.

If our requested project is approved, we anticipate beginning services in Clark County in November 2019. Therefore, the first full year of operation will be 2020. Forecasts through 2022 with and without the project are provided in Table 11.

Table 11: Providence Hospice Utilization Forecast, 2019-2022

	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
Providence Hospice (with project)	**Jan-Oct 2019**	**Nov-Dec 2019**	**2020**	**2021**	**2022**
Total number of unduplicated hospice patients served per year	2,065	418	2,604	2,743	2,846
Average length of stay per patient year	62.9	62.9	62.9	62.9	62.8
Median length of stay	23.8	23.4	23.4	23.4	23.4
Average daily census	426.9	432.6	447.7	472.5	490.0
Total patient days	129,909	26,302	163,869	172,449	178,843

Source: Providence Hospice

5. Please provide a forecasted breakdown of patient diagnoses.

Please see Table 12, which provides the Clark County percent of diagnoses in 2017 and, for reference, the National Hospice and Palliative Care Organization percent of diagnoses for 2016. We expect the patient diagnoses for Clark County to be the same as the current percentage rates as seen in 2017.

Table 12: NHPCO and Clark County Hospice Patient Diagnoses Mix

Diagnosis	NHPCO National Percent (2016)	Clark County Percent (2017)	Clark County Percent (Forecast)
Cancer	27.2%	26.7%	26.7%
Cardiac and Circulatory	18.7%	19.5%	19.5%
Dementia	18.0%	10.0%	10.0%
Respiratory	11.0%	4.9%	4.9%
Stroke	9.5%	12.3%	12.3%
Other	15.6%	26.6%	26.6%
Total	100.0%	100.0%	100.0%

Source: Sources: NHPCO, HealthPivots
*Figures may not add exactly to 100% due to rounding

6. Provide the complete step-by-step quantitative methodology used to construct each utilization forecast. All assumptions related to use rate, market share, intensity of service, and others must be provided.

The methodology and assumptions used to develop the utilization forecasts presented in Table 11 include the following:

The Project (Clark County Forecast, "Project")

- Given the high unmet need (ADC of 45) projected by 2020 in Clark County,[9],the Project-related utilization is projected to reach capacity (36.7 ADC) by the third full year of operation (2022). A moderate ramp-up is assumed in prior years.
- Patient days are calculated by multiplying the ADC by 365.
- Average length of stay (ALOS) is set to the Washington statewide average (60.86).
- Patient counts are calculated by dividing patient days by the ALOS.
- Median LOS is estimated to be the same percentage of ALOS as it was in YTD2018 (37%).

Without the Project (Existing Operations, "Without")

- Patient days are based on 2% year-over-year increase.
- ALOS is based on historical trend averages and is held constant at 63 from 2020-2022.
- Median LOS is estimated to be the same percentage of ALOS as it was in YTD2018 (37%).

[9] See Exhibit 13 for a copy of the DOH 2018-2019 Hospice Numeric Need Methodology.

With the Project (Existing Operations + the Project, "With")

- Because the project is anticipated to begin November 2019, January-October 2019 is equivalent to the without forecast.
- November 2019-2022 patient days and patients counts are the sum totals of the Project and Without forecasts.
- ALOS is calculated by dividing with patient days by with patient counts.
- Median LOS is estimated to be the same percentage of ALOS as it was in YTD2018 (37%).
- ADC is calculated by dividing with patient days by 365.

7. Provide detailed information on the availability and accessibility of similar existing services to the defined population expected to be served. This section should concentrate on other facilities and services which "*compete*" with the applicant.

a. Identify all existing providers of services (licensed only and certified) similar to those proposed and provide utilization experience of those providers that demonstrates that existing services are not available to meet all or some portion of the forecasted utilization.

The existing providers of hospice services in Clark County include the following:

- Community Home Health and Hospice (CHHH) Community Home Care Hospice
- Homecare and Hospice Southwest (Hospice SW)
- Kaiser Permanente Continuing Care Services

Through examination of the DOH 2018-2019 Hospice Numeric Need Methodology (see Exhibit 13), we can confirm that there is significantly higher forecasted utilization than current capacity in Clark County. Potential volume (admissions) in Clark County is calculated as 1,979 in 2018, 2,064 in 2019, and 2,148 in 2020, while current capacity is calculated at 1,881 admissions (see page 6 of Exhibit 13). If we subtract current capacity from the potential volume, we have 98 admissions that are potentially unmet in 2018.

While the existing three hospice agencies in Clark County are well-established, they are not meeting current need in the County and have not shown an ability to keep pace with the demand for hospice services driven by population growth, especially in the age 65+ group. Consequently, the DOH 2018-2019 Hospice Numeric Need Methodology forecasts unmet ADC of 45 in the target year of 2020, establishing need for another hospice agency (see page 9 of Exhibit 13).

b. If existing services are available, demonstrate that such services are not accessible. Unusual time and distance factors, among other things, are to be analyzed in this section.

Please see the answer to question 7.a above. As noted in that response, the DOH has calculated that there is unmet need for a hospice agency in the target year of 2020. In 2020, the DOH calculates an unmet ADC of 45. According to the need methodology in WAC 246-310-290(8)(h) (Step 8), to determine the number of new hospice agencies needed in the Planning Area to meet the need, the unmet ADC is to be divided by an ADC of 35. In the case of Clark County, 45 divided by 35 results in a need for 1.27 new agencies in 2020. (Please see Exhibit 13, page 9.)

c. If existing services are available and accessible, justify why the proposed project does not constitute an unnecessary duplication of services.

Please see the answers to questions 7.a and 7.b above. The DOH 2018-2019 Hospice Numeric Need Methodology establishes that Clark County has unmet need for hospice services in the target year of 2020. The proposed Providence Hospice project will reach an ADC of 36.7 in 2022, the third full year of operation. Since there is future net need for a hospice agency, there cannot be a duplication of services. The proposed project will meet unmet need, but will not oversupply hospice services in the Planning Area.

8. Document the manner in which low-income persons, racial and ethnic minorities, women, people with disabilities, and other under-served groups will have access to the services proposed.

9. Please provide copies (draft is acceptable) of the following documents:

a. Admissions policy; and
b. Charity care policy; and
c. Patient referral policy, if not addressed in admissions policy.

- Please see Exhibit 14 for the Admission Process Policy and Exhibit 15 for the Admission Criteria Policy.
- Please see Exhibit 16 for the Financial Assistance Patient Services Policy.
- The Admission Criteria Policy addresses patient referrals.

10. As applicable, substantiate the following special needs and circumstances that the proposed project is to serve.

a. The special needs and circumstances of entities such as medical and other health professions' schools, multi-disciplinary clinics, and specialty centers that provide a substantial portion of their services, resources, or both, to individuals not residing in the health services areas in which the entities are located or in adjacent health services areas.

This question is not applicable.

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

This question is not applicable.

c. The special needs and circumstances of osteopathic hospitals and non-allopathic services with which the proposed facility/service would be affiliated.

This question is not applicable.

Financial Feasibility (WAC 246-310-220)

WAC 246-310-990(2) defines "total capital expenditure" to mean the total project costs to be capitalized according to generally accepted accounting principles. These costs include, but are not limited to, the following: legal fees; feasibility studies; site development; soil survey and investigation; consulting fees; interest expenses during construction; temporary relocation; architect and engineering fees; construction, renovation, or alteration; total costs of leases of capital assets; labor; materials; fixed or movable equipment; sales taxes; equipment delivery; and equipment installation.

1. Provide the proposed capital expenditures for the project. These expenditures should be broken out in detail and account for at least the following:

This question is not applicable, as there are no capital costs for this project.

2. Explain in detail the methods and sources used for estimated capital expenditures.

This question is not applicable, as there are no capital costs for this project.

3. Document the project impact on (a) capital costs; and (b) operating costs and charges for health services.

Please see Exhibit 17, which includes the pro forma forecast showing operating revenue and expenses for the first three full years of operations. There is no impact on capital costs, as no capital is required for this project.

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 healthcare 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).[10]

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

[10] *Survival and Cost-Effectiveness of Hospice Care for Metastatic Melanoma Patients,* The American Journal of Managed Care, Volume 20, Number 5, May 2014.

$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.[11] 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 expects the project will contribute to overall lower end-of-life costs resulting in overall lower charges for health services.

4. Provide the total estimated operating revenue and expenses for the first three years of operation *(please show each year separately*) for the following, as applicable. Include all formulas and calculations used to arrive at totals on a separate page.

Please see Exhibit 17, which includes a pro forma forecast showing operating revenue and expenses for the first three full years of operations.

5. Identify the source(s) of financing (*loan, grant, gifts, etc*.) for the proposed project. Provide all financing costs, including reserve account, interest expense, and other financing costs. If acquisition of the asset is to be by lease, copies of any lease agreements, and/or maintenance repair contracts should be provided. The proposed lease should be capitalized with interest expense and principal separated. For debt amortization, provide a repayment schedule showing interest and principal amount for each year over which the debt will be amortized.

This question is not applicable, as there is no financing for this project.

6. Provide documentation that the funding is, or will be, available and the level of commitment for this project.

This question is not applicable, as there is no financing for this project.

7. Provide a cost comparison analysis of the following alternative financing methods: purchase, lease, board-designated reserves, and interfund loan or bank loan. Provide the rationale for choosing the financing method selected.

This question is not applicable, as there is no financing for this project.

8. Provide a pro forma (projected) balance sheet and expense and revenue statements for the first three years of operation.

Please see Exhibit 17, which includes a pro forma forecast for expense and revenue statements for the first three full years of operation.

[11] *Cost Savings Associated with Expanded Hospice Use in Medicare,* Journal of Palliative Medicine, Volume 18, Number 5, April 2015.

Please note that Providence does not hold balance sheets at the facility level, and Providence 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 business ventures. With that said, for purposes of this Application and to satisfy the Department's questions relating to balance sheets, Providence has extrapolated information from its business pro forma to construct this balance sheet. This balance sheet was created solely for the Department's review of this Application and will not be generally used in the business and financial operations of Providence Hospice. Please see Exhibit 18 for a balance sheet for the first three years of operations.

9. Provide a capital expenditure budget through the project completion and for three years following completion of the project.

This question is not applicable, as there are no capital expenditures for this project.

10. Identify the expected sources of revenue for the applicant's total operations (e.g., Medicare, Medicare Managed Care, Medicaid, Healthy Options, Blue Cross, Labor and Industries, etc.) for the first three years of operation, with anticipated percentage of revenue from each source. Estimate the percentage of change per year for each payer source.

Please see Table 13, which provides the expected payer source mix for the project. The payer mix is modeled to remain the same for the first three years of operation. The projected payer mix is based on recent historical experience for Providence Hospice.

Table 13: Providence Hospice Clark Forecast Payer Mix

Payer Mix	Percent
Medicare FFS	86.9%
Medicare Managed Care	0.3%
Medicaid	5.9%
Medicaid Managed Care	2.1%
Commercial	4.5%
Self Pay	0.4%
Total	100.0%

Source: Providence Hospice

11. If applicant is an existing provider of health care services, provide expense and revenue statements for the last three full years.

Please see Exhibit 19 for the revenue and expense statement for Providence Hospice.

In addition, please see Exhibit 20 for 2015 audited financials for Providence Health & Services and 2016-2017 audited financials for Providence St. Joseph Health.

12. If applicant is an existing provider of health care services, provide cash flow statements for the last three full years.

Please note that Providence does not hold cash flow statements at the facility level, and Providence does not routinely use facility level cash flow statements as part of its financial analysis when evaluating new business ventures. With that said, for purposes of this Application and to satisfy the Department's questions relating to cash flow statements, Providence has prepared a cash flow statement. This cash flow statement was solely created for the Department's review of this Application. Please see Exhibit 21 for a cash flow statement for last three full years.

In addition, please see Exhibit 20 for 2015 audited financials for Providence Health & Services and 2016-2017 audited financials for Providence St. Joseph Health. These audited financials include enterprise level cash flow statements.

13. If applicant is an existing provider of health care services, provide balance sheets detailing the assets, liabilities, and net worth of facility for the last three full *fiscal* years.

Please note that Providence does not hold a balance sheet at the facility level, and Providence does not routinely use facility level balance sheets as part of its financial analysis when evaluating new business ventures. With that said, for purposes of this Application and to satisfy the Department's questions relating to a balance sheet, Providence has prepared a balance sheet. This balance sheet was solely created for the Department's review of this Application. Please see Exhibit 21 for a balance sheet for the last three full years.

In addition, please see Exhibit 20 for 2015 audited financials for Providence Health & Services and 2016-2017 audited financials for Providence St. Joseph Health. These audited financials include enterprise balance sheets.

14. For existing providers, provide actual costs and charges <u>per visit</u> broken down by discipline (i.e., RN/LPN, OT, PT, social worker, etc.) and by payer source <u>for each county</u> proposing to serve.

This question is not applicable to hospice providers, as charges for services provided by Medicare certified agencies are set by Medicare based on a *fixed per diem rate*. This fixed per diem rate is based on factors such as local wage index, length of stay, and level of care.

15. Provide anticipated costs and charges <u>per visit</u> broken down by discipline (i.e., RN/LPN, OT, PT, social worker, etc.) and by payer source <u>for each county</u> proposing to serve.

This question is not applicable to hospice providers, as charges for services provided by Medicare certified agencies are set by Medicare based on a *fixed per diem rate*. This fixed per diem rate is based on factors such as local wage index, length of stay, and level of care.

16. Indicate the addition or reduction of FTEs with the salaries, wages, employee benefits for each FTE affected, for the first three years of operation. Please list each discipline separately.

Please see Table 14, which provides a breakdown of the FTEs for the project, which includes existing FTE, incremental FTE, and total FTE by discipline. In addition, the table includes current Providence Hospice FTE YTD 2018 with salaries.

Table 14: Providence Hospice Clark Forecast FTE

Providence Hospice Clark County Agency FTE				
INTERNAL STAFFING	**Nov-Dec 2019**	**2020**	**2021**	**2022**
Cumulative Existing FTE				
Registered Nurse / LPN	0.4	0.4	0.4	0.4
Professional Services*	0.1	0.4	0.4	0.4
Home Health Aide	0.4	0.4	0.4	0.4
Social Worker	0.2	0.2	0.2	0.2
Administrative / Clerical	0.1	0.1	0.1	0.1
Management / Supervisor	0.1	0.1	0.1	0.1
Medical Director / Physicians	0.1	0.1	0.1	0.1
Subtotal Existing FTE	**1.4**	**1.7**	**1.7**	**1.7**
Cumulative New FTE				
Registered Nurse / LPN	0.0	0.6	1.6	2.6
Professional Services*	0.0	0.0	0.2	0.2
Home Health Aide	0.0	1.6	2.4	3.0
Social Worker	0.0	0.4	0.8	1.0
Administrative / Clerical	0.0	0.0	0.0	0.0
Management / Supervisor	0.0	0.0	0.0	0.0
Medical Director / Physicians	0.0	0.0	0.0	0.0
Subtotal Incremental FTE	**0**	**2.6**	**5.0**	**6.8**
CUMULATIVE TOTAL FTE				
Registered Nurse / LPN	0.4	1.0	2.0	3.0
Professional Services*	0.1	0.4	0.6	0.6
Home Health Aide	0.4	2.0	2.8	3.4
Social Worker	0.2	0.6	1.0	1.2
Administrative / Clerical	0.1	0.1	0.1	0.1
Management / Supervisor	0.1	0.1	0.1	0.1
Medical Director / Physicians	0.1	0.1	0.1	0.1
TOTAL FTE	**1.4**	**4.3**	**6.7**	**8.5**
EXTERNAL STAFFING				
Massage Therapist	Contracted			
Music Therapist	Contracted			
Speech-language Pathologist	Contracted			
Physical Therapist	Contracted			
Occupational Therapist	Contracted			
Dietary Technician	Contracted			

Providence Hospice Current FTE		
INTERNAL STAFFING	**Current FTE 9/30/2018**	**Salary and Benefits**
Registered Nurse / LPN	82.3	$ 142,185
Professional Services*	11.7	$ 92,379
Home Health Aide	28.8	$ 50,437
Social Worker	23.5	$ 99,517
Administrative / Clerical	19.5	$ 60,426
Management / Supervisor	11.9	$ 140,543
Medical Director / Physicians	3.9	$ 320,857
TOTAL INTERNAL STAFFING	**181.6**	

Source: Providence Hospice

*Professional Services includes Chaplain, Bereavement Counselors, Clinical Educators, and contracted therapy.

17. Please describe how the project will cover the costs of operation until Medicare reimbursement is received. Provide documentation of sufficient reserves.

Providence Hospice is an existing facility with an ADC that is greater than 400. While Providence Hospice does not carry reserves, it has sufficient cash from operations from its existing business to ensure the costs of operations are covered until Medicare reimbursement is received for the Clark County hospice agency.

In addition, please see Exhibit 20 for 2015 audited financials for Providence Health & Services and 2016-2017 audited financials for Providence St. Joseph Health.

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

1. Please provide the current and projected number of employees for the proposed project, using the following:

Providence Hospice has the existing infrastructure to begin service in Clark County upon CN approval. No additional administrative office staff would be needed to support an average daily census of 35 patients, and only direct care staff would be proportionally added based on census growth assumptions. The direct care team that is already providing service closest to the border with Clark County would be repositioned to provide initial service capacity in Clark County. In the first several months of operation, existing FTEs ranging from 1.4 to 1.7 FTEs are adequate to meet service requirements, with an initial ADC of 5.2 in the November through December 2019 period. Approximately 2.6 incremental FTEs will be added in 2020 when ADC is 13.3, 2.4 incremental FTEs will be added in 2021 when ADC is 28.1, and 1.8 incremental FTEs will be added in 2022 when ADC is 36.7.

Please see Table 14 for the current Providence Hospice FTEs and the projected number of FTEs for the proposed project.

2. Please provide your staff to patient ratio.

Please see Table 15, which provides Providence Hospice staff/patient ratios.

Table 15: Providence Hospice Staff / Patient Ratio

Type of Staff	Providence Hospice Staff / Patient Ratio
Skilled Nursing (RN & LPN)	1:11
Physical Therapist	Contract only
Occupational Therapist	Contract only
Medical Social Worker	1:25
Speech Therapist	Contract only
Home Health / Hospice Aide	1:15
Chaplain	1:50

Source: Providence Hospice

3. Explain how this ratio compares with other national or state standards of care and existing providers for similar services in the proposed service area.

In order to create a comparison, we compared Providence Hospice staff/patient ratios with the most recent five CN hospice applications in Washington in 2017.[12] Please see Table 16. As demonstrated in the side-by-side comparison, Providence ratios are consistent and within a reasonable range of recent Washington hospice applicant ratios. One outlier in this comparison is the variation in the chaplain support ratio, which ranges from 1:10 for Continuum Care, 1:30 for Inspiring Hospice, and 1:50 for Providence Hospice. Our experience is that not all hospice patients want or need chaplain services as part of their personalized care plan. When coupled with bereavement and other services, we have found that a chaplain-to-patient ratio of 1:50 has been sufficient to meet patient needs.

Table 16: Comparison of Staff / Patient Ratios

Type of Staff	Providence Hospice (Portland, 2018)	Enivsion Hospice of Washington (Thurston & Snohomish, 2017)	Inspiring Hospice of OR (Thurston & Snohomish, 2017)	Continuum Care Hospice (Snohomish, 2017)
Skilled Nursing (RN & LPN)	1 : 11	1:10	1:8	1:10
Physical Therapist	Contract only	Contracted per visit	Under contract	Not Available
Occupational Therapist	Contract only	Contracted per visit	Under contract	Not Available
Medical Social Worker	1 : 25	Combined position with Volunteer Coord at start up	1:30	1:25
Speech Therapist	Contract only	Contracted per visit	1 staff member	Not Available
Home Health / Hospice Aide	1 : 10	1:10	1:8	1:12
Chaplain/Spritual Counselor	1:50	Combined position with Bereavement at start up	1:30	1:10

Sources: Providence Hospice; CON Hospice Applications, submitted in 2017

4. Identify and document the availability of sufficient numbers of qualified health manpower and management personnel. If the staff availability is a problem, describe the manner in which the problem will be addressed.

1) Providence Hospice Currently Has Staff that Reside in Clark County

Providence Hospice employs more than 175 clinical and administrative staff out of its Portland Office, with a number of staff residing in Clark County. Providence Hospice has the existing infrastructure to begin serving Clark County immediately upon CN approval. No new administrative or office-based staff are needed to begin service.

[12] Providence Hospice examined recent publications and research from the National Hospice and Palliative Care Organization, the Oregon Hospice & Palliative Care Association, and the Washington State Hospice & Palliative Care Organization and found no references to state or national staff/patient ratios that could be benchmarked against.

The direct care team that is already providing service closest to the border with Clark County would be repositioned to ensure service capacity in Clark County in the early period of operations. Growth within Clark County based on our projections would include the addition (net new) of appropriate direct caregiver staff by 2020. Please see Table 14 for the existing and projected staff for Clark County.

For staff who are not already licensed (or in the process of being licensed) in Washington State, Providence intends to initiate the paperwork filing upon CN approval. The Director of Hospice, Jane Brandes, was recently licensed in Washington as part of the preparation for providing hospice services in Clark County. Please see Exhibit 22 for Jane Brandes' provider credentials in Oregon and Washington. In addition, in preparation for providing hospice services in Clark County the Medical Director, Ruth Medak, M.D., has applied for a Washington provider license.[13] Please see Exhibit 9 for Dr. Medak's provider credentials in Oregon.

Finally, in order to conduct due diligence, Providence Hospice examined the requirements and processes to obtain licensure for its direct care team. Based on our analysis, we are confident we can fully license and ensure a qualified work team before commencement of the project. Please see Exhibit 23 for a copy of Washington Licensure Requirements for Hospice Staff created by Providence Hospice as it relates to providing hospice services in Washington.

2) *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).

3) *Providence Hospice is Successful at Recruiting and Retaining Employees*

Providence Hospice currently employs more than 175 staff members. Providence Hospice has been highly effective in retaining current staff by offering attractive pay and benefits, maintaining a robust orientation and training program, offering ongoing

[13] Out of all staff licensure requirements, obtaining a Washington Medical Director licensure is the lengthiest process. We recently began this process to ensure the Medical Director would be licensed in Washington upon CN approval.

education and development opportunities, engaging staff in Providence's critical mission, and by focusing on retention as a key priority. Providence Hospice's retention rates are strong and have continued to improve in recent years.

With retention as a key priority, Providence Hospice invests heavily in recruiting and retaining the best employees to serve our communities. Providence has 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 for a copy of the Employee Training and Development Policy. In addition, Providence 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 for a copy of the Clinical Ladder Handbook. These programs not only help to improve retention but also contribute to maintaining a high quality and qualified workforce to serve hospice patients.

5. Please identify the number of providers and specialties represented on the interdisciplinary team.

In order to meet Medicare Hospice Conditions of Participation (42 CFR 418.56), a hospice must designate an interdisciplinary team composed of the following professional roles:[14]

i. A doctor of medicine or osteopathy (who is an employee or under contract with the hospice).
ii. A registered nurse.
iii. A social worker.
iv. A pastoral or other counselor.

Providence Hospice meets the requirements of the interdisciplinary team for all existing patients served from various branches and will leverage the existing interdisciplinary team infrastructure. Please see Table 17 for the interdisciplinary team that will serve Clark County. The number of staff are based on 2022, when ADC reaches 36.7.

Table 17: Providence Hospice Interdisciplinary Teams, 2022

Interdisciplinary Team	Number of Staff
Registered Nurse / LPN	3.0
Professional Services*	0.6
Home Health Aide	3.4
Social Worker	1.2
Medical Director / Physicians	0.1
Total	**8.3**

[14] Source: https://www.law.cornell.edu/cfr/text/42/418.56.

Source: Providence Hospice
*Professional Services includes Chaplain, Bereavement Counselors, Clinical Educators, and contracted therapy, etc.

6. Please identify, and provide copies of (if applicable) the inservice training plan for staff. (Components of the training plan should include continuing education, home health aide training to meet Medicare criteria, etc.).

Providence Hospice utilizes different venues and processes to ensure all staff receive adequate training, including training to meet Medicare criteria. Providence Hospice training includes but is not limited to the following:

- New employee orientation training that addresses hospice philosophy, employee specific training, job responsibility, quality management, ethical issues, patient rights and responsibilities, confidentiality, HIPAA and Integrity Program, and infection control training. Please see Exhibit 24 for the Employee Training and Development Policy.
- A monthly one-hour in-service training for our Hospice Aides that includes modules such as wound care, sepsis, non-compliant patients, mechanical and lift use and safety, and providing care to LGBT clients. Please see Exhibit 26 for the Home Health and Hospice Aide 2018 internal education program. This ongoing education program is updated on an annual basis.
- An annual one- to four-hour nursing skills lab that reviews a rotation of topics including infusion, CADD (infusion) pumps, venipuncture, catheter insertion, and wound care.
- An annual four-hour conference focused on topics that are relevant to the hospice interdisciplinary team. For example, in 2018, we provided training on addiction and drug diversion.
- Access to and sponsorship of professional educational events to receive continuing education credit, such as the regional trainings put on by Oregon Hospice & Palliative Care Association[15] ("OHPCA").[16]
- Access to Providence Home Services Clinical Ladder Program. Please see response to Question 4 above that provides an overview of the Clinical Ladder program. Please see Exhibit 25 for a copy of the Clinical Ladder Handbook.
- Providence Hospice also provides training to its hospice volunteers. Providence Hospice views the volunteer program as a critical component of and complement to its hospice services. The volunteer program includes orientation, training and continuing education. In addition, Providence Hospice regularly conducts competency assessments that include but are not limited to the following: basic patient care, pain and symptom management, infection control, oxygen safety, falls and body mechanics, and confidentiality.

[15] Providence actively participates in and promotes the Oregon Hospice & Palliative Care Association, with Jane Brandes, Director of Hospice at Providence Hospice, currently serving as Board Chair with her term ending in December 2018.
[16] Please see pages 28-30 of the OHPCA 2017 Annual Report: https://oregonhospice.org/media/2017AnnualReportFinal.pdf

7. Describe your methods for assessing customer satisfaction and quality improvement.

Providence Hospice has an established Quality Assurance and Performance Improvement ("QAPI") program that employs a number of methods and processes in assessing customer satisfaction and quality improvement. The Providence Hospice Clinical Quality Manager is responsible for facilitating the QAPI program for Providence Hospice. The Clinical Quality Manager, along with the Hospice Director, Medical Director, Hospice Operation Managers, supervisors, and primary interdisciplinary team, are responsible for assuring Providence continues to monitor the quality of service it provides and develops performance improvement projects. Home Services Leadership Council, as delegated by the Governing Body, is responsible for the oversight of the QAPI program. 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 27 for a copy of the QAPI program.

CAHPS and Quality Results

As part of the QAPI program and per requirements in the Conditions of Participation, Providence Hospice participates in ongoing surveys conducted by Consumer Assessment of Healthcare Providers and Systems ("CAHPS"). These surveys help provide a 360-degree view of our performance as an organization in all aspects of hospice services. Providence Hospice uses these results to track, monitor, and respond to outcomes that align with our goals, internal initiatives, and external benchmarks.

In all but one of the key six CAHPS measures, our scores demonstrate that we are either holding steady or showing improvement over time. Most notable is the close to 10% improvement in the measure of "getting help with symptoms" and the 4.5% improvement in the measure of "getting hospice training" during the seven quarter period. In addition, Providence Hospice Q2 2018 scores compare favorably to the national average, with four Providence Hospice measures exceeding the national average. Please see Table 18.

Table 18: Providence Hospice CAHPS Scores, Q4 2016 – Q2 2018

Measure	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q2 2018 National Average*
Hospice Team Communication	80.8%	86.4%	78.4%	78.4%	81.0%	86.0%	82.0%	81.0%
Getting Timely Care	75.2%	78.1%	73.1%	73.8%	67.4%	78.0%	77.0%	76.6%
Treating Family Member with Respect	91.0%	94.1%	88.1%	89.9%	89.4%	93.0%	91.0%	90.9%
Getting Emotional and Religious Support	92.8%	94.9%	90.7%	92.2%	95.4%	93.0%	92.0%	92.5%
Getting Help with symptoms	68.3%	72.2%	71.1%	72.9%	68.0%	77.0%	78.0%	75.4%
Getting Hospice Training	70.5%	66.7%	72.5%	81.8%	75.5%	78.0%	74.0%	76.5%

Source: CAHPS

*National average based on Deyta Analytics surveys

Similarly, examining two key patient experience measures for Providence Hospice demonstrates significant improvement in recent history. Specifically, the question "would

you recommend this hospice (definitely yes)" has increased from 82% in Q3 2017 to 91% in Q3 2018, which is 6% above the national average. For the question, "rating of patient care from this hospice (9/10 and 10/10)", Providence Hospice saw improvement from approximately 80% in Q3 2017 to 86% in Q3 2018, which is 1.5% above the national average. These scores reflect ongoing efforts and commitment on the part of Providence Hospice to provide high quality compassionate care that respects patient dignity. Please see Table 19.

Table 19: Providence Hospice Patient Experience Measures (CAHPS) Scores Q3 2017 – Q3 2018

Measure	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q3 2018 National Average*
Rating of patient care from this hospice (9/10 and 10/10)	79.8%	86.3%	80.6%	87.0%	86.0%	84.5%
Would recommend this hospice (Definitely yes)	82.4%	87.3%	81.1%	90.0%	91.0%	85.0%

Source: CAHPS

*National average based on Deyta Analytics surveys

As required by CMS, Providence Hospice also participates in the Hospice Item Set. Providence Hospice results in the survey scores have been consistently above the national rate. Please see Table 20.

Table 20: Providence Hospice (Hospice Item Set) Quality Measures Reporting Period: 10/1/15 – 9/30/17

Measure	CMS National Rate	Providence Hospice
Treatment Preferences (NQF #1641)	98.7%	100.0%
Beliefs/Values (NQF #1647)	94.9%	100.0%
Pain Screening (NQF #1634)	95.3%	99.9%
Pain Assessment (NQF #1637)	83.4%	95.2%
Dyspnea Screening (NQF #1639)	97.8%	100.0%
Dyspnea Treatment (NQF #1638)	95.3%	98.8%
Bowel Regimen (NQF #1617)	93.7%	99.8%

Source: CMS

As noted above, Providence Hospice has a robust QAPI program. The QAPI program focuses on identifying areas of improvement in patient/family outcomes, process of care, hospice services, non-clinical operations, and patient safety. Hospice-wide improvement opportunities are identified and prioritized, including but not limited to: safety, clinical excellence, and improved patient and employee satisfaction. We believe that by making quality one of the top focuses at Providence Hospice, the QAPI program has produced notable improvements as documented in Tables 18, 19, and 20.

8. Identify your intended hours of operation. In addition, please explain how patients will have access to services outside the intended hours of operation.

The intended hours of operation will be from 8:00 a.m.-5:00 p.m. daily for regular office hours, with 24/7 access to nursing, including nursing visits.

9. Identify and document the relationship of ancillary and support services to proposed services, and the capability of ancillary and support services to meet the service demands of the proposed project.

Providence Hospice has deep roots in the community and has been providing hospice services for more than three decades. Consequently, Providence Hospice has well-established existing ancillary and support services. The existing ancillary and support services include but are not limited to the following:

- **Occupational Therapy, Physical Therapy, and Speech Therapy:** Providence Hospice has an agreement with Braun Therapy Staffing to make available occupational therapy, physical therapy, and speech therapy.
- **Massage Therapy:** Providence Hospice has an agreement with Marion Wolf Dixon, LMT to provide massage therapy to Providence Hospice patients.
- **Music Therapy:** Providence Hospice has an agreement with SacredFlight to provide music therapy to Providence Hospice patients.

The relationships 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 Clark County. In cases where the expansion of ancillary services into Clark County is not possible with the existing provider, Providence Hospice will develop new relationships to meet the needs of hospice patients in Clark County.

10. Explain the specific means by which the proposed project will promote continuity in the provision of health care to the defined population and avoid unwarranted fragmentation of services. This section should include the identification of existing and proposed formal working relationships with hospitals, nursing homes, and other health service resources serving your primary service area. This description should include recent, current, and pending cooperative planning activities, shared services agreements, and transfer agreements. Copies of relevant agreements and other documents should be included.

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 Clark County, and wherever necessary 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 Clark County, where applicable Providence Hospice will amend those contracts or agreements to include Clark County.

Current relationships include but are not limited to the following:

- **Providence Hospitals:** Providence Hospice has an agreement with Providence Health & Services – Oregon to make available inpatient services to hospice patients.
- **Respite Care:** Providence Hospice has an agreement with Marquis Companies to provide respite care services to hospice patients.
- **Long Term Care facilities:** Providence Hospice has an agreement with Prestige Care, Inc. to provide nursing facility services to hospice patients. Prestige Care also has additional relationships with nursing facilities in Clark County.
- **Pharmacy Benefit Manager:** Providence Hospice has an agreement with OnePoint Patient Care to provide Pharmacy Benefit Manager services. OnePoint has offices located in Vancouver, Clark County.
- **Home Medical Equipment and Specialty Pharmacy Services:** Providence Hospice has an agreement with Providence Health & Services – Oregon to provide Home Medical Equipment and Specialty Pharmacy Services.
- **Oncology Cancer Center:** Providence Hospice has strong working relationships with Providence Cancer Center Oncology & Hematology Clinics based in Portland.
- **Primary Care Clinics:** Providence Hospice has strong working relationships with Providence Medical Group ("PMG") primary care clinics in Clark County. PMG has a total of four primary care clinics in Clark County, with the first clinic opening in 2009.

Avoiding fragmentation to care delivery is a key reason why Providence is requesting Certificate of Need approval. Providence offers exceptional inpatient and specialty care in the metro Portland service area, such that many Clark County residents seek specialty care in Portland with Providence. As these residents return to their homes in Clark County, Providence 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.

Not only does Providence Hospice have strong existing relationships in the community, we recently rolled out the Epic Electronic Medical 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.

11. Fully describe any history of the applicant entity and principles in Washington with respect to 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. If there is such history, provide clear, cogent, and convincing evidence that the proposed project will be operated in a manner that ensures safe and adequate care to the public to be served and in conformance with applicable federal and state requirements.

There are no such convictions or denial or revocation of licenses, so this question is not applicable.

12. List the licenses and/or credentials held by the applicant(s) and principles in Washington, as well as other states, if applicable. Include any applicable license numbers.

- Providence Hospice is currently licensed as a Washington In Home Services Agency, with license # IHS.FS.60201476.
- Providence Hospice is currently licensed as a Medicare certified agency through Oregon State accreditation, with license number 38-1500.
- Providence Hospice's Oregon Medicaid license number is 16-1033.
- Providence Hospice is accredited with The Joint Commission, with accreditation number 320680.

13. Provide the background experience and qualifications of the applicant(s).

Providence was one of the early providers of hospice care when the Sisters of Providence came to Vancouver in the 1850s. In that period, the Sisters provided what was termed "night watches" where they would care for those at the end of their lives. Over a century later, Portland Providence Hospice was one of twenty-six programs that participated in the 1982 Hospice Demonstration Project. This became the foundation of the Medicare Hospice Benefit, and Providence Hospice has been a Medicare/Medicaid certified hospice provider ever since.

Providence Hospice currently serves patients in Multnomah, Washington, Clackamas, and Yamhill counties out of the Portland office, and parts of Marion County out of the branch offices in the Portland Metro area. The Hood River Branch serves Hood River, Wasco, and Sherman Counties, as well as Klickitat and Skamania counties in Washington. Providence Hospice serves nearly 400 patients daily and 2,300 unique patients annually across Northern Oregon and Southwest Washington. Providence Hospice in Oregon employs approximately 175 clinical and administrative staff, and has approximately 300 volunteers serving our patients, families, and community.

Providence Hospice has remained a leader in the industry and actively participates in state and national organizations. Providence staff include four Hospice Physicians and one Medical Director who are all Hospice and Palliative Care Board Certified, with a combined 40 years of hospice experience. The Medical Provider team also includes MDs who are board certified in Oncology, Internal Medicine, and Family Medicine.

- Our Director of Hospice (Jane Brandes, BSN, MSN) is a registered nurse with more than 35 years' experience, including 20 years of clinical experience in Psychiatry, Forensic, Geriatrics, Home Health, and Hospice Nursing. Ms. Brandes has more than 15 years' experience in management and executive roles, is a regular presenter at state and national conferences, and is the current Board Chair

for the Oregon Hospice and Palliative Care Organization. Ms. Brandes is licensed in both Oregon and Washington. Please see Exhibit 22 for a copy of Ms. Brandes' Oregon and Washington provider credentials.

- Our Chief of Home Services (Shaune Mattsson, RN) has more than 35 years of clinical experience, having worked in Providence Home Services for more than 20 years, including serving in the role as Quality Manager. In 2012, Ms. Mattsson received the Personal-Hope Runnels Award from the Oregon Association of Home Care. Please see Exhibit 28 for a copy of Ms. Mattsson's provider credentials.
- Our Medical Director (Ruth Medak, MD) is a Doctor of Medicine with more than 35 years of experience and has served as Medical Director for Providence since 2012. Dr. Medak is board certified in Internal Medicine and is board certified in Hospice and Palliative Medicine. Please see Exhibit 9 for a copy of Dr. Medak's Oregon Provider Credentials.

Providence, more generally, has deep investments in the broader community offering an array of services. In Oregon alone, Providence has eight acute care settings, 48 primary care locations, 143 specialty clinic locations, well-established hospice and home health agencies, along with numerous urgent care locations. In Clark County, Providence has four primary care clinics (including specialties such as cardiology, gastroenterology, occupational health, podiatry, and behavioral health services), and one urgent clinic, as well as plans to develop a health and wellness center on property Providence owns off Padden Parkway.

Providence has established strong relationships in the Clark County community, both in the health delivery sector as well as with community support organizations. We are proud to support many organizations in the community that have a mission in caring for the poor and the vulnerable, which is in alignment with the Providence mission. Some of these organizations include: Share House, YMCA, Free Clinic of Southwest Washington, Children's Center, CDM Caregiving Services, Evergreen Habitat for Humanity, and Council for the Homeless.

As noted above, Providence employs a state-of-the art-Epic Electronic Health Record ("EHR") system, having established Epic in most care settings, including recently bringing Providence Home Services onto the same Epic instance. This is a notable differentiator in the hospice care space. This places Providence Hospice in a position to ensure continuity of care, avoidance of unnecessary duplication of services, opportunities to improve quality of care, and improved communication among providers and also between providers and patients. Epic allows one chart to follow the patient through the continuum of care.

14. <u>For existing agencies</u>, provide copies of the last three licensure surveys as appropriate evidence that services will be provided (a) in a manner that ensures safe and adequate care, and (b) in accordance with applicable federal and state laws, rules, and regulations.

The two most recent Washington State Department of Health surveys were completed on 2/26/15 and 11/15/17. The most recent Joint Commission Survey was on 10/28/16. Please see Exhibit 29 for the three most recent surveys.

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

1. Identify the exploration of alternatives to the project you have chosen to pursue, including postponing action, shared service arrangements, joint ventures, subcontracting, merger, contract services, and different methods of service provision, including different spacial configurations you have evaluated and rejected. Each alternative should be analyzed by application of the following:

· Decision making criteria (*cost limits, availability, quality of care, legal restriction, etc.):*

· Advantages and disadvantages, and whether the sum of either the advantages or the disadvantages outweigh each other by application of the decision-making criteria;

· Capital costs;

· Staffing impact.

Providence Hospice is requesting CN approval to operate a Medicare certified and Medicaid eligible hospice agency in Clark County. The hospice agency will be based out of Providence Hospice's Portland office in Washington County, Oregon. Operating a new agency will help address the unmet need for hospice care in Clark County.

As part of its due diligence, and in deciding to submit this application, Providence Hospice explored the following alternatives: (1) status quo: "do nothing or postpone action," (2) the requested project: seek CN approval for a hospice agency, (3) acquire an existing hospice agency in Clark County, or (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; and legal restrictions. Each alternative identifies advantages (A), disadvantages (D), and neutrality (N) in the tables below.

Based on the above decision criteria, it is clear that the requested project — seek CN approval to operate a Medicare certified and Medicaid eligible hospice agency — is the best option.

Table 21. Alternative Analysis: Access to Health Care Services

Advantages/Disadvantages	
1) Status Quo: Do nothing or postpone action	There is no advantage to maintaining the status quo in terms of improving access. (D) The principle disadvantage is that the status quo does nothing to address the quantitative need for an additional hospice agency in Clark County Planning Area. Consequently, it does not address access to care issues that currently exist. (D)
2) Requested Project: CN approval – to operate a hospice agency	The requested project meets current and future access issues identified in the Clark County Planning Area. It increases access to care. (A) From an improved access perspective, there are no disadvantages. (A)
3) Acquisition of an existing hospice agency in Clark County	The principal disadvantage is that an acquisition would not necessarily add additional capacity for hospice services in Clark County Planning Area when compared to option 2 and 4 (D).
4) Create a joint venture and seek CN approval for a hospice agency	Depending on the partnership, this alternative would have the potential to meet current and future access issues identified in the Clark 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)

Table 22. Alternative Analysis: Quality of Care

Option	Advantages/Disadvantages
1) Status Quo: Do nothing or postpone action	There is no advantage from a quality of care perspective. (N) The principal disadvantage with maintaining the status quo is driven by shortages in access to hospice services. Over time, as access is constrained, there would be adverse impacts on quality of care if planning area physicians and their patients cannot find adequate access to hospice services. (D)

2) Requested Project: CN approval – to operate a hospice agency	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)
3) Acquisition of an existing hospice agency in Clark County	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)
4) Create a joint venture and seek CN approval for a hospice agency	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)

Table 23. Alternative Analysis: Cost and Operating Efficiency

Option	Advantages/Disadvantages
1) Status Quo: Do nothing or postpone action	With this option, there would be no impacts on costs. (N) The principle disadvantage is that by maintaining status quo, there would be no improvements to cost efficiencies. (D)
2) Requested Project: CN approval – to operate a hospice agency	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)

3) Acquisition of an existing hospice agency in Clark County	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 regards to bringing the new entity onto the Providence Hospice platform. For example, ensuring consistent instances of EPIC are in place, and ensuring that staff training and protocols are consistent between Providence Hospice and the new entity. (D)
4) Create a joint venture and seek CN approval for a hospice agency	Partnering with another entity will likely decrease the overall start up operating losses that Providence Hospice may face. But if there are operating losses in the first year, there is no reason to believe they would be less under a joint venture (N). A partnership would increase operating complexity and may add other partnership-related costs. In this scenario, costs may increase due additional efforts required to establish the governance and ownership structure, establish a new staffing structure, and accommodate partner preferences on how to deliver care. (D)

Table 24. Alternative Analysis: Staffing Impacts

Option	Advantages/Disadvantages
1) Status Quo: Do nothing or postpone action	The principal advantage is the avoidance of hiring/employing additional staff. (A) There are no disadvantages from a staffing point of view. (N)
2) Requested Project: CN approval – to operate a hospice agency	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)

3) Acquisition of an existing hospice agency in Clark County	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 benefit the Planning Area. (D)
4) Create a joint venture and seek CN approval for a hospice agency	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)

Table 25. Alternative Analysis: Legal Restrictions

Option	Advantages/Disadvantages
1) Status Quo: Do nothing or postpone action	There are no legal restrictions to continuing operations as presently. (A)
2) Requested Project: CN approval – to operate a hospice agency	The principal advantage would be allowing Providence Hospice staff to immediately provide hospice services to Clark 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)
3) Acquisition of an existing hospice agency in Clark County	There are no advantages from a legal restrictions 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)
4) Create a joint venture and seek CN approval for a hospice agency	Partnering with another entity introduces a high degree of operational complexity, as under this scenario a completely 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)

2. Describe how the proposal will comply with the Medicare conditions of participation, without exceeding the costs caps.

As a not-for-profit entity, Providence takes seriously the effective stewardship and management of not only its own resources, but also resources from payers and entities such as CMS. Providence Hospice has never experienced any issues related to exceeding cost caps and, consequently, has never required a repayment. By following the Conditions of Participation, Providence Hospice ensures it only admits patients who are appropriate candidates for hospice services.

3. Describe the specific ways in which the project will promote staff or system efficiency or productivity.

The requested project responds to a clear, demonstrated quantitative need in the Clark County Planning Area. The proposed agency will allow Providence Hospice to redeploy employees already based in Clark County to serve patients who are in need of hospice service, thereby enhancing employee productivity by keeping drive times to a minimum. Furthermore, as an integrated health care delivery system, coordinating care transitions between internal Providence caregivers (i.e. from Providence physicians based in Clark County or from Providence hospitals in Oregon for patients returning home to Clark County) will streamline communication channels and expedite access to care. As a not-for-profit entity, any savings or margin Providence Hospice makes can be allocated back towards patient care.

Hospice promotes efficiency as it shifts care from expensive hospital settings to lower cost, home-based settings. For patients who choose hospice, they forgo more expensive curative treatments and seek the best possible care experience focused on personalized goals, pain and symptom alleviation, and comfort through end of life. Based on Medicare claims data, Providence conducted an analysis of the cost-effectiveness of hospice care and estimated a savings of nearly $99 million across Washington State if all Medicare beneficiaries who died in 2017 without hospice instead benefited from five weeks of hospice.

Table 26. 2017 WA State Hospice Analysis

Estimated Patients without Hospice			
Resident Deaths	46,324		
Hospice Deaths	21,071		
Deaths without Hospice	25,253		
Payment Reduction Estimate			
Weeks with Hospice	**Average Payment**	**Deaths without Hospice**	**Est. Total Payments**
0	$36,944	25,253	$932,951,942
5	$32,999	25,253	$833,330,793
Reduced Payments if patients had 5 weeks of hospice			**$99,621,149**

Source: CMS Hospice State Profile -- Washington State 2017

Finally, research literature also 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 studied patients 65 years of age and older with metastatic melanoma who died between 2000 and 2009. They found that the median survival rate was 6.1 months for patients with no hospice care, 6.5 months for patients with one to three days of hospice care, and 10.2 months for patients with four or more days of hospice care. While patients with four or more days of hospice care had longer survival rates, they also incurred lower end-of-life costs. They 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).[17]

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. 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 care. Under realistic scenarios of expanded hospice use for Medicare beneficiaries with poor-prognosis cancer, the program could save $1.79 billion annually. While the study was limited to poor-prognosis cancer patients, they are the largest single group who receives hospice care.[18]

4. If applicable, in the case of construction, renovation, or expansion, capital cost reductions achieved by architectural planning and engineering methods and methods of building design and construction. Include an inventory of net and gross square feet for each service and estimated capital cost for each proposed service. Reference appropriate recognized space planning guidelines you have employed in your space allocation activities.

This question is not applicable, as there is no planned construction or renovation for this project.

5. If applicable, in the case of construction, renovation or expansion, an analysis of the capital and operating costs of alternative methods of energy consumption, including the rationale for choosing any method other than the least costly. For energy-related projects, document any efforts to obtain a grant under the National Energy Conservation Act.

This question is not applicable, as there is no planned construction or renovation for this project.

[17] *Survival and Cost-Effectiveness of Hospice Care for Metastatic Melanoma Patients,* The American Journal of Managed Care, Volume 20, Number 5, May 2014.
[18] *Cost Savings Associated with Expanded Hospice Use in Medicare,* Journal of Palliative Medicine, Volume 18, Number 5, April 2015.