

CERTIFICATE OF NEED EVALUATION DATED SEPTEMBER 16, 2022, FOR THE APPLICATION SUBMITTED BY T-STREET HOLDINGS LLC DBA CASHMERE CARE CENTER PROPOSING TO ADD THIRTY SKILLED NURSING BEDS TO BE LOCATED WITHIN SPACE AT CASHMERE POST ACUTE IN CHELAN COUNTY

APPLICANT DESCRIPTION

T-Street Holdings LLC dba Cashmere Post Acute

The applicant for this project is T-Street Holdings LLC dba Cashmere Post Acute, a limited liability company registered with the Washington State Secretary of State Office.¹ The company is the current facility operator and licensee and is governed by four individuals: Steven Frost, Jeffery Lindahl, Kirk Lindahl, and Scott Lindahl. The physical assets are owned by 817 Pioneer Ave, LLC², with David and Rene Lindahl Family Trust maintaining a 100% ownership of 817 Pioneer Ave, LLC. [source: Application, p2, p4 and Secretary of State Office]

BACKGROUND INFORMATION

As stated above, T-Street Holdings LLC dba Cashmere Post Acute is the applicant, with Cashmere Post Acute also the name of the nursing home. To avoid confusion in this evaluation, the applicant will be referenced as T-Street Holdings; the nursing home will be referenced as Cashmere Post Acute.

PROJECT DESCRIPTION

T-Street Holdings proposes to add 30 nursing home beds to Cashmere Post Acute currently licensed with 65 beds. The applicant provides the following explanation of this project. [source: Application, p8-10]

“T-Holdings LLC assumed operations of Cashmere Care Center (as it was then known), in February of 2019. It had historically been licensed for 110 beds; but banked, relinquished or otherwise lost a total of 45 beds, such that it was operating only 65 beds when T-Holdings, LLC assumed operations.

In addition to the loss of beds at Cashmere Post Acute, other providers in the Chelan/Douglas planning area, including Cascade Medical, Central Washington and Lake Chelan Community Hospital closed beds and another provider, Regency, forfeited beds. As a result, according to CN Program estimates produced in January of 2021, of the 32 Counties in the State that have nursing facility beds, Chelan County is in the lowest quintile, at 13 beds per 1,000 residents age 70+.

We understand that the bed to population ratio is only one part of evaluating nursing home bed need. In addition to the bed to population ratio and the estimate of surplus or shortage of beds that it produces, the Department of Social and Health Services (DSHS) historically published, but has not since May of 2018, estimates of Nursing-Home-Comparable Home- and Community-Based Service Capacity. In its 2018 report, it identified 382 beds of Total Nursing-Home Comparable Capacity in Chelan County. When added to the current 242 beds of supply, a shortage of beds continues to exist as the combined supply is below the population’s need for 737 beds in 2022, which increases to 803 beds in 2024.

In addition to providing improved access to post-acute and long-term care locally, the project specifically addresses a gap related to safe care options for hard to place/discharge from hospitals/other higher level of care individuals with behavioral health needs. With the ownership change to T-Holdings LLC; Cashmere opted to be one of a relatively small number of Nursing Facilities in the State to participate in one or more of DSHS’ Expanded Community Services (ECS) programs.

¹ UBI #604 348 119.

² UBI #604 349 790.

These programs directly respond to the legislature's request for more options for the safe placement and care of individuals that have been traditionally hard to discharge from hospitals or other higher levels of care due to behavioral needs that compound their physical needs. The maximum number of ECS clients Cashmere is contractually able to accept is 16. In addition, we have an agreement with DSHS for ECS respite, and we can accept a total of 4 clients at any time under this agreement.

ECS is defined by DSHS as:

enhanced care and support that is provided to DSHS clients who have been identified by DSHS (herein referred to as "Department") as having exceptional care needs due to behavioral issues and who have been designated as ECS clients by the Home and Community Services (HCS) Deputy Regional Administrator or the HCS ECS Regional Coordinator or their designee.

Under our agreement with DSHS, Cashmere Post Acute is responsible for:

- *Providing a team of professionals experienced in geriatric behavioral health interventions (the "ECS Team") to provide specialized training in behavior management to or on behalf of ADSA clients who have been identified by HCS ECS regional coordinators as ECS program eligible clients. This team includes*
 - *A Gero-psychiatrist or a psychiatrist with extensive background in geriatrics; or a Psychiatric ARNP with geriatric specialty training or extensive geriatric experience and the appropriate licensing under RCW 18.79; or a Physician's Assistant with geriatric specialty training or extensive geriatric experience and the appropriate licensing under RCW 18.71A; and*
 - *Program staff certified as Geriatric Mental Health Specialists or with extensive training in geriatrics.*
- *Assuring that all services are provided under the direction of the ECS team, including:*
 - *The development and implementation of an Individualized Behavior Support Plan for each ECS client that identifies a specific and measurable goal or set of goals that the client will be working toward in terms of the identified problem(s); outlines strategies that the client and facility staff can use to meet the goals and mitigate crises that put the client at risk for loss of placement; and identify specific actions that facility staff are to take prior to/during a crisis to assist the client in maintaining placement at our facility.*
 - *Providing enhanced training of staff to meet the exceptional behavioral needs of ECS clients.*

Cashmere Post Acute's census in this 16-bed program consistently averaged 77% capacity in 2019, 73% in 2020 and 75% in 2021. More than 54% of patients admitted to this unit come from providers outside of Chelan/Douglas County including Pierce, Spokane, and Yakima County, demonstrating its regional and even statewide role.

There is no capital expenditure for this bed addition project given that the resident rooms currently exist. The additional beds will be added to patient rooms that are currently 2-bed rooms, but only have a single resident. Note that 20 of these rooms have already transitioned back to semi-private under the Governor's 20-36 proclamation in early 2020."

As noted in the description above, Cashmere Post Acute, under its earlier name Cashmere Convalescent Center, was historically licensed for 110 nursing home beds. On September 1, 2007, Cashmere Convalescent Center was approved for the banking of 12 nursing home beds via Bed Banking (BB) #07-46. Effective January 1, 2010, the Department of Health authorized Cashmere Convalescent Center's relinquishing of these 12 banked beds, along with 12 licensed nursing home beds, resulting in a facility total of 86 licensed beds. On September 1, 2013, 21 beds were banked under BB #14-01, changing Cashmere Convalescent Center's new adjusted licensed capacity to 65 beds. The approved bed count of 65 beds became Cashmere Convalescent Center's most recent approved bed count upon the expiration of these beds on September 1, 2017. This project proposes the added 30 Cashmere Post Acute beds would be located in existing, single-occupancy rooms by converting rooms to dual-occupancy across the North, South, East and West wings.

If approved, T-Street Holdings expects the additional beds would be operational by the fourth quarter of 2022. Despite statements within the initial application that there is no capital expenditure for this project, screening responses indicate a total capital expenditure of \$63,066.13, and consists entirely of equipment costs. [sources: June 6, 2022, second screening response, p2, p6, February 14, 2022, screening response, p11]

APPLICABILITY OF CERTIFICATE OF NEED LAW

This application is subject to review as a change in bed capacity which increases the total number of licensed beds or redistributes beds among acute care, nursing home care, and assisted living facility care, under Revised Code of Washington (RCW) 70.38.105(4)(e) and Washington Administrative Code (WAC) 246-310-020(1)(c).

EVALUATION CRITERIA

WAC 246-310-200(1)(a)-(d) identifies the four determinations that the department must make for each application. WAC 246-310-200(2) provides additional direction in how the department is to make its determinations.

To obtain Certificate of Need approval, an applicant must demonstrate compliance with the criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment). For this project, T-Street Holdings must also demonstrate compliance with WAC 246-310-380 (nursing home bed need standards).

TYPE OF REVIEW

As directed under WAC 246-310-130, the department accepted this application under the Nursing Home Concurrent Review Cycle for calendar year 2021. Consistent with sub-section WAC 246-310-130(2), the department converted the review to a regular review timeline. Below is the chronologic summary of the application's review.

APPLICATION CHRONOLOGY

Action	DaVita
Letter of Intent Submitted	July 26, 2021
Application Submitted	August 31, 2022
Department's Pre-review Activities including <ul style="list-style-type: none">• DOH First Screening Letter• Applicant's First Screening Responses Received• DOH Second Screening Letter• Applicant's Second Screening Responses Received	September 30, 2021 February 14, 2022 ³ March 8, 2022 June 6, 2022 ⁴
Beginning of Review	June 14, 2022
End of Public Comment <ul style="list-style-type: none">• Public comments accepted through the end of public comment• No public hearing requested or conducted	July 19, 2022
Rebuttal Comments Deadline	August 2, 2022
Department's Anticipated Decision Date	September 16, 2022
Department's Actual Decision Date	September 16, 2022

AFFECTED PERSONS

Affected persons are defined under WAC 246-310-010(2). In order to qualify as an affected person, someone must first qualify as an "*interested person*," defined under WAC 246-310-010(34). For this project, one entity sought interested or affected person status.

Quinn Robinson

³ On November 4, 2021 the applicant requested, and was granted, a 45-day extension to respond to screening. This was followed by a subsequent request for a 45-day extension to the same screening, that was also granted on December 16, 2021.

⁴ On April 22, 2022 the applicant requested, and was granted, a 45-day extension to respond to screening.

Quinn Robinson is a private individual who resides within Washington State. On January 21, 2022, Quinn Robinson submitted a request for interested person status. This individual did not provide comment on this application and, therefore, does not qualify as an affected person.

SOURCE INFORMATION REVIEWED

- T-Street Holdings Certificate of Need application received August 31, 2021
- T-Street Holdings screening responses received February 14, 2022, and June 6, 2022
- Public Comments received on or before July 19, 2022
- Bed Banking #07-46 issued to Cashmere Convalescent Center, Inc.
- Bed Banking #14-01 issued to Cashmere Convalescent Center, Inc.
- Department of Health's Nursing Home Bed Projection Need Methodology for the State of Washington posted to its website in January of 2021
- State of Washington Proclamation #20-36 issued by the Governor
- Licensing and/or survey data provided by the Department of Health's Office of Health Systems Oversight
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Licensing data provided by the Medical Quality Assurance Commission, Nursing Quality Assurance Commission, and Health Systems Quality Assurance Office of Customer Service
- Centers for Medicare and Medicaid website nursing homes quality of care compliance history [<https://www.medicare.gov/nursinghomecompare/search.html?>]
- CMS QCOR Compliance website: https://qcor.cms.gov/index_new.jsp
- Cashmere Post Acute website at <https://www.cashmerepostacute.com>
- Washington State Secretary of State website at <https://www.sos.wa.gov>

CONCLUSION

For the reasons stated in this evaluation, the application submitted by T-Street Holdings proposing to expand the existing Cashmere Post Acute nursing home by 30 beds is consistent with the applicable criterion of the Certificate of Need Program, provided T-Street Holdings, LLC agrees to the following in its entirety.

Project Description:

Cashmere Post Acute is approved to add 30 nursing home beds for a total of 95 beds to the license of its existing facility located at 817 Pioneer Avenue in Cashmere [98815], within Chelan County.

Conditions:

1. T-Street Holdings, LLC agrees with the project description as stated above. T-Street Holdings further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. T-Street Holdings, LLC shall finance this project using existing funds as described in this application.
3. Prior to operationalizing the full 30-bed expansion, T-Street Holdings, LLC will validate to the department's satisfaction that all staff at Cashmere Post Acute whose job requires a medical credential have an active Washington State credential.
4. The Cashmere Post Acute Nursing Home must maintain Medicare and Medicaid certification throughout the life of the facility.
5. Cashmere Post Acute and any subsequent owners of the nursing home must not develop any policies or practices that preclude admission of patients based on payer source.

Approved Costs:

The total capital expenditure associated with this project is \$63,066.13, and consists entirely of equipment costs.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department concludes that the T-Street Holdings project has met the need criteria in WAC 246-310-210, which includes the applicable nursing home criteria in WAC 246-310-360.

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

WAC 246-310-360 requires the department to evaluate nursing home bed applications based on the population's need for the service and determine whether other services and facilities of the type proposed are not, or will not, be sufficiently available or accessible to meet that need as required in WAC 246-310-210. The nursing home bed specific numeric methodology is applied and detailed under WAC 246-310-360.

WAC 246-310-360 Nursing Home Bed Need Method

WAC 246-310-360 contains the methodology for projecting numeric need for nursing home beds within a planning area. This methodology projects the need for nursing home beds through multiplying the 70+ year old population of a planning area by the established ratio of 40 beds per 1,000 population and subtracting the current bed supply.

CHELAN/DOUGLAS COUNTY NURSING HOME BED METHODOLOGY

The department annually calculates the numeric methodology for each of the 37 nursing home planning areas in Washington State and posts the results to its website. The department's year 2021 numeric methodology was posted in January 2021. Based on the calculation of the annual growth rate in the planning area, the department used the established ratio of 40 beds per 1,000 population to determine numeric need for each planning area. For the Chelan/Douglas County Planning Area, the supply of existing nursing home beds was subtracted from the calculated projected bed need to determine the number of beds needed.

T-Street Holdings

T-Street Holdings provided the following statements regarding this sub-criterion. [source: Application, p15-16]

“There are three categories of people that Cashmere Post Acute currently, and will continue to serve.

*The first are residents of Chelan/Douglas in need of **Medicare skilled level/ post-acute care** to support their transition from the hospital to the home or another residential setting. The goal of post-acute care is to improve functional status and outcomes (e.g., returning the resident to at least the level of daily activity that they experienced prior to the illness or injury that resulted in the admission). Common diagnoses include various cardiac conditions, hip or femur fractures or surgeries, joint replacements, strokes, sepsis and infections. Most residents in this category come to us from the Planning Area; the majority of this care is reimbursed by Medicare and the average length of stay is about 41 days. The average age is 74. Typical services include nursing, wound care, physical, occupational and speech therapy, etc.*

*The second category of people are **those that can no longer stay safely at home and need a long-term placement**. Most residents in this category come to us from the Planning Area. About 2% of these residents enter the facility as private pay, but when they use up their resources convert to Medicaid. Another 81% start as Medicaid patients. The average age is 76. The average length of stay is in excess*

of 12 months. Typical services include nursing, wound care, dietary management, restorative and respiratory.

The final category of residents are the ECS residents, who come to us after extended hospital stays, and with significant behavioral health and often, social determinants of health needs. Residents in this category come to us from throughout the State, and to date, the average length of stay has been 159.83 days. These residents are younger than the other two categories, and to date have an average age of 66. Typical services include nursing, behavioral health, wound care, dietary management and restorative.

Importantly, behind these numbers and programs are some incredible people with diverse backgrounds, stories, needs and personalities. One of our first admitted ECS patients under the new ownership was a patient we will call Joe. Joe came to us in March of 2020 after being admitted and discharged from the psych unit at Eastern State Hospital a total of 22 times! Joe was schizoaffective, bipolar, a type 2 diabetic and had klinefelter syndrome. Due to Joe's behaviors, diagnoses, and medical history, placement was difficult. Joe's diagnosis only told a minute portion of his story. We found him to be charismatic, kind, always willing to lend a helping hand, warm, full of colorful stories and enjoyed by all who came into contact with him. One of his favorite pastimes was to create model airplanes from construction paper and scotch tape with various aerodynamic features and submit his designs to Lockheed and Martin and Boeing for construction consideration. Joe enjoyed sitting with administrative and nursing staff and sharing stories of his time in the military, working on cars, and the various adventures he and his older brother had growing up on a farm. We gave Joe a home and in the 5 months that we cared for Joe before his passing, he felt safe and content here at Cashmere Post Acute with people who loved him and provided exceptional care.

Another patient came to us from Central Washington Hospital in January of 2021. She was admitted to the hospital due to congestive heart failure complications, obesity and type 2 diabetes. While she was at the hospital, she contracted COVID-19 and entered a two-week coma. Once medically stable and ready, she was discharged to our team to facilitate recovery with our therapy and nursing team. She arrived distraught, crying incessantly, no appetite and no desire or motivation to get better. Through the hard work of our nursing and therapy team along with her willingness to accept challenges, she relearned how to walk again, how to better manage her diet and diabetes and regained her ability to oversee her activities of daily living. She was discharged home after 60 days under our care and couldn't wait to spend time with her cat who she hadn't seen in 3 months.

In all three categories of residents, we hear from hospitals that delays in discharge due to no available beds are increasing lengths of stay "days awaiting placement" and confounding the COVID bed availability issues at hospitals of all sizes in the region.

The beds proposed in this application are a logical—and cost effective—extension of the continuum of services available to manage the growing number of children and youth with complex special health care needs. As noted elsewhere, these children and their families are challenged with multiple, complex, chronic, severe health conditions requiring substantial medical and psychosocial support. Ashley House has been at the forefront, both in Washington State and nationally, in developing community-based services to support families as they build new lives together with their medically fragile children. This is accomplished through the provision of high quality, cost effective health care in home-like settings.

This project aims to fill the gap from hospitalization to home or to a group home. The Seattle Children’s data, included in Table 1 is a sobering indication of the costs and burden of these children spending too many days in an acute care hospital.”

T-Street Holdings provided the following clarifications regarding the above information. [source: February 14, 2022, screening response, p5]

“Though we do not limit admissions by zip code or County, in the first two resident categories (Medicare skilled level/ post-acute care to support their transition from the hospital to the home or another residential setting and persons that that can no longer stay safely at home and need a long-term placement), most of our residents are from Chelan/Douglas. We apologize if our language in this section was confusing.

The third category are our ECS residents. These residents come to us after extended hospital stays, and with significant behavioral health and often, social determinants of health needs. They are from throughout the State.

Commenting further on the discharge delays of hospitals due to a lack of available beds, T-Street Holdings provided the following clarifications. [source: February 14, 2022, screening response, p6]

“This issue has been a top priority of our legislature and the Washington State Hospital Association (WSHA) for the past few years. An excerpt from a January 10, 2022, posting from WSHA is included below:

Recently approved by the WSHA Board of Directors, WSHA’s 2022 legislative agenda is robust and reflects important priorities to support hospitals during the pandemic and the recovery.

Below are the top issues we will be working to advance:

- Increase state funding for long-term care for patients who are ready to be discharged and need post-acute care.*** *No one should live in a hospital, but some patients are not able to be discharged to more appropriate post-acute care settings (such as skilled nursing facilities, adult family homes or nursing homes). The COVID-19 pandemic has exacerbated this situation. WSHA supports funding for DSHS assessors to ensure patients qualify for timely long-term care, providing increased dollars for lowincome patients who need a legal guardian, and increasing Medicaid rates to support patients who need post-acute care.*

Included in Attachment 3 is the WSHA policy brief which proposes to increase Medicaid payment rates to skilled nursing facilities by 5.4%. The ECS resident in a nursing home is a sub-set of the above. DSHS has stated that annually, there are several hundred Medicaid recipients admitted to hospitals who cannot return to their original living situation due to medical complexity, challenging behaviors or other circumstances that make it difficult to place them in another residential setting. These people no longer need hospital level of care but remain in acute care hospitals because other facilities cannot or will not take them. This limits the hospital’s capacity to serve others that need hospital level of care. Hospitals are also unable to provide the rehabilitative services needed to help these patients transition to lower cost care options. These individuals need the rehabilitative services that a nursing home provides to be able to return to a home or community setting.

As an example, Attachment 4 letter from Confluence Health in Wenatchee detailing its need for ECS beds.”

Public Comments

Two letters of support were submitted on behalf of the bed expansion of Cashmere Post Acute. The two letters focus on the need for the additional beds within the region and excerpts from the letters are below.

Kyra Carpenter, DO, Confluence Health

“As a primary care provider for many of the residents at Cashmere Post-Acute Care, I am writing to offer my support for its Certificate of Need application requesting to permanently expand its licensed beds from 65 to 95. These beds are in high demand for the State and the region’s growing frail and medically complex patient population.

In addition to seeing patients at Cashmere Post-Acute, I am also Medical Director of one of the other nursing facilities in Chelan County. The residents at Cashmere Post-Acute range in age from 45-102 and are a very unique population. Cashmere Post-Acute’s residents often have more clinically challenging care and have greater behavioral health needs. Cashmere Post-Acute provides high quality care for these residents.

There are no other facilities like Cashmere Post-Acute in Central Washington and, as a result, Cashmere Post-Acute also serves residents who come to us from other areas of Washington State seeking their specialized, quality care.”

Stacy Canada, RN MSN ACM, Central Washington Hospital Director, Care Management

“Central Washington Hospital (CWH) is a 176-bed acute care hospital that supports Chelan, Douglas, Grant, and Okanogan counties in rural Washington. We rely heavily on our community partners to transition patients safely out of our acute care setting in order to provide care for our acutely ill community members. It has been a struggle to transition patients out of our facility as there are significant bed shortages for patients needing skilled care and long-term care placement in our four-county area. We are currently experiencing significant delays in getting people out of the hospital and into a facility setting due to the scarcity of beds. This has caused a back log of patients at CWH and causes CWH to have a large number of days with no bed availability. We are not seeing a large number of patients that need long term care related to Covid illness, we are just seeing a large number of our aging population being unable to safely return to their homes. Cashmere Post Acute Care has been a reliable community partner. They work with our facility to take some of our most difficult patient placements, but they have a limited number of beds. Increasing the number of beds at their facility would assist CWH to discharge patients in a timelier fashion and free up our acute care beds. We anticipate the need for long term care placement to increase as our elderly population increases and that the number of patients waiting at CWH for bed availability in the community setting will overload our already stretched thin healthcare system.”

Rebuttal Comments

None

Department Evaluation

In order to evaluate whether resources in the community are or are not sufficiently available, the department typically reviews the Department of Social and Health Services’ (DSHS) publicly available Estimating Nursing-Home-Comparable Home and Community-Based Service Capacity report. At the time of this evaluation, the most recently available report is dated May 2018, with indications from DSHS that no updates to the report are to be expected in the near future. Due to the age of this report, the program has determined its review would not provide useful or relevant insight into the availability of resources, and chosen to forgo a review of the report in evaluating this application.

Based on the calculation of the annual growth rate in the planning area, the department used the established ratio of 40 beds per 1,000 population to determine numeric need in the Chelan/Douglas County Planning Area. A summary of the department’s numeric methodology is shown in Table 1 below.

**Department’s Table 1
Chelan/Douglas County Planning Area Numeric Methodology Summary**

DOH Methodology Posted to Website	Year	Projected 40 Beds/1,000 Pop.	Current Licensed # of Beds	Net Need
	2022	737	242	495
	2023	770	242	528
	2024	803	242	561

As shown in the table above, once the existing 242 beds are subtracted from the projected need, a net need exists within the planning area for 561 beds by 2024. The department’s methodology is included in this evaluation as Appendix A. The department concludes that T-Street Holdings **meets the numeric methodology standard.**

Within the application, T-Street Holdings provided statements and supporting documentation to demonstrate that the additional 30 beds are needed in the planning area. Further, information provided by representatives of Confluence Health also support the need for 30 additional beds. As of the writing of this evaluation, there are four nursing homes licensed and operating within the Chelan/Douglas County Planning Area. None of the nursing homes submitted comments or any other information to suggest that the 30 beds are not needed.

Based on the information and the lack of public comment submitted opposing this project, the department assumes that an expansion of 30 nursing home beds within the Chelan/Douglas County Planning Area would not have an unreasonable impact on the existing nursing homes. The department further concludes that the additional 30 beds would provide increased access to necessary services in the planning area. **This sub-criterion is met.**

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

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

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

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

T-Street Holdings

T-Street Holdings provided the following statement for this sub-criterion. [source: Application, p17]

“Included in Exhibit 5 is a copy of Cashmere Post Acute’s resident’s admission policy. All residents are accepted based on medical need, regardless of race, beliefs, age, ethnicity, religion, culture, language, social/physical/mental health, socio-economic status, sex, sexual orientation, gender identity or expression or disability.”

To demonstrate compliance with this sub-criterion, the applicant provided with its application a copy of the facility’s Admission Policies/Agreement currently in use. The Admission Policies’ primary purpose is to provide uniform guidelines for the admittance of residents into the facility. When asked about the full scope of their admission policy, T-Street Holdings submitted a revised copy of Admission Policies/Agreement including the following language. [source: Application, Exhibit 5, February 14, 2022, screening response, Attachment 10]

“Our admission policies apply to all residents admitted to the facility without regard to race, color, creed, national origin, age, sex, gender identity, sexual orientation, religion, handicap, ancestry, marital or veteran status, and/or payment source.”

In response to an additional screening question regarding a separate non-discrimination policy, T-Street Holdings clarified the existing non-discrimination language within its existing Admission Policies/Agreement was intended to serve the same purpose of a separate policy. [source: February 14, 2022, screening response, p10]

Medicare and Medicaid Programs

Cashmere Post Acute is currently Medicare and Medicaid certified.

Medicare Provider Number: 50-5151
Medicaid Provider Number: 4115881

The department uses the facility’s Medicaid eligibility or contracting with Medicaid to determine whether low-income residents would have access, or continue to have access, to services. This facility also provides services to Medicaid patients in the planning area.

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Based on the information provided above, the department concurs that the addition of 30 nursing home beds is needed in the planning area. The Admission Policies/Agreement is currently in place at the Cashmere Post Acute facility. The policies and submitted clarifications include all of the information the department would expect in such a document. It includes assurance that patients would be admitted without regard to *“race, color, creed, national origin, age, sex, gender identity, sexual orientation, religion, handicap, ancestry, marital or veteran status, and/or payment source.”*

T-Street Holdings provided the following tables showing its historical and projected payer mix. [source: Application, p20]

Applicant’s Payer Mix Tables

<i>Existing Facility</i>	
Medicaid	81.0 %
Medicare	15.0%
Commercial/Private/Other	4.0%
Total	100.0%

Source: Applicant

<i>Proposed Facility 2022</i>	
Medicaid	81.0 %
Medicare	15.0%
Commercial/Private/Other	4.0%
Total	100.0%

Source: Applicant

As shown in the tables above, the facility will continue to serve both Medicare and Medicaid patients, with the majority of patients enrolled in Medicaid. To ensure adequate access to residents of Chelan and Douglas County, if this application is approved, the department will attach two conditions to the approval related to access to care. One condition will require the applicant to maintain Medicare and Medicaid certification. The second condition will state that the applicant must not develop any policies or practices that preclude admission of patients based on payer source.

Based on the source information reviewed and the applicant's agreement to the conditions referenced above, the department concludes **this sub-criterion is met.**

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

Department Evaluation

The sub-criteria under WAC 246-310-210(3), (4), and (5) are not applicable to this project.

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

Based on the source information reviewed and the applicant's agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the application submitted by T-Street Holdings met the applicable financial feasibility criteria in WAC 246-310-220.

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

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

T-Street Holdings

To demonstrate compliance with this sub-criterion, T-Street Holdings provided the following information. [source: Application, p25-28]

“Table 3 details the requested financial ratios.

Applicant’s Table
Table 3
Financial Ratios, 2020-2022

Ratio	Target Ratio ³	Proj. FYE 2022	Proj. FYE 2023	Proj. FYE 2024
Current Ratio	1.8-2.5	2.5	2.5	2.5
Assets Financed by Liabilities	0.6-0.8	.5	.5	.5
Total Operating Expense/Total Operating Revenue	1.0	.9	.9	.9
Debt Service Coverage	1.5-2.0	2.0	2.0	2.0

Source: Applicant

Cashmere Post Acute’s ratios are within range or, if they are outside of the target, they are better than expected.

Per diem historical charges for the period, the period since T-Holdings, LLC has operated the nursing home is included in Table 4 below:

Applicant’s Table
Table 4
Average Per Diem Charges- Historical

	2019	2020
Private Pay	256.13	289.95
Medicaid- traditional	218.84	260.08
Medicaid- ECS	200.41	349.86
Medicare	543.91	635.84
VA	N/A	N/A
Other/ HMO/Commercial	453.46	890.4

Source: Applicant

Current per diem charges are included in Table 5.

Applicant Table

Table 5
Average Per Diem Charges- Current

	2021
Private Pay	263.70
Medicaid- traditional	258.54
Medicaid- ECS	341.65
Medicare	555.96
VA	N/A
Other/ HMO/Commercial	572.13

Source: Applicant

Charges for the first three years are detailed in Table 6.

Applicant's Table

Table 6
Average Per Diem Charges-First Three Years

	2022	2023	2024
Private Pay	271.61	279.75	288.15
Medicaid- traditional	266.29	274.28	282.51
Medicaid- ECS	351.89	362.45	373.33
Medicare	572.63	589.81	607.51
VA	N/A	N/A	N/A
Other/ HMO/Commercial	234,135	245,841	258,133

Source: Applicant

Applicant's Payer Mix Tables

Existing Facility	
Medicaid	81.0 %
Medicare	15.0%
Commercial/Private/Other	4.0%
Total	100.0%

Source: Applicant

Proposed Facility 2022	
Medicaid	81.0 %
Medicare	15.0%
Commercial/Private/Other	4.0%
Total	100.0%

Source: Applicant

Based on the projected payer mix identified above T-Street Holdings provided the projected admissions, patient days, and occupancy of Cashmere Post Acute. The table below shows the historical and projected information. [source: February 14, 2022, screening response, Attachment 9]

SCHEDULE A

Line No.	Fiscal Year	Medicare Patient Days	Medicaid Patient Days	Private Patient Days	HMO Patient Days	Total Patient Days	# of Licensed Beds	Occupancy Rate
1	Actual 1/1 to 12/31, 2019	982	19,924	1,078	76	22,060	65	92.9%
2	Actual 1/1 to 12/31, 2020	3,964	20,552	954	210	25,680	65 (85 starting 4/1/202)	95.7% (Jan-Mar) 85.9% (Apr – Dec) Overall
3	Actual 1/1 to 7/31, 2021	2,361	13,128	563	222	16,274	85	90.3%
4	Estimated 8/1 to 12/31, 2021	1,874	10,198	501	150	12,723	85	97.8%
5	Projected 1/1 to 12/31/2022	5,076	26,802	1,117	493	33,488	95	96.5%
6	Projected 1/1 to 12/31/2023	5,076	26,802	1,117	493	33,488	95	96.5%
7	Projected 1/1 to 12/31/2024	5,076	26,802	1,117	493	33,488	95	96.5%

T-Street Holdings provided the following additional information in response to the department's request for updated information due to the applicant's requests to extend its time to respond to screening, changing the third-full year following project completion from 2024 to 2025. [source: June 6, 2022, second screening response, p6]

“Please note that in preparing a response to this request that Cashmere has opted to make a slight revision to Schedule A. Table 2 below details the projected patient days in Schedule A for 2022-2025 from first and second screening responses. As noted in Table 2, 2022 estimates were reduced as the additional 10 beds are now not expected to be operational until the 4th quarter of 2022 because of the delay in the CRS response. Cashmere has assumed a slight increase in census in 2024 (+2%) as it achieves maximum occupancy. No change between 2024 and 2025 has been assumed.”

Applicant’s Table

**Table 2
Estimated Patient Days, Screenings 1 and 2**

Screening Response	Total Patient Days			
	2022	2023	2024	2025
First	33,488	33,488	33,488	Not Projected
Second	30,550	33,488	34,157	34,157
Difference	-8.8%	0.0%	2.0%	0.0%

Source: Applicant

T-Street Holdings provided the assumptions used to project revenues and expenses for the proposed 30-bed expansion of Cashmere Post Acute. [source: June 6, 2022, second screening response, Attachment 5]

“Cashmere Care Center Financial Assumptions

Balance Sheet

- *Accounts receivable – 30 days in AR*
- *Accounts payable – 25 days in AP*
- *Accrued payroll and payroll taxes – 7.65% of payroll expenses*

Income Statement & Change in Shareholder’s Equity

- *Patient service revenue – estimated prices for each service were multiplied by estimated volumes. Charges for services are listed below.*
 - *Medicaid - \$266*
 - *Medicaid ECS - \$352*
 - *Medicare - \$573*
 - *Private - \$272*
- *Bad debt – 1.5% of gross patient service revenue*
- *Salaries and wages – Based on expected staffing levels needed for the expected volumes and estimated salaries for each position.*
- *Health insurance and benefits – 7.5% of salaries*
- *Payroll taxes – 7.65% of salaries*
- *Supplies – 5.0% of gross patient service revenue*
- *Administrative services: \$10,000/month*
- *Contract labor (Medical Director): \$250/hour x 5.02 hours/month*
- *Rent: Per lease agreement*
- *As we have operated this building with 85 beds for several years, and have experienced no significant fluctuations in financial performance over that time, we expect the additional beds will simply add steady, proportional revenues and expenses for the foreseeable future. We do not expect material benefits from marginal economies of scale.”*

Specific to the “*Contract labor (Medical Director)*” bulleted item in an earlier version of the assumption table above, and the “*Medical Director*” line item within the itemized list of revenue and expenses, T-Street Holdings provided the following clarification. [source: June 6, 2022, second screening response, p6-7] “*The pro forma financials in Attachment 5 have been revised and include a change in the medical director assumption. Revised assumptions are also included in Attachment 5. It has been assumed that the average hours per month beginning in 2022 are 5.02 hours per month. This is based on Cashmere’s most recent experience.*”

T-Street Holdings provided additional clarification for the following line items shown in the pro forma Balance Sheet. [source: February 14, 2022, screening response, p11] “***Other current liabilities*** includes accrued liabilities that Cashmere has yet to receive an invoice for. This is no different the accounts payable.

Other long-term liabilities includes a line of credit”

T-Street Holdings provided an executed lease agreement for the site. [source: Application, Exhibit 3] The agreement is between 817 Pioneer, LLC (landlord) and T-Street Holdings, LLC (tenant).

The lease agreement was signed on February 15, 2019 and expires on February 28, 2029, with two consecutive five-year options to renew for a total of 20 years. The lease includes a rental adjustment beginning March 1, 2024, and thereafter on March 1st of every following year of the lease, of a 1.5% increase. T-Street Holdings submitted a series of tables breaking down projected monthly lease payments through 2026. [sources: Application, Exhibit 3, February 14, 2022, screening response, Attachment 9]

Using the assumptions summarized above, T-Street Holdings projected the revenue, expenses and net income for Cashmere Post Acute. The summarized projections are shown in the department’s Table 2 below. [source: June 6, 2022, second screening response, Attachment 5]

**Department’s Table 2
Cashmere Post Acute Projected Revenue and Expense Summary
for Years 2022 through 2025**

	Current Year Year 2022	Full Year 1 Year 2023	Full Year 2 Year 2024	Full Year 3 Year 2025
Net Revenue	\$9,389,353	\$10,190,154	\$10,306,046	\$10,306,046
Total Expenses	\$8,189,228	\$8,456,452	\$8,492,325	\$8,492,325
Net Income/ (Loss)	\$1,200,125	\$1,733,702	\$1,813,721	\$1,813,721

T-Street Holdings also provided historical and projected balance sheets for Cashmere Post Acute. The balance sheets are summarized below. [source: June 6, 2022, screening response, Attachment 5]

Department's Table 3 below shows historical years 2019 through 2021, current year 2022 and projected years 2023 through 2025.

Department's Table 3
Cashmere Post Acute Balance Sheets' Summary
for years 2019 through 2025

Assets	2019	2020	2021	2022	2023	2024	2025
Current Assets	\$313,303	\$5,958,496	\$6,077,665	\$6,746,209	\$6,746,209	\$6,746,209	\$6,746,209
Other Assets	\$205	\$218,095	\$222,457	\$246,927	\$246,927	\$246,927	\$246,927
Depreciation	\$8,200	(\$9,566)	(\$9,757)	(\$10,831)	(\$10,831)	(\$10,831)	(\$10,831)
Total Assets	\$321,708	\$6,167,025	\$6,290,365	\$6,982,305	\$6,982,305	\$6,982,305	\$6,982,305
Liabilities							
Current Liabilities	\$393,354	\$4,715,049	\$4,809,351	\$5,338,378	\$5,338,378	\$5,338,378	\$5,338,378
Long Term Liabilities	\$0	\$423,225	\$431,690	\$479,175	\$479,175	\$479,175	\$479,175
Total Liabilities	\$393,354	\$5,138,274	\$5,241,041	\$5,817,553	\$5,817,553	\$5,817,553	\$5,817,553
Equity	(\$71,646)	\$1,028,751	\$1,049,326	\$1,164,752	\$1,164,752	\$1,164,752	\$1,164,752
Total Liabilities & Equity	\$321,708	\$6,167,025	\$6,290,367	\$6,982,305	\$6,982,305	\$6,982,305	\$6,982,305

Public Comments

None

Rebuttal Comments

None

Department Evaluation

To evaluate this sub-criterion, the department reviews the assumptions used by the applicant to project the facility's utilization, revenues and expenses, and projected balance sheets. The assumptions are the foundation for the two projected statements. The 'Total Revenue' line item is gross patient revenue, plus total non-operating revenue, minus any deductions from revenue. The 'Total Expenses' line item includes salaries and wages and all costs associated with operations of a nursing home. The total expenses line also included all costs related to key clinical personnel for the facility. Given that the facility is to have 95 beds upon completion of this project, the projected occupancy is expected to be 96.5% in full year one. The applicant assumes that occupancy would increase in projection year two and remain the same in year three. Within screening responses submitted to the department, a fully revised Schedule A including information through the third full year 2025 was indicated to be included. In a review of the submitted materials, no fully revised Schedule A through 2025 was found. However, the department was able to apply the provided the estimated total patient days with the projected payer mix and completed Schedule A through 2024 to assume year 2025 Schedule A figures. After reviewing the assumptions and projections used by T-Street Holdings, the department concludes the projected occupancy growth by the applicant is reasonable. [source: Application, p28, February 14, 2022, screening response, Attachment 9, and June 6, 2022, second screening response, p6]

Based on the occupancy percentages and payer mix identified above, T-Street Holdings provided its projected revenues and expenses in partial year one (2022) and full years one through three (2023

through 2025). In the tables above, the department was able to confirm that revenues were expected to cover expenses in all three projection years. However, the department noted a calculation error within projected expenses for the most recently submitted financial statements for this project. The discrepancy was an understatement of total expenses for year 2023 by \$126,069 and \$140,215 for years 2024 and 2025. In reviewing the assumptions and submitted statements the department was able to trace the issue to updated values for Line Item 48 ‘*Certified Nursing Assistants,*’ Line Item 49 ‘*Other Nursing With Admin. Duties,*’ and Line Item 255 ‘*Purchased Services.*’ While updated values were provided for these line items in the most recent expense statement, the additional expenses associated with them were not applied to total expenditures. A breakdown of this error and how it appears within the submitted documents is shown in the tables below. [source: February 14, 2022, screening response, Attachment 9 and June 6, 2022, second screening response, Attachment 5]

**Department Table 4
In-House Nursing Services Certified Nursing Assistants Discrepancy**

	2023	2024	2025
Line No. 48 Certified Nursing Assistants	\$1,282,141	\$1,294,963	\$1,294,963
Totaled Value for Line No. 48 Certified Nursing Assistants	\$1,165,583	\$1,165,583	\$1,165,583
DIFFERENCE	\$116,558	\$129,380	\$129,380

**Department Table 5
In-House Nursing Services Other Nursing With Admin. Duties Discrepancy**

	2023	2024	2025
Line No. 255 Purchased Services	\$74,012	\$74,752	\$74,752
Totaled Value for Line No. 255 Purchased Services	\$67,283	\$67,283	\$67,283
DIFFERENCE	\$6,729	\$7,469	\$7,469

**Department Table 6
Mental Health Purchased Services Expense Discrepancy**

	2023	2024	2025
Line No. 255 Purchased Services	\$58,486	\$59,071	\$59,071
Totaled Value for Line No. 255 Purchased Services	\$55,701	\$55,701	\$55,701
DIFFERENCE	\$2,785	\$3,370	\$3,370

When the differences of all line item discrepancies are summed, they amount to the approximate difference between the calculated expense total and the expense total given within the financial statement, within a reasonable margin of error for rounding: \$126,072 for year 2023, and \$140,219 for years 2024 and 2025.

Given that the impact of these errors is easily traced and does not cascade throughout the finances, the department does not consider them to call into question the accuracy of Cashmere Post Acute’s financials. Additionally, the differences of \$126,072 for year 2023, and \$140,219 in years 2024 and 2025

are shown to be small relative to the whole of expenses, at approximately 1.5% of the total expense value in their respective years. Both the corrected and inaccurate total expense amounts are also shown to be covered by revenue in either case. Using the corrected total expenses, the facility shows revenue exceeding expenditures in excess of \$1.7 million in year one, and by \$1.8 million in years two and three.

Based on the information provided, the department concludes that the immediate and long-range operating costs of the project can be met. **This sub-criterion is met.**

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

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

T-Street Holdings

The capital expenditure associated with this facility’s bed addition is \$63,066.13, the entirety of which is to be dedicated to the purchase of equipment. Of this amount, \$30,967 was spent on the initial purchase of 20 beds under the Governor’s Proclamation, with the remaining \$32,099.13 to be used for the purchase of the remaining 10 beds. Screening responses included a quote from the equipment vendor, Medline attesting to the reasonableness of these costs. [source: June 6, 2022, second screening response, p2, p6, Attachment 1, February 14, 2022, screening response, p3, Attachment 2]

In response to screening, the applicant indicated the project would be funded via the facility’s revenues and included as a lease expenditure. [source: February 14, 2022, screening response, p3]

As outlined under WAC 246-310-220(1), T-Street Holdings indicated that nursing home rates were based on existing rates at Cashmere Post Acute, shown again below:

Applicant’s Table
Table 5
Average Per Diem Charges- Current

	2021
Private Pay	263.70
Medicaid- traditional	258.54
Medicaid- ECS	341.65
Medicare	555.96
VA	N/A
Other/ HMO/Commercial	572.13

Source: Applicant

Public Comment

None

Rebuttal

None

Department Evaluation

As stated in this evaluation, the payer mix and reimbursement projected for this facility is based on actuals at Cashmere Post Acute. Information from DSHS ALTSA supports that this facility is available

and accessible to Medicare and Medicaid patients. The applicant stated that the final, proposed 95-bed facility would not impose any restrictions on patient admissions by payer source.

The CN program verified the costs associated with this project with Construction Review Services (CRS) at the department. CRS verified that the costs associated with this project are similar to costs seen in comparable nursing home projects.

Based on the above information, the department concludes that the expansion of the existing Cashmere Post Acute nursing home would likely not have an unreasonable impact on the costs and charges for healthcare services in Chelan/Douglas County. **This sub-criterion is met.**

(3) *The project can be appropriately financed.*

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

T-Street Holdings

The capital expenditure associated with this project is broken out below:

**Department Table 7
Capital Expenditure for Cashmere Post Acute**

Item	Cost
Construction	\$0
Moveable Equipment	\$63,066.13
Architect Engineering	\$0
Consulting	\$0
Site Preparation	\$0
Supervision/Inspection	\$0
Total	\$63,066.13

The applicant identifies that the entirety of these costs will be funded as an expenditure under lease costs. No letter of financial commitment was provided for this project. [source: February 14, 2022, screening response, Attachment 2, June 6, 2022, second screening response, p2]

Public Comment

None

Rebuttal

None

Department Evaluation

T-Street Holdings, LLC is the operator and licensee for Cashmere Post Acute. The department reviewed T-Street Holdings, LLC's historical financial statements and found reserves in excess of \$1 million at the end of year 2021. This is a more than sufficient amount to finance this project without impacting T-Street Holdings, LLC's financial position.

No letter of financial commitment was provided for this project, typically a requirement to confirm an applicant is capable of covering project costs. However, nearly half the expenditure for this project was

previously paid for during implementation under the Governor’s Proclamation 20-36, and the remaining costs are to be covered through lease expenditure due to the beds lease-to-own nature and demonstrated revenue profits in all projected years. Due to the uniqueness of this circumstance, and the applicant’s ability to demonstrate cost coverage under expenditure, a letter of financial commitment letter is not required.

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

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

Based on the source information reviewed and the applicant’s agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the application submitted by T-Street Holdings, LLC met the applicable structure and process of care criteria in WAC 246-310-230.

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

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

T-Street Holdings

To comply with the sub-criterion, T-Street Holdings provided the following statements. [source: Application, p30]

“Cashmere Care Center is currently fully staffed to operate 85 beds, including the behavioral health staff required for the 16 bed ECS and the 4 bed ECS respite. We are acutely aware that supporting our residents is a demanding job, and we have worked to engage, support, and develop our workforce so that our residents and families can receive the best care.

We offer competitive salaries, a generous paid time off program and a benefit package. In addition, we encourage and support staff, through flexible scheduling, to continue their education, if desired. The current pandemic and the federal government’s recent mandate that all staff be vaccinated will challenge all nursing homes, including Cashmere Post Acute; though we fully expect to be able to continue the staff the facility in a quality manner.”

Applicant’s Table

**Table 8
Nursing Hours//Patient Day**

	Current (2021)	Proposed
RNs	.89	1.03
LPNs	.28	.28
Nurses’ Aides and Assistants	2.33	2.33
Total	3.5	3.64

T-Street Holdings provided the following statements related to the assumptions used to project staffing under this sub-criterion. [source: February 14, 2022, screening response p7]

“The staffing assumptions are as follows:

For nursing, RCW 74.42.360 and WAC 388-97-1090 require that nursing homes have 3.4 hours per resident day (HRPD) of direct care staff. Direct care staff are defined as RNs, LPNs, and CNAs. Geriatric behavioral health workers, as defined in RCW 74.42.010, can be counted in the ratio if the behavioral health worker has

- a. at least three years' experience providing care for individuals with chronic mental health issues, dementia, or intellectual and developmental disabilities in a long-term care or behavioral health care setting,
- b. have advanced practice knowledge in aging, disability, mental illness, Alzheimer's disease, and developmental disabilities, and
- c. be supervised by an employee with a master's degree in social work or a registered nurse if the worker holds less than a master's degree in social work. As shown in Table 8, and based on actual experience, we are currently staffed at 3.5 HRPD excluding behavioral health and propose to increase it to 3.64 by increasing RN time. Please note that both ratios do not include the weekly psychiatric telehealth visits for behavioral health residents.

Cashmere Post Acute utilizes the following HRPD targets for supporting departments provided by the governing body and guided by RCW74.42.360, WAC 246-337-111 and CMS 483.60 for Food and Nutrition Services:

Table 1
Support Department HRPD Targets

Department	HRPD Target
Activities	.30 HRPD
Plant/Housekeeping/Laundry	.63 HRPD
Dietary	.58 HRPD

Source: Applicant

T-Street Holdings provided the following FTE staffing table for the facility. [source: June 6, 2022, second screening response, p3]

Department's Table 8
Cashmere Post Acute Proposed FTEs

FTE by Type	Current Year 2022	Year 1 2023 Increase	Year 2 2024 Increase	Year 3 2025 Increase	Totals
Registered Nurses	13.0	15.0	0.0	0.0	15.0
Licensed Practical Nurses	6.0	7.0	0.0	0.0	7.0
Nurse Aides & Assistants	44.0	48.0	0.0	0.0	48.0
Dietitians	1.0	1.0	0.0	0.0	1.0
Aides	9.0	9.0	0.0	0.0	9.0
Administrator (Program Director)	1.0	1.0	0.0	0.0	1.0
Assistant Administrator (Asst. Program Director)	0.0	0.0	0.0	0.0	0.0
Administrator In-training	0.0	1.0	0.0	0.0	1.0
Activities Director	1.0	1.0	0.0	0.0	1.0
Medical Director	1.0	1.0	0.0	0.0	1.0
In-service Director	1.0	1.0	0.0	0.0	1.0
Director of Nursing	1.0	1.0	0.0	0.0	1.0
Clerical	2.0	3.0	0.0	0.0	3.0
Housekeeping/Maintenance/Laundry	8.0	10.0	0.0	0.0	10.0

Physical Therapist	4.0	4.0	0.0	0.0	4.0
Occupational Therapist	3.0	3.0	0.0	0.0	3.0
Pharmacist	1.0	1.0	0.0	0.0	1.0
Medical Records	2.0	2.0	0.0	0.0	2.0
Social Worker	2.0	2.0	0.0	0.0	2.0
Plant Engineer	2.0	2.0	0.0	0.0	2.0
Other (specify) Activities Aides	3.0	4.0	0.0	0.0	4.0
Accounting staff	1.0	1.0	0.0	0.0	1.0
Other office staff	0.0	0.0	0.0	0.0	0.0
Network Support	2.0	2.0	0.0	0.0	2.0
Total	108.0	120.0	0.0	0.0	120.0

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The facility is currently operating with 108.0 FTEs. For this project, T-Street Holdings is proposing to recruit 12.0 additional FTEs by the first year of operation, 2023, and no additional FTEs following completion of this expansion through 2025.

Based on the information, the department concludes Cashmere Post Acute has adequate staffing, and can recruit qualified staffing to the nursing home. **This sub criterion is met.**

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

Chapter 246-310 WAC does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2)(a)(i). There are no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant’s history in meeting these standards at other facilities owned or operated by the applicant.

T-Street Holdings

To comply with the sub-criterion, T-Street Holdings provided the following statements related to this sub-criterion. [source: Application, p30]

“In addition to behavioral health staff, required ancillary and support services include pharmacy, respiratory therapy, restorative, dietary, physical therapy, and occupational therapy. We do and will continue to use licensed contracted providers for these services.”

T-Street Holdings also provided an executed medical director agreement, which outlines the roles and responsibilities for the facility. The agreement is with Post Acute Medical, PLLC, signed on April 1, 2022 and is active for a period of one year with annual renewals. The agreement includes a Medical Director Fee of \$250.00 per hour accounted for in the applicant’s financial statements. [source: June 6, 2022, screening response, Attachment 3, Attachment 5]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Cashmere Post Acute has been operating in the Chelan/Douglas County Planning Area under T-Street Holdings since February of 2019. All ancillary and support services and working relationships with healthcare facilities have been established for this nursing home.

Based on the information reviewed in the application, the department concludes that all required ancillary and support agreements and working relationships are already in place. **This sub-criterion is met.**

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

Chapter 246-310 WAC does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2)(a)(i). There are no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's history in meeting these standards at other facilities owned or operated by the applicant.

T-Street Holdings

The applicant provided the following statements related to this sub-criterion. [sources: Application, p30-31, February 14, 2022, screening response, p9]

“Cashmere Post Acute has undergone one annual survey and one infection control focused survey since T-Holdings, LLC assumed responsibility for operations. In both instances, we have been found to be in compliance with all applicable federal and state laws, rules, and regulations.

Cashmere Post Acute provides services in compliance with the applicable conditions of participation related to the Medicare and Medicaid programs

The federal government rates all licensed nursing homes on a scale of one to five, with one being the lowest possible rating and five being the highest. T-Holdings LLC assumed operations of Cashmere Care Center (as it was then known), in February of 2019. As such, we only have data for partial year 2019 and 2020-2021. Cashmere nursing home was one of 19 Washington State-based nursing homes that received a one-star rating from the federal government in August of 2019 (this rating was based on 2018 data under prior ownership). Attachment 7 contains CMS QCOR reports for partial year 2019 and 2020-2021. This data shows significant and rapid improvement, such that despite the pandemic, Cashmere achieved a 3-4-star quality rating for 2021.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As part of this review, the department must conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public. To accomplish this task, the department reviewed the quality of care compliance history for all healthcare facilities owned, operated, or managed by T-Street Holdings, LLC. in Washington State.

Cashmere Post Acute is the only member entity of the applicant. The ownership of the applicant is affiliated with three other nursing homes within the state under separate LLCs. This quality of care review will also incorporate these nursing homes reviewed surveys for these facilities using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review is shown below.

Washington State Survey Data

**Department’s Table 9
Cashmere Post Acute Survey Report**

Nursing Home			
Fiscal Year Surveyed	Facility Name / City, County Location	Total Number of Surveys	Citations Issued
2019, 2020 2021, 2022	Cashmere Post Acute / Cashmere, Snohomish County	69 Total Complaint, Special & Standard	D, E, G, F
2019, 2020, 2021, 2022	Auburn Post Acute / Auburn, King County	85 Total Complaint, Special & Standard	D, E, G, F, L
2019, 2020, 2021, 2022	North Bend Post Acute / Bend, Pacific County	62 Total Complaint, Special & Standard	D, E, G, F
2019, 2020, 2021, 2022	Roo Lan Health and Rehab / Lacey, Thurston County	53 Total Complaint, Special & Standard	D, E, G, F, K

As noted in the table above, the T-Street Holdings-affiliated nursing home have experienced a number of Washington State surveys for calendar years 2019 through 2022. All four facilities had at least one survey where deficiencies were noted, with one facility having severity and scope of level K, and another at level L. For all facilities, many complaint surveys were conducted that did not result in deficiencies or follow up visits by surveyors.

The Department of Social and Health Services surveys skilled nursing facilities and determines a scope and severity of a citation using a grid. To understand the scope and severity of the citations issued for the reviewed facilities, the grid is recreated below. [source: Scope and Severity Grid located at www.nursinghomepro.com/wp-content/uploads/2009/12/scope-and-severity-grid1.jpg]

Nursing Home Scope & Severity Grid		SCOPE		
SEVERITY		Isolated	Pattern	Widespread
4	Immediate jeopardy to resident health or safety	J	K	L
3	Actual harm that is not immediate jeopardy	G	H	I
2	No actual harm with potential for more than minimal harm that is not immediate jeopardy	D	E	F
1	No actual harm with potential for minimal negative impact	A	B	C

A comparison of the citations listed in the ‘Citations Issued’ column with the grid above shows that the majority of the citations were either isolated (citations G & D) or pattern with no actual harm. All four facilities had a level F citation that is considered widespread with potential for harm, but not immediate jeopardy. One facility was issued two K citations, which is immediate jeopardy and a pattern. For Roo Lan Health and Rehab, the K citations were issued in August 2021 and required one follow up visit to determine substantial compliance.⁵ Since then, six surveys have resulted in citations, most recently in January 2022 and there was one D citation and one E citation, with one follow up visit, the other surveys resulting in D, E, G and F level citations and single or no follow up visits. One facility was issued an L citation, which is immediate jeopardy and widespread. For Auburn Post Acute, the L citation was issued in June 2021 and required multiple follow up visits to determine substantial compliance.⁶ Since then, eight surveys have resulted in citations, most recently in July 2022 and there were two D citations and one follow up visit, the other surveys resulting in D, E, and G level citations and single follow up visits. The department notes that all of these T-Street Holdings-affiliated in Washington State are currently in compliance.

CMS assigns a one to five ‘star rating’ in three separate categories to grade the performance of a facility which are health inspection, staffing, and quality of care (quality measure). The health inspection rating contains the three most recent health inspections and investigations due to complaints. This information is gathered by trained, objective inspectors who go onsite to the nursing home and follow a specific process to determine the extent to which a nursing home has met Medicaid and Medicare’s minimum quality requirements. Most recent survey findings are weighted more than surveys from a prior year. The staffing rating has information about the number of hours of care provided on average to each resident each day by nursing staff. This rating considers differences in the levels of residents' care need in each nursing home. For example, a nursing home with residents who had more severe needs would be expected to have more nursing staff than a nursing home where the resident needs were not as high. The quality measure rating has information on 15 different physical and clinical measures for nursing home

⁵ Citation K – F0880 and Citation K – F0689.

⁶ Citation L – F0880.

residents. The quality measures offer information about how well nursing homes are caring for their residents' physical and clinical needs.

CMS Star Rating for Washington State Facilities T-Street Holdings Affiliated

The table below shows the star rating for the Washington State facilities owned by the affiliates of applicant members. The data was updated by CMS on August 31, 2022.

**Department's Table 10
CMS Star Ratings**

Facility Name	CMS Number	CMS Star Rating
Cashmere Post Acute	505151	3
Auburn Post Acute	505355	1
North Bend Post Acute	505339	2
Roo Lan Health and Rehab	505254	1

As shown in the table above Cashmere Post Acute has an overall three star rating out of a total of five potential stars. This three star rating is an average out of five from CMS inspections in three areas: Health Inspections, Staffing and Quality measures.

T-Street Holdings provided a listing of credentialed staff, which includes: 14 registered nurses, five licensed practical nurses, 29 nursing assistants certified, eight nursing assistants registered, two physical therapists, one physical therapist assistant, two medical assistant endorsement, one occupational therapist, one occupational therapy assistant, one speech language pathologist, one pharmacist license, an administrator, a dietitian, a medical director and a physician. Using data from the Department of Health's Medical Quality Assurance Commission, Nursing Quality Assurance Commission, and Health Systems Quality Assurance Office of Customer Service, many of the staff are in full compliance with state requirements, hold active state licenses, and have no conditions or limits on their licenses. However, there are many as well whose licensure have expired and now require renewal as of the writing of this evaluation. If this project is approved, the approval will be stipulated with a condition that all staff at Cashmere Post Acute whose job requires a credential have an active Washington State credential.

If this project is approved, the department would attach a condition to ensure the applicant's commitment to conformance with state and federal requirements, detailed above. With agreement to such a condition, the department concludes that T-Street Holdings demonstrated reasonable assurance that Cashmere Post Acute would operate this proposed facility in compliance with state and federal requirements if this project is approved. **This sub criterion is met.**

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

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

T-Street Holdings

The applicant provided the following statements to address this sub-criterion. [source: Application, p31-32]

“Continuity of care will be facilitated through the agreements with the below organizations and associated parties:

- Medical Director: Dr. Stan Flemming - Post Acute Medical
- Primary Care Physician Services: Dr. Kyra Carpenter - Confluence Health Geriatric Team
- Behavioral Health Specialist: Dr. Wassan Signh - Post Acute Medical
- Pharmacy Services: Johnson Shieh - Pharmacist for River Village Pharmacy
- Hospital Services (acute care needed): Central Washington Hospital.”

Applicant’s Table

**Table 9
Discharge Disposition**

	2019	2020	Q1-Q2 2021
Discharged Home	15	17	8
Discharged to Home Health	12	10	6
Discharged to Hospice	8	13	5
Discharged to Assisted Living	9	7	11

Source: Applicant

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Cashmere Post Acute has provided nursing home services within the Chelan/Douglas County planning area for multiple years. Cashmere Post Acute also has established relationships with existing healthcare organizations within the community.

Based on this information, the department concludes that approval of this project would promote continuity in the provision of health care for the planning area, and would not result in an unwarranted fragmentation of services. **This sub-criterion is met.**

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

Department Evaluation

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

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

Based on the source information reviewed and the applicant’s agreement to the conditions identified in the conclusion section of this evaluation, the department determines that T-Street Holdings has met the cost containment criteria in WAC 246-310-240.

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

To determine if a proposed project is the best alternative, the department takes a multi-step approach. Step one determines if the application has met the other criteria of WAC 246-310-210 thru 230. If it has failed to meet one or more of these criteria then the project is determined not to be the best alternative, and would fail this sub-criterion.

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

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria contained throughout Chapter 246-310 WAC related to the specific project type. Since T-Street Holdings is the only applicant that submitted a project for the planning area, superiority criteria will not be evaluated for this project.

T-Street Holdings

Throughout this application T-Street Holdings asserts that this project would provide services that are not readily available to patients in the planning area. To support its project, the applicant provided the following information related to this sub-criterion. [source: Application, p33]

“Cashmere Post Acute considered four options: 1) do nothing/status quo, 2) build an addition to the existing facility to accommodate additional community need; 3) expand existing facility to more than 95 beds; or 4) the current project.

Doing nothing was eliminated as an option considering the significant need in the community identified and described in detail in our project description and the need section. Building an addition to accommodate the additional beds needed would be costly and significantly limit our ability to immediately meet community need. Expanding the current facility to accommodate more than the 95 beds requested would impact efficiency of operations, result in over-crowding, potentially limit our ability to serve residents with unique needs, and impact resident and family satisfaction.

The chosen option of expanding to 95 beds allows us to continue to meet the expanded need identified and addressed during the COVID Pandemic. It additionally ensures we are able to meet identified additional community need and continue to provide the customized and patient centered services needed for each of the different categories of residents served (and described in detail in the Need Section).”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

For this project, T-Street Holdings is the only applicant that submitted application to add nursing home beds in Chelan/Douglas County. This project has met the review criteria in the applicable sections of WAC 246-310-210, WAC 246-310-220, and WAC 246-310-230. Therefore, the department reviews the alternatives proposed by the applicant.

Information provided in the application demonstrated that the applicant considered three alternatives in addition to the currently proposed, 30-bed expansion. The rejection of the “Do Nothing” option was appropriate given the large amount of need demonstrated by the applicant to existing within the planning area. Additionally, the department finds T-Street Holdings’ decision to pursue the proposal made in this application over a physical expansion of the existing nursing home and the addition of greater than 30 beds due to associated costs and potential operating inefficiencies to be appropriate.

The department did not identify any other alternatives that would be considered equal or superior to the applicant’s rationale for the addition of beds. Based on the source information evaluated, the department concludes that **this sub-criterion is met.**

- (2) In the case of a project involving construction:
 - (a) The costs, scope, and methods of construction and energy conservation are reasonable; and
 - (b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.

Department Evaluation

This sub-criterion is evaluated within the financial feasibility criterion under WAC 246-310-220(2) **and is considered met.**

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

T-Street Holdings

The applicant provided the following statements in response to this sub-criterion. [source: Application, p8, June 6, 2022 second screening response, p2]

“This project proposes the addition of 30 nursing facility beds, including the 20 that we have been operating since late April 2020. No redistribution of boarding home beds will result from this project.

On May 6, 2022, CRS determined that no modification to the physical plant is required for this project.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

This project requires no construction, and thus no construction cost, utilizing existing space within the Cashmere Post Acute nursing home to expand access to care.

This project has the potential to improve delivery of nursing home services to the residents of Cashmere, Chelan/Douglas County, and surrounding communities. The department is satisfied the project is appropriate and needed. **This sub-criterion is met.**