



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

September 26, 2022

Sarah Cameron, Chief, Strategy and Planning
Providence Health & Services - Washington
2811 South 102nd Street, Suite 220
Tukwila, Washington 98168

Sent via email: Sarah Cameron, sarah.cameron@providence.org

RE: Certificate of Need Application #22-32 – Department’s Pierce County Evaluation

Dear Ms. Cameron:

We have completed review of the Certificate of Need application submitted by Providence Health & Services - Washington dba Providence Hospice of Seattle proposing to provide Medicare and Medicaid-certified hospice services to the residents of Pierce County. Attached is a written evaluation of the application.

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

Washington Administrative Code 246-310-210	Need
Washington Administrative Code 246-310-220	Financial Feasibility
Washington Administrative Code 246-310-230	Structure and Process of Care
Washington Administrative Code 246-310-240	Cost Containment
Washington Administrative Code 246-310-240	Cost Containment

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

Appeal Option 1:

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

Mailing Address:

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

Physical Address

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

Appeal Option 2:

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

Mailing Address:

Department of Health
Adjudicative Service Unit
Mail Stop 47879
Olympia, WA 98504-7879

Physical Address

Department of Health
Adjudicative Service Unit
111 Israel Road SE
Tumwater, WA 98501

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

Sincerely,



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

Attachment

cc: Lisa Crockett Lisa.Crockett@providence.org

EVALUATION DATED SEPTEMBER 26, 2022, FOR THE SIX CERTIFICATE OF NEED APPLICATIONS EACH PROPOSING TO PROVIDE MEDICARE AND MEDICAID-CERTIFIED HOSPICE SERVICES TO RESIDENTS OF PIERCE COUNTY.

APPLICANT DESCRIPTIONS

Continuum Care of Snohomish LLC

Continuum Care of Snohomish LLC (Continuum Snohomish) is a Washington State limited liability company¹ owned by The Stern Family 2019 Trust (90% ownership) and Samuel Stern (10% ownership). These two owners are also listed as Governors for Continuum Snohomish on its Washington State business license. Continuum Snohomish also has a Washington State in-home services credential² and CN approval³ to serve Medicare and Medicaid hospice patients residing in Snohomish County. Continuum Snohomish's members own an additional agency, Continuum Care of King LLC, which also has a Washington State in-home services credential⁴ and CN approval⁵ to provide hospice services to residents of King County in Washington State. In addition to owning Washington State healthcare agencies, Continuum Snohomish's members also own sometimes in part,⁶ and operates hospice agencies which serve residents in Florida, Missouri, New Jersey, Ohio, and Virginia. In the last few years, Samuel Stern has owned and operated hospice agencies in California, Massachusetts, New Hampshire, and Rhode Island. [sources: Application, pdfs 3-6 and Exhibits 1 and 2, Washington Secretary of State website, ILRS, and Certificate of Need files]

For reader ease, the applicant, Continuum Care of Snohomish LLC will be referenced as *Continuum Snohomish* in this evaluation.

Public Comment

Following is comment in opposition of Continuum Snohomish's project related to defining the applicant. Sarah W. Cameron, MPH, Chief, Strategy and Planning, Providence Home and Community Care – Oppose [source: pdfs 12-13]

"A. Continuum has failed to submit, as required by the Department, audited financial statements either for itself or for its owners, who are co-applicants under applicable law.

The CN application was submitted by Continuum. The application states: 'The members of Continuum are The Stern Family 2019 Trust (90% ownership) and Samuel Stern (10% ownership).' Under the Department's CN regulations, the term 'applicant' includes 'any person or individual with a ten percent or greater financial interest in a partnership or corporation or other comparable legal entity engaging in any undertaking subject to [certificate of need] review.' Accordingly, there are three applicants with respect to Continuum's CN application: (1) Continuum, (2) The Stern Family 2019 Trust, and (3) Samuel Stern.

...

In sum, the Department requires CN applicants to provide complete and adequate information in order to enable it to render a fully-informed decision on their applications: 'A person proposing an undertaking subject to review shall submit a certificate of need application in such form and manner and containing such information as the Department has prescribed and published as necessary to such a certificate of need application. The Department's hospice application form is crafted to obtain the necessary information. Continuum, Samuel Stern, and The Stern Family 2019 Trust, each of whom is an applicant, have failed to comply with the Department's informational requirements. They cannot be treated differently than the other

¹ Secretary of State unified business identifier 604 173 856

² Department of Health license IHS.FS.61010090

³ CN1801 issued August 4, 2019

⁴ Department of Health license IHS.FS.61058934

⁵ CN1861 issued March 2, 2020

⁶ Some of the additional agencies are owned by Samuel Stern and other additional partners.

applicants. In the absence of the required information, the Department cannot properly evaluate whether Continuum's application satisfies the financial feasibility criteria set forth in WAC 246-310-220."

Department Evaluation

The department received public comment questioning whether Continuum Snohomish's individual members should be included as applicants for this review.

The department's past practice for the CN review of all facility types has consistently been to identify the business (in this case Continuum Care of Snohomish LLC) not the individual owning members (The Stern Family 2019 Trust and Samuel Stern) as the applicant. For this review and this applicant, the question is whether a trust is more similar for CN review purposes, to an individual or a business. Based on the definition of a *Trust* according to the Internal Revenue Service *[i]n general, a trust is a relationship in which one person holds title to property, subject to an obligation to keep or use the property for the benefit of another.* Merriam-Webster defines business as *a: a usually commercial or mercantile activity engaged in as a means of livelihood, b: a commercial or sometimes an industrial enterprise.* Based on these definitions and CN's purpose for identifying an applicant it is reasonable to consider a trust more similar to an individual. Therefore, Continuum Snohomish is correctly identified as the applicant for this review.

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence Health & Services is a not-for-profit Catholic network of hospitals, care centers, health plans, physicians, clinics, home health care, and affiliated services. The health system includes 55 hospitals in seven states, more than 35 non-acute facilities and numerous other health, supportive housing, and educational services in the states of Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington.⁷ [source: Providence Health & Services website; Application pdf 14 and Exhibit 5]

This application was submitted to establish a hospice agency in Pierce County during the year 2021 hospice concurrent review cycle two.

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

AccentCare, Inc./Seasons

Seasons Hospice and Palliative Care of Pierce County Washington, LLC is a Washington State limited liability corporation that is 100% owned by AccentCare, Inc. [source: Application, pdf4] For this project, AccentCare, Inc. is the applicant.

Currently, the applicant owns and operates a variety of healthcare facilities in Washington and other states.⁸ This application was submitted to establish a hospice agency in Pierce County during the year 2021 hospice concurrent review cycle two.

During this review the other applicants referenced this project alternately as 'AccentCare' or 'Seasons.' To avoid confusion, sections of this evaluation will refer to AccentCare, Inc as 'AccentCare.' If a Certificate of Need is issued for this project, the department recognizes that the In-Home Service license could be issued to

⁷ Providence Health & Services owns and operates a variety of other healthcare facilities in Washington and other states. These healthcare facilities are discussed in this evaluation under WAC 246-310-230.

⁸ AccentCare, Inc owns and operates a variety of other healthcare facilities in Washington and other states. These healthcare facilities are discussed in this evaluation under WAC 246-310-230.

Seasons Hospice and Palliative Care of Pierce County Washington, LLC. [source: Application, pdf4 and March 31, 2022, screening response, pdf8]

During the screening of this application, the department requested clarification of the ownership for Seasons Hospice & Palliative Care of Pierce County, LLC. In response, the applicant provided the following statements. [source: March 31, 2022, screening response, pdf8]

“We believe that the main applicant is Seasons Hospice & Palliative Care of Pierce County Washington, LLC. While it is a new entity, it is indeed the entity that is applying for this certificate of need and will operate the hospice agency if the application is granted. As the 100% owner of Seasons Hospice & Palliative Care of Pierce County Washington, LLC, AccentCare, Inc. is also considered an “applicant” for purposes of WAC 246-310-010 and review of this application. Therefore, where requested and appropriate, we will provide information on both Seasons Hospice & Palliative Care of Pierce County Washington, LLC and AccentCare, Inc., including required financial and quality information. The organizational chart shown on page 7 of the application shows details, and we confirm, that Seasons Pierce County (i.e., Seasons Hospice & Palliative Care of Pierce County Washington, LLC) is 100% owned by AccentCare, Inc.”

Providence Public Comment

“In addition, AccentCare has failed to provide adequate information regarding its two parent organizations. AccentCare is the owner of Seasons Pierce, but it is in turn “100% owned” by Pluto Acquisition I, Inc. (“Pluto”), which is in turn “100% owned” by Horizon Acquisition Co., Inc. (“Horizon”).⁶ As discussed below, AccentCare has failed to provide adequate information regarding Pluto and Horizon. This is a significant omission, since it goes to the heart of the Department’s ability to conduct a fully-informed evaluation of the financial condition, reliability, stability, and long-term community commitment of AccentCare, and of Pluto and Horizon, its owners.

AccentCare has failed to provide adequate information regarding Pluto and Horizon, its two parent organizations.

As discussed above, AccentCare is “100% owned” by Pluto, which is “100% owned” by Horizon. To the best of our knowledge, the only other substantive references in AccentCare’s CN application to Pluto and Horizon are in Horizon’s Consolidated Financial Statements. A Note to the Statements indicates that Horizon “is a multi-state provider of home health, hospice, and personal care services, which are provided on both a private-pay and third-party payor basis.” The Note further states: “As of December 31, 2020, we operated 109 home health, 36 hospice, and 53 personal-care centers in 28 states.” As best we can determine, the Statements contain no description of Pluto’s business purpose or its operations. This dearth of information with respect to Pluto and Horizon raises serious concerns, for it leaves the Department with little or no detailed information about Pluto and Horizon, or about the nature of the relationships between AccentCare, Pluto, and Horizon. This in turn raises a number of unanswered questions which directly relate to the future operation of AccentCare’s proposed Pierce County hospice agency. For example:

- Are Pluto and Horizon for-profit or non-profit entities?*
- Will Pluto and/or Horizon have control over, or input into, the operation of AccentCare’s Pierce County hospice agency? If so, in what manner?*
- Will there be a management agreement and/or operating agreement between AccentCare and Pluto and/or Horizon with respect to the Pierce County hospice agency? If so, what are the terms of that agreement?*
- Will Pluto and/or Horizon have the authority to direct AccentCare to divest itself of the Pierce County hospice agency? If so, under what circumstances?*
- Does Pluto maintain audited financial statements? Given that AccentCare has provided audited financial statements for Horizon, why has it not provided audited statements for Pluto, especially since Pluto is AccentCare’s immediate parent organization?*

All of these questions are unanswerable given the lack of information in AccentCare's CN application with respect to Pluto and Horizon. In the absence of adequate information regarding AccentCare's parent organizations, the Department cannot conduct a fully-informed review of the financial feasibility of AccentCare's proposed hospice agency under WAC 246-310-220(1)."

AccentCare Rebuttal to Providence

"The ownership of Seasons Hospice & Palliative Care of Pierce County Washington, LLC was fully addressed in the application and screening questions. Seasons Hospice & Palliative Care of Pierce County Washington, LLC is wholly owned by AccentCare, Inc., which is wholly owned by Pluto Acquisition I, Inc. (Pluto), which is wholly owned by Horizon Acquisition Co., Inc. (Horizon). Consolidated Financial Statements for Horizon Acquisition Co., Inc. and Subsidiaries are provided in the application. Additionally, as stated in the response to screening questions, any and all healthcare entities owned by Pluto and Horizon are disclosed within Exhibit 3 of the application."

Department Evaluation of Applicant Description

Providence expressed concern that AccentCare had not sufficiently explained its ownership structure. AccentCare noted that it had provided financial statements for its ultimate parent, Horizon Acquisition Co., in its initial application.

The financial statements contain the following information [source: AccentCare application, Exhibit 20]:

"On June 19, 2019, Horizon Merger Sub, Inc., a subsidiary of Horizon Acquisition Co., Inc. (together with its consolidated subsidiaries, referred to herein as "we," "us," "our," or the "Company"), a Delaware corporation, completed the merger with and into Pluto Acquisition I, Inc. (the "Merger") which resulted in the Company acquiring all of the outstanding stock of Pluto Acquisition I, Inc. The Company is a wholly owned subsidiary of the Horizon Group Holdings, L.P. (the "Parent")."

"Horizon Acquisition Co., Inc. is a multi-state provider of home health, hospice, and personal care services, which are provided on both a private-pay and third-party payor basis. Our home health services assist patients transitioning from a hospital, nursing facility, or outpatient facility to the home, with licensed clinical workers providing various combinations of skilled nursing and therapy services, as well as paraprofessional services. Our hospice services are designed to provide a wide variety of services to terminally ill patients and their families through a multidisciplinary group that typically includes a patient manager, skilled nursing staff, home health aides, a chaplain, and specially trained volunteers. Our personal care services assist clients with the daily tasks of living, including bathing, dressing, light housekeeping, grocery shopping, and medication monitoring. As of December 31, 2020, we operated 109 home health, 36 hospice, and 53 personal-care care centers in 28 states."

The department concludes that the applicant description information provided by AccentCare is consistent with program requirements, and the applicant for this project is appropriately AccentCare, Inc.

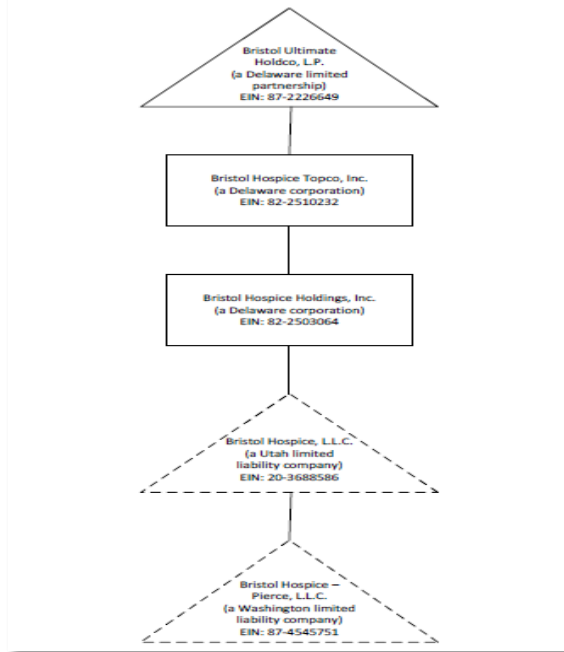
Bristol Hospice, LLC

Bristol Hospice, LLC is a Utah limited liability company registered in Washington State and 100% owner of Bristol Hospice-Pierce, LLC, also a Washington State limited liability company.⁹ The applicant provided the current structure chart on the following page. [source: March 31, 2022, screening response, Exhibit A]

⁹ Bristol Hospice, LLC UBI 604 738 467; Bristol Hospice – Pierce LLC UBI 604 864 903.

Applicant's Structure Chart

**Bristol Hospice – Pierce, L.L.C.
Structure Chart
(Current Structure)**



Based on the information provided in this application and the current structure chart above, Bristol Hospice, LLC is the applicant, with a recognition that if this project is approved, the In-Home Service (IHS) license could be issued to Bristol Hospice-Pierce, LLC.

Bristol Hospice, LLC owns and/or operates a total of 43 hospice agencies in the following 14 states: Arizona (1), California (16), Colorado (4), Florida (1), Georgia (2), Hawaii (1), Louisiana (2), Michigan (1), Nevada (1), Oregon (6), Texas (2), Utah (2), Washington (2), and Wisconsin (2). [source: Application, Exhibit 2]

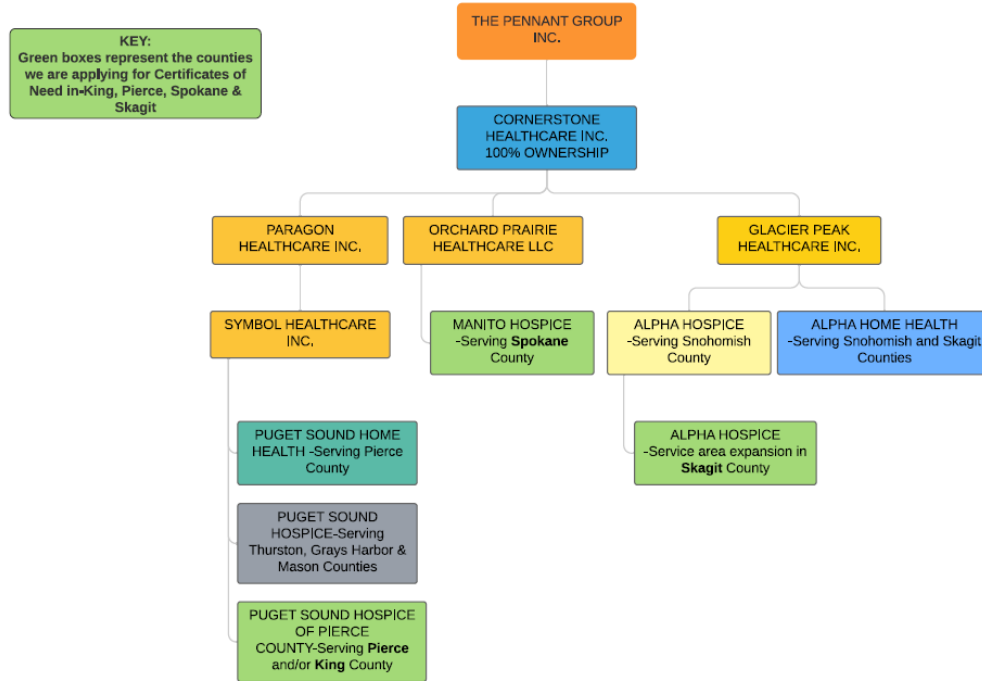
For this review, all references to the applicant will identify “*Bristol Hospice, LLC*” or simply “*Bristol.*”

The Pennant Group, Inc.

The Pennant Group, Inc. is a publicly traded company, no shareholder has more than five percent ownership interest. Organizationally, The Pennant Group, Inc. owns Cornerstone Healthcare, Inc., which in turn, owns Paragon Healthcare, Inc, that in turn owns Symbol Healthcare Inc. a Washington State foreign profit corporation.¹⁰ Symbol Healthcare Inc. is governed by the following four individuals: Daniel Walker, Elliot McMillan, Lee Johnson, and Brian Wayment. Below is an organizational chart provided by The Pennant Group. [source: March 29, 2022, screening responses, Exhibit 1]

¹⁰ UBI 603 257 823.

Applicant's Structure Chart



As shown in the chart above, The Pennant Group, Inc. offers several lines of service, which includes in-home care, through its subsidiary Cornerstone Healthcare, Inc. As of the submission of this application, The Pennant Group owns and operates a total of 97 healthcare entities directly under the Cornerstone Healthcare, Inc. subsidiary. This count includes Washington State Certificate of Need approved home health or hospice agencies located in the counties of Asotin, Benton, King, Pierce, and Snohomish.

This project focuses on Symbol Healthcare Inc. that operates in home service agencies under two separate entities: Puget Sound Home Health and Puget Sound Hospice. For this project, The Pennant Group, Inc. is the applicant and submitted this application proposing to establish a third entity under Symbol Health, Inc. The new entity is shown in the chart above as Puget Sound Hospice of Pierce County.

Though not shown in the organizational chart above, The Pennant Group also provides healthcare services in senior living communities through its subsidiary known as Pinnacle Senior Living LLC. As of the submission of this application, there are 62 healthcare entities associated with senior living communities.

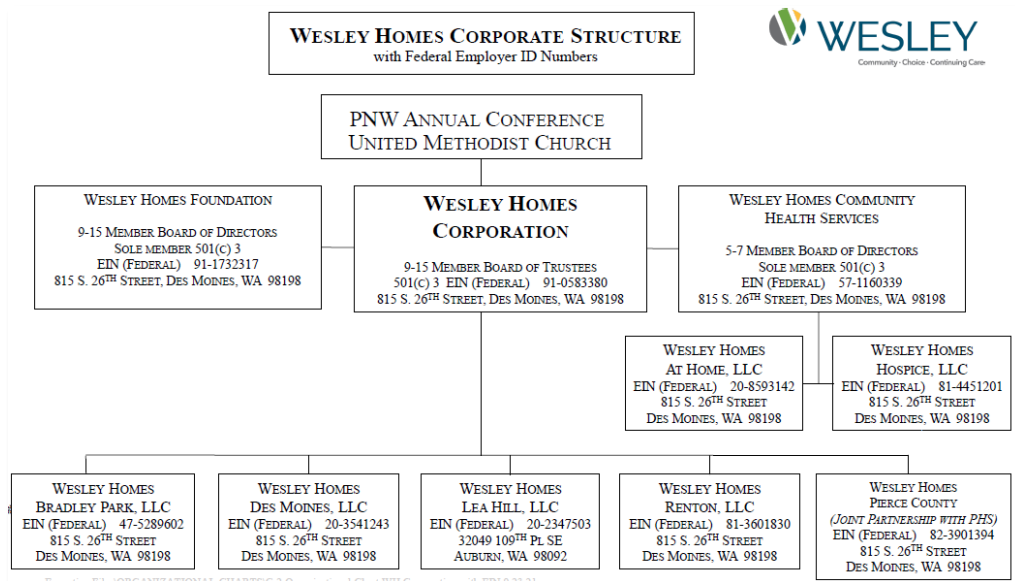
For this review, all references to the applicant will identify “*The Pennant Group*” or simply “*Pennant*.”

Wesley Homes Corporation

Wesley Homes Corporation owns 100% of Wesley Homes Community Health Services which owns 100% of both Wesley Homes at Home LLC and Wesley Homes Hospice, LLC. Both Wesley Homes at Home LLC and Wesley Home Hospice, LLC are Washington State corporations.¹¹ [source: Application, pdf 4, Exhibit 1, and Washington State Secretary of State website] For this project, Wesley Homes Corporation is the applicant. Below is the organizational chart depicting the ownership structure of Wesley Homes Corporation. [source: Application, Exhibit 1]

¹¹ Secretary of State UBI # 602 702 244 and # 604 058 745 respectively.

Applicant's Structure Chart



If a Certificate of Need is issued for this project, the department recognizes that an In-Home Service license has been issued to Wesley Homes at Home and this project requests an expansion of the services area for the existing license.¹²

As shown in the organizational chart above, Wesley Homes Corporation owns and operates healthcare facilities in Washington State; it does not operate any out of state facilities. [source: Application, pdf 6 and Exhibit 11]

For this review, all references to the applicant will identify “*Wesley Homes Corporation*” or simply “*Wesley.*”

PROJECT DESCRIPTIONS

Under the Medicare payment system, hospice care benefit consist of the following services: physician and clinical services, nursing care, medical equipment and supplies, prescription drugs, hospice aide and homemaker services, physical and occupational therapy, speech-language pathology services, social worker services, dietary counseling, grief and loss counseling, short-term inpatient care (for pain and symptom management), and short-term respite care.¹³ Hospice staff would be available 24/7 for emergencies.

Continuum Care of Snohomish LLC

Continuum Snohomish proposes to expand its existing hospice agency’s current service area¹⁴ to include Medicare and Medicaid-certified hospice services to the residents of Pierce County. The agency plans to offer new Pierce County services from its existing office space located at 1000 SE Everett Mall Way, Suite 402, in Everett [98208]. [sources: Application, pdfs 7 and 25]

Currently Continuum Snohomish is operating in Pierce County providing services proposed with its application under the under the COVID-19 State of Emergency, Proclamation 20-36.10.¹⁵ Since the

¹² In-Home Service License #60276500.

¹³ Medicare Hospice Benefits, page 8 Centers for Medicare & Medicaid Services. CMS Product No. 02154, Revised February 2022.

¹⁴ Snohomish County

¹⁵ https://www.governor.wa.gov/sites/default/files/proclamations/proc_20-36.10.pdf

Proclamation is temporary¹⁶ Continuum Snohomish submitted its application to continue to provide these services once the State of Emergency is declared over.

Continuum Snohomish provided the following table identifying the services it intends to continue to provide in Pierce County. [source: Application, pdf 11]

Applicant's Table

X Skilled Nursing	X Durable Medical Equipment (contracted)
X Home Health/Care Aide	IV Services
X Physical Therapy (contracted)	X Nutritional Counseling
X Occupational Therapy (contracted)	X Bereavement Counseling
X Speech Therapy (contracted)	X Symptom and Pain Management
X Respiratory Therapy (contracted)	X Pharmacy Services (contracted)
X Medical Social Services	X Respite Care
X Palliative Care	X Spiritual Counseling
X Other (please describe): Music Therapy, Equine Therapy, Virtual Reality Therapy, homemaker services, volunteer services, massage therapy, and pet therapy.	

Listed services would be provided directly by Continuum Snohomish except; speech, physical, occupational, and respiratory therapies, dietary, pharmacy services, and inpatient care which would be contracted. [source: Application, pdf 38]

Continuum Snohomish identified January 2023 as the anticipated month and year it would begin providing Medicare and Medicaid-certified hospice services to Pierce County residents. This applicant additionally provided the following statement related to its accounting for potential COVID-related delays that could impact its timeline. [sources: Application, pdf 10 and April 28, 2022, screening response, pdf 4]

“Because this application is an expansion of an existing agency, no delays are anticipated. Continuum’s Pierce operations will be operated out of our existing licensed and Medicare agency located in Snohomish County (IHS.FS.61010090). Continuum will simply need to submit a license amendment to add Pierce County to its service area upon CN approval (estimated in September 2022) and we then can provide services.

In terms of staffing, Continuum has staff in place or can transfer staff serving either Snohomish or King. While we understand the current challenging workforce environment, data in both our application and screening demonstrates that we have been able to recruit and retain exceptionally qualified, engaged and competent staff during the PHE in both Snohomish and King Counties. Because our volumes have been so high, we have recruited more than estimated in our CN applications.”

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

Continuum Snohomish anticipates no capital expenditure for this project. Since these services are proposed as the expansion of an existing and operational agency, and Continuum Snohomish is already providing Pierce

¹⁶ Ending October 31, 2022.

County hospice services under the COVID-19 State of Emergency, Proclamation 20-36.10¹⁷ it is reasonable that there is no capital expense necessary for this project. [source: Application, pdf 26]

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence Hospice operates out of its branch office in Tukwila, Washington, and is currently licensed to provide hospice services in King County. In addition, Providence operates other agencies that provide hospice services in the following Washington counties: Clark, Island, Klickitat, Lewis, Mason, Skamania, Snohomish, and Thurston counties. [source: Application, pdf 9]

This application from Providence proposes to extend the currently operational King County Medicare and Medicaid certified agency’s services into Pierce County. The agency currently operates at 2811 South 102nd Street, in Tukwila [98168] within King County. [source: Application pdf 15]

Providence provided the following table and statements regarding the services that would be provided in Pierce County. [source: Application, pdf 17]

Applicant’s Table

<input checked="" type="checkbox"/> Skilled Nursing	<input checked="" type="checkbox"/> Durable Medical Equipment
<input checked="" type="checkbox"/> Home Health Aide	<input checked="" type="checkbox"/> IV Services
<input checked="" type="checkbox"/> Physical Therapy	<input checked="" type="checkbox"/> Nutritional Counseling
<input checked="" type="checkbox"/> Occupational Therapy	<input checked="" type="checkbox"/> Bereavement Counseling
<input checked="" type="checkbox"/> Speech Therapy	<input checked="" type="checkbox"/> Symptom and Pain Management
<input checked="" type="checkbox"/> Respiratory Therapy	<input checked="" type="checkbox"/> Pharmacy Services
<input checked="" type="checkbox"/> Medical Social Services	<input checked="" type="checkbox"/> Respite Care
<input checked="" type="checkbox"/> Palliative Care	<input checked="" type="checkbox"/> Spiritual Counseling
<input checked="" type="checkbox"/> Other (please describe) Please see explanation below	

“Other hospice services to be provided by this agency include, but are not limited to, pediatric hospice care, pediatric palliative care, pediatric bereavement, cardiac hospice care, care to patients with end-stage renal disease, massage therapy, music therapy, and pet therapy”

Providence states that there is no capital expenditure associated with expanding Medicare and Medicaid hospice services into Pierce County. [source: Application, pdf 42]

If approved, Providence expects Medicare and Medicaid hospice services would be available to the residents of Pierce County in September 2022, based on a September 2022 decision date. [source: Application, pdf 16] Given this timing, year 2023 would be the first calendar year of operation and year 2025 would be year three.

AccentCare, Inc./Seasons

This project proposes to establish a Medicare and Medicaid certified hospice agency in Pierce County to be located at 14301 South Pine Street in Tacoma [98409] within Pierce County. [source: Application, pdf8]

The applicant provided the following statements regarding services to be provided from the new agency. [source: Application, pdf 8-9]

¹⁷ https://www.governor.wa.gov/sites/default/files/proclamations/proc_20-36.10.pdf

“Seasons Hospice & Palliative Care of Pierce County Washington, LLC is applying for a certificate of need (CN) to establish a Medicare and Medicaid certified hospice agency to serve residents of Pierce County, Washington. Hospice services include nursing care, pastoral care, medical social work, respite services, home care, as well as 24-hour continuous care in the home at critical periods and bereavement services for the family. Seasons Pierce County proposes an integrated service delivery system that includes the capability to provide palliative care as well as end of life care. The target population resides in Pierce County.

The hospice staff retain responsibility and accountability for the care of patients in the program. The interdisciplinary group (IDG) collaborates with each other in real-time through the electronic medical record (EMR) so that each team member is aware of the patient’s status and needs at all times. The team, along with the patient and family, develop the individualized plan of care. The assessment process identifies in detail the patient’s condition at enrollment and over time that includes all the services required. Each plan is individualized and uniquely suited for the patient’s requirements and is evaluated regularly and adjusted as needed. The Circle of Care describes the team approach to service delivery that places the patient at its center.”



The estimated capital expenditure for this project is \$96,828 which is solely related to office equipment, furnishings, and any related sales tax. There are no construction costs for this project. [source: Application, pdf 70]

If approved, the applicant expects the Medicare and Medicaid certified hospice agency would be available to the residents of Pierce County in July 2023. Given this timing, year 2024 is the first full calendar year of operation and year 2026 would be year three. [source: Application, pdf17]

Bristol Hospice, LLC

With this application, Bristol proposes to establish a new Medicare and Medicaid-certified agency at 4160 – 6th Avenue Southeast, #22 in Lacey, within Thurston County to serve patients in adjacent Pierce County.¹⁸ [source: Application, pdf 8] Given that the agency is not currently operational, Bristol provided the following clarification. [source: Application, pdf 8-9]

¹⁸ To clarify, this project under review proposes to establish a new agency in Thurston County that would serve Pierce County residents. Another agency proposed to be operated by Bristol is Bristol Hospice-Thurston, which is located in King County, within Federal Way. Bristol Hospice-Snohomish’s office is located in Everett, within Snohomish County.

“Bristol Hospice is proposing to open a Medicare and Medicaid certified agency to fulfill the unmet Hospice needs of those suffering a life limiting illness in Pierce County, Washington. Bristol Hospice's mission is to "Embrace a Reverence for Life." Bristol Hospice will focus on, among other things, response time, individual patient and family needs, exceptional patient care, and accessibility to all.

Bristol Hospice confirms that the agency will be available and accessible to all of Pierce County.”

Bristol provided a table showing the hospice services that would be available to Pierce County residents. [source: Application, pdf 9]

Applicant’s Table

Yes <input checked="" type="checkbox"/> Skilled Nursing	Yes <input checked="" type="checkbox"/> Durable Medical Equipment
Yes <input checked="" type="checkbox"/> Home Health Aide	Yes <input checked="" type="checkbox"/> IV Services
Yes <input checked="" type="checkbox"/> Physical Therapy	Yes <input checked="" type="checkbox"/> Nutritional Counseling
Yes <input checked="" type="checkbox"/> Occupational Therapy	Yes <input checked="" type="checkbox"/> Bereavement Counseling
Yes <input checked="" type="checkbox"/> Speech Therapy	Yes <input checked="" type="checkbox"/> Symptom and Pain Management
Yes <input checked="" type="checkbox"/> Respiratory Therapy	Yes <input checked="" type="checkbox"/> Pharmacy Services
Yes <input checked="" type="checkbox"/> Medical Social Services	Yes <input checked="" type="checkbox"/> Respite Care
Yes <input checked="" type="checkbox"/> Palliative Care	Yes <input checked="" type="checkbox"/> Spiritual Counseling
<input type="checkbox"/> Other (please describe)	

Based on the assumption of CN approval of this project in September 2022, Bristol proposes it would be providing hospice services to Medicare and Medicaid patients in Pierce County on July 1, 2023. Bristol also provided the following statements related to its accounting for potential COVID-related delays that could impact its timeline. [source: Application, pdfs 11-12]

“Bristol has updated the timeline for completion to allow for more time to startup and get licensed. Bristol anticipates hospice services would be available of July 1 2023, with a startup phase running before this period.” [source: March 31, 2022, screening response, pdf 1]

Based on the assumptions and clarifications above, year 2023 is considered a partial year of operation for the project. Year 2024 is full year one and 2026 is full year three as a Medicare and Medicaid certified hospice agency.

Bristol identified an estimated capital expenditure of \$30,000 for this project. These costs include IT equipment, furniture, and inventory and supplies. There is no construction associated with this project. [source: Application, pdf 19]

Within its screening responses, Bristol also identified another \$214,857 in start-up costs for this project which includes staff recruitment, marketing/advertising, salaries/wages/benefits, overhead allocations, and travel costs. These costs that would be incurred prior to the operational date of July 2023. [source: March 31, 2022, screening response, Exhibit 12, pdf 31] Both capital expenditure and start-up costs will be paid by the applicant, Bristol Hospice, LLC. [source: March 31, 2022, screening response, pdf 3]

One applicant, Pennant, provided comments questioning the operational timeline identified by Bristol. The comments are restated below.

The Pennant Group Public Comments [source: pdf 3]

“Bristol stated in their screening response that they, “updated the timeline for completion to allow for more time to startup and get licensed. Bristol anticipates hospice services would be available of July 1 2023 with a

startup phase running before this period.” At issue is the fact that Bristol did not provide the updated table that is used for this purpose in the application, and we cannot see when the agency will be prepared for survey. Medicare certification and Medicaid eligibility cannot happen until the accreditation survey is passed. Without the “prepared for survey” date the Department cannot assess if Bristol’s timeline is reasonable. As a result, Bristol has not met the financial feasibility criterion.”

Rebuttal Comments

Bristol did not provide rebuttal comments.

Department’s Evaluation of Bristol Timeline

Pennant’s comment that Bristol did not complete an updated timeline table in its screening responses that includes when the agency is expected to be prepared for survey is correct. In response to screening, Bristol identified July 1, 2023, as the date hospice services would be available to residents of Pierce County and stated that startup for the agency is prior to that date. Bristol’s response identifies both the operational date as a Medicare and Medicaid certified agency and the startup period. Pennant asserts the response is incomplete and the project should be denied based on the lack of information. The department disagrees given that there is no construction required for this project. The concerns are not grounds for denial of this project.

The Pennant Group, Inc.

The proposed agency, Puget Sound Hospice of Pierce County will be referenced as “*Puget Sound Pierce.*” Pennant proposes to establish Puget Sound Pierce at 4002 Tacoma Mall Boulevard, #204 in Tacoma [98409], within Pierce County. Given that the agency is not currently operational, Pennant provided the following clarification. [source: Application, pdf 10]

“We are applying for both King and Pierce Counties as new agencies under Symbol Healthcare Inc. Should we be awarded a certificate of need for both counties, we will serve both counties from the Tacoma office. If either King or Pierce are awarded a certificate of need, we will serve the county from the Tacoma office. The King + Pierce pro formas are found at Exhibit 10.”

Pennant provided a table showing the hospice services that would be available to Pierce County residents. [source: Application, pdf 13]

Applicant’s Table

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

If approved, Pennant identified several key dates for operations of the new agency and provided the following clarification based on the assumption of CN approval of this project in September 2022. [source: Application, pdfs 11-12]

“After applying for the state license and Medicare, we will be serving Medicare and Medicaid patients as a state licensed hospice starting January 1, 2023. May 2023 is the anticipated Medicare certification date,

Medicare certification also initiates the Medicaid eligibility application process. Medicaid eligibility approval can take months with COVID slowdowns. We anticipate being Medicaid certified in September of 2023.”

Pennant also provided the following statements related to its accounting for potential COVID-related delays that could impact its timeline. [source: March 29, 2022, screening response, pdf 5]

“We have considered currently known delays, including any delays falling within the categories the Department has enumerated above, and do not anticipate delays beyond what we stated regarding Medicaid approval. The result of those considerations led us to the September 2023 date listed in our application. In other words, our application accounts for currently known delays.

Regarding staffing, we continue to recognize the current strains on staffing in healthcare. As part of our recruiting efforts, we continuously seek staff for today or for the future and based on our recent hiring experiences in Washington State, we expect to recruit the required staff to serve patients in King County January 2023. In the event we are unable to initially hire staff for any given position, we are positioned to be able to utilize staff from our other agencies in Washington State until we are able to hire permanent staff.

The September 2023 date is the date we anticipate being Medicaid eligible. We will be serving patients (i.e., operating) from January 2023 forward. The September date in our application is reasonable as it allows us time to pass ACHC accreditation and then to receive the Medicare/CMS certification number (CCN). A provider cannot apply for Medicaid until they are first Medicare approved. Medicaid may take months to process the application due to COVID or other delays on their end. We are confident in these timeframes due to the experiences in this area of our Pennant-affiliate Washington agencies.”

Based on the assumptions and clarifications above, year 2023 is considered a partial year of operation for the project. Year 2024 is full year one and 2026 is full year three as a Medicare and Medicaid certified hospice agency.

Pennant identified an estimated capital expenditure of \$5,000 for this project. These costs include moveable equipment and Washington State sales tax. There is no construction associated with this project. [source: Application, pdf 25]

The applicant also identified another \$15,500 in start-up costs for this project which includes staff recruitment, marketing/advertising, and travel costs. [source: Application, pdf 26] Both capital expenditure and start-up costs will be paid by the applicant, Pennant.

Wesley Homes Corporation

Wesley operates a Medicare- and Medicaid- hospice agency located in King County that provides services to King County residents. This application proposes to expand the King County agency’s service area to include Pierce County. The agency is known as Wesley Homes Hospice, LLC.¹⁹ While its ‘permanent’ location is 815 South 216th Street in Des Moines [98198], the agency was temporarily relocated to 18000 – 72nd Avenue South, #217 in Kent [98032]. [source: Application, pdf 7]

Wesley provided the following information about the relocation and how it affects this project. [source: March 31, 2022, screening response, pdfs 2-3]

- *The agency was relocated because the building in Des Moines was scheduled to be demolished as part of the overall re-development of the larger Wesley Homes Des Moines Campus.*

¹⁹ Washington State license #60276500.

- *The agency was relocated on July 10, 2020. The Department of Health was notified, and the address associated with the existing in-home services agency license was changed to the Kent address during this transitional time.*
- *We anticipate returning to the Des Moines campus in 2025, when the redevelopment is complete and new office space is ready.*

Based on the information presented above and technical assistance meetings with the Department of Health, WHH has determined that the appropriate address for this CN application is actually the Kent address since the Pierce County hospice operations will be operated out of the Kent address from the time of CN approval until the project is deemed complete.

Please accept this response as a revision to the address provided in the certificate of need application and consider the below address the location for purposes of issuance of the Certificate of Need:

*18000 72nd Ave S
Suite 217
Kent, WA, 98032-1035*

Because this address change is the direct response to a screening question, consistent with WAC 246-310-100(2), it does not constitute an amendment to the application.

To demonstrate appropriate site control of the Kent location, we have provided in Attachment 1 the lease that Wesley Homes has with Centerpointe Business Park Associates for the space. The change in address does not change the financial assumptions for WHH. The site costs for WHH are incorporated in the administrative allocation of 5% of gross revenue identified in the line item titled “allocated” on the pro forma financial statement. The administrative allocation percentage remains the same, regardless of the location of the hospice agency. We understand, based on our TAs with the CN Program, that our methodology is both reasonable and allowable.”

If this project is approved, Wesley anticipates it will begin serving residents of Pierce County on January 1, 2023. Based on the explanation of the relocation and the proposed operational date for this project, the department concurs that the appropriate address for this project is the current, temporary location in Kent, within King County.

Wesley provided the following description of its proposed Pierce County project. [source: Application, pdf 7]
“WHH received CN approval in 2015 and began providing Medicare and Medicaid certified hospice services in King County late 2017. Within weeks of the Governor’s Proclamation 20-36, WHH, in support of existing hospice providers and persons and families in need of hospice in Pierce County, began serving Pierce County, and have done so continuously since. Specifically, we received acknowledgement from DOH to begin service in Pierce on April 3. We admitted our first patients in Pierce on April 8, within 24 hours of referral and have been serving Pierce since that date. This CN will allow us to, post-Public Health Emergency, continue responding to the unmet need in Pierce County.”

If this project is approved, Wesley confirmed it would be available and accessible to the entirety of Pierce County and provided the following table and statements showing the services that would be provided. [source: Application, pdfs 8-9]

Applicant's Table

✓ Skilled Nursing	✓ Durable Medical Equipment
✓ Home Health Aide	IV Services
✓ Physical Therapy	✓ Nutritional Counseling
✓ Occupational Therapy	✓ Bereavement Counseling
✓ Speech Therapy	✓ Symptom and Pain Management
Respiratory Therapy	✓ Pharmacy Services
✓ Medical Social Services	✓ Respite Care
✓ Palliative Care	✓ Spiritual Counseling
Other (please describe): Patient and family education, assistance with personal care and daily living activities such as eating, walking and dressing, trained volunteer support, 24/7 on-call, and in-home respite services.	

“The services offered in Pierce are currently, and upon CN approval, will continue to be identical to the services offered in King County.”

As stated above, Wesley anticipates it will begin serving residents of Pierce County on January 1, 2023, and provided the following clarification based on the assumption of CN approval of this project in September 2022. [source: Application, pdf 8 and March 31, 2022, screening response, pdf 4]

“Yes, this timeline takes into considerations all factors referenced in the question above. As described earlier in this screening response, the Pierce County hospice operations will be operated out of our existing licensed and Medicare certified hospice agency currently serving King County, so there will be no credentialing delays. In terms of staffing, we have already demonstrated our ability to staff and serve Pierce County during the public health emergency. As can be identified in the staffing tables provided in Attachment 2, the increase in staffing to continue to serve Pierce County after CN approval is small. There are no expected delays.

Finally, related to COVID, we have demonstrated our ability to continue to serve patients during a highly volatile period. Specifically, we “stepped up” and supported existing Pierce providers when they were short staffed or not able to respond and initiate services timely. Included on pages 10 and 11 of our Certificate of Need application, we provided several specific instances demonstrating our ability to timely serve Pierce County. Based on the above reasons, we do believe the operational data of January 1, 2023, is reasonable.”

Based on the assumptions and clarifications above, year 2023 is full year one and 2025 is full year three as a Medicare and Medicaid certified hospice agency serving Pierce County residents.

Wesley states that there is no capital expenditure or start-up costs for this project and provided the following clarification and rationale for the assertion. [source: Application, pdfs 21-22 and March 31, 2022, screening response, pdfs 9-10]

“There is no capital expenditure. WHH is simply expanding its current Medicare certified King County hospice agency permanently into adjacent Pierce County. There are no start-up costs.

There were no capital or start-up costs for WHH to begin serving patients in Pierce County. As a licensed and Medicare certified hospice agency, WHH was able to accept referrals and send existing staff into Pierce County to serve patients without any additional costs.

Consistent with our response to Question 16 above, since WHH began serving patients in Pierce County under the Proclamation, we have operated under our existing license and certification. We also operate out of our existing office and with existing staff. No start-up costs were incurred.”

AccentCare/Seasons Public Comments [source: pdf 13]

“Wesley Homes identifies the proposed address as 18000 72nd Avenue S, Suite 217, Kent WA, 98032 on page 4 of the application, a location within King County. Not having a location to support staff and patients within the proposed service area of Pierce County could impede access, service, and response to patients’ needs. In fact, the state recognizes this fact in reviewing certificate of need applications for areas having no need. [WAC 246-310-290 (12)(b) states, “If more than one applicant applies in a planning area, the department will give preference to a hospice agency that proposes to be physically located within the planning area.”]”

Wesley Rebuttal Comments [source: Wesley rebuttal comments, pdf 3]

*“Seasons did not provide any data to substantiate how access **could** be impeded. Wesley Homes Corporation’s annual operating budget is more than \$80 million, and we already serve both King and Pierce Counties, offering independent living, assisted living, memory care, skilled nursing, home care, home health, palliative care and hospice. Both our permanent and temporary office locations are in South King County, which provides us with an efficient means of distributing services, staff, and supplies between the two Counties.*

The record should reflect that we can travel to most communities in Pierce from our Des Moines location, in less than time than it takes us to reach many communities in the north and the eastern most parts of King County. However, this is irrelevant to the delivery of most hospice services, because, as the Program is aware, hospice services are provided in the patient’s home, and staff spend limited time in any office location. Nearly 60% of our staff providing services in Pierce County today reside in Pierce County.

Further several hospice providers, including the two most recently approved to served Pierce County, Providence and Envision, serve multiple counties from a single location. It is evidently clear that the location of our home office is not an impediment to our staff providing accessible and timely care.”

Department’s Evaluation of Wesley Homes Site Topic

The assertion by AccentCare/Seasons that patient access to care may be negatively impacted if an agency is not located within the county proposing to be served is illogical. Hospice patients receive care at their residence, rather than traveling to a healthcare facility. For this reason, many hospice (and home health) providers serve more than one county from a single site. This ‘single-site’ approach is both prudent and practical to contain costs for the services.

AccentCare/Seasons suggests that the CN Program prefers that an agency be located in the county being served based on the language in WAC 246-310-290(12)(b). For clarification, WAC 246-310-290(12) is only applied to a project if there is no numeric need. The rule does not apply in this Pierce County review where there is numeric need for three agencies. Neither of the two issues raised by AccentCare/Seasons are grounds for denial of the Wesley Homes project.

In summary, each applicant identified a specific timeline for beginning hospice services in Pierce County as required. The timelines are summarized on the following page broken down by applicant.

**Department's Table 1
Summary of Timelines by Applicant**

Applicant	Begin Hospice Services	Three Full Calendar Years
Continue Care of Pierce, LLC	January 2023	2023, 2024, and 2025
Providence Hospice	September 2022	2023, 2024, and 2025
AccentCare, Inc./Seasons	July 2023	2024, 2025, and 2026
Bristol Hospice, LLC	July 1, 2023	2024, 2025, and 2026
The Pennant Group	September 2023	2024, 2025, and 2026
Wesley Homes Corporation	January 1, 2023	2023, 2024, and 2026

APPLICABILITY OF CERTIFICATE OF NEED LAW

Each of these six applications proposes to establish or expand Medicare and Medicaid-certified hospice services in Pierce County. This action is subject to review as the construction, development, or other establishment of new health care facility under Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code (WAC) 246-310-020(1)(a).

EVALUATION CRITERIA

WAC 246-310-200(1)(a)-(d) identifies the four determinations that the department must make for each application. WAC 246-310-200(2) provides additional direction in how the department is to make its determinations. WAC 246-310-290 contains service or facility specific criteria for hospice projects and must be used to make the required determinations.

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

MULTIPLE APPLICATIONS FOR THE YEAR 2021 HOSPICE CONCURRENT REVIEW CYCLES

The department received 17 separate applications during the year 2021 hospice concurrent review cycles. Three of the six²⁰ Pierce County applicants (or their affiliates) submitted more than one application during the 2021 review cycles. Below is a summary of the applications submitted by each of the six Pierce County applicants:

- Continuum Snohomish – Pierce County
- Providence Hospice – Pierce and Spokane counties
- AccentCare, Inc/Seasons – Pierce and Spokane counties
- Bristol Hospice LLC – Pierce County
- Pennant – King, Skagit, Spokane, and Pierce counties
- Wesley Homes Corporation – Pierce County

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

TYPE OF REVIEW

As directed under WAC 246-310-290(3) the department accepted the Pierce County projects under the 2021 cycle 2 concurrent review timeline. A chronological summary of the remaining six applications for 2021 annual review for Pierce County is shown on the following page.

²⁰ Initially seven applications were submitted; one application was withdrawn, leaving six for review.

APPLICATION CHRONOLOGY

Action	Continuum	Providence	AccentCare	Bristol	Pennant	Wesley
Letter of Intent Submitted	12/30/2021	12/29/2021	11/15/2021	12/09/2021	12/20/2021	12/21/2021
Application Submitted	01/31/2022	01/31/2022	01/28/2022	01/31/2022	01/28/2022	01/31/2022
Department's pre-review activities						
• DOH 1 st Screening Letter	02/28/2022	02/28/2022	02/28/2022	02/28/2022	02/28/2022	02/28/2022
• Applicant Responses Received	03/31/2022 04/28/2022 ²¹	03/31/2022	03/31/2022	03/31/2022	03/29/2022	03/31/2022
Beginning of Review	04/18/2022					
Public Hearing	06/10/2022					
Public Comments accepted through the end of public comment	06/10/2022					
Rebuttal Comments Deadline	07/11/2022					
Department's Anticipated Decision	09/26/2022					
Department's Actual Decision	09/26/2022					

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 a concurrently reviewed application such as these, each applicant is an affected person for the other applications. During the course of the review of these applications five entities requested interested person status.

Dennis Barnes, resident of Poulsbo, Washington within Kitsap County

Mr. Barnes requested on March 14, 2022, to be included in the distribution lists for several CN hospice projects including Pierce County. Mr. Barnes' affected person request and comment note him as residing in Poulsbo, Washington. The hospice services applied for and being reviewed in this evaluation are provided in the patient's residence in Pierce County. Based on the definition of affected persons and being that this in an in-home services project review, Dennis Barnes does not qualify as an affected person for these projects.

Linda Hood, resident of University Place, Washington within Pierce County

Ms. Hood requested on April 25, 2022, to be an interested person for these Pierce County hospice projects. Ms. Hood's affected person request and comment note her as residing in Pierce County. Ms. Hood provided public comment during the review of these projects. Based on the definition of affected person and being that this is an in-home services project review, Ms. Hood qualifies as an affected person for these projects.

Nancy Field, Principal, Field Associates, resident of Sequim, within Clallam County

Field Associates is a consultant agency for multiple providers of healthcare services throughout the state and region. On February 25, 2022, Ms. Field, Principal of Field Associates, requested to be added to distribution lists for all hospice Certificate of Need applications reviewed during the 2021/2022 cycle 1 and cycle 2 reviews. Nancy Field did not provide comments on these applications representing herself or another provider, therefore does not qualify as an affected person.

²¹ [WAC 246-310-090\(2\)\(d\)](#) allows the department to accept responses to the department's screening letters up to ten days after the department has given notification of beginning of review.

Susan Brooks-Young, resident of Bremerton, Washington, within Kitsap County

Ms. Brooks-Young submitted a request for affected person status on June 10, 2021 for these applications. Ms. Brooks-Young's request and comment note her as residing in Bremerton, Washington. Based on the definition of affected person and being that this is an in-home services project review, Ms. Brooks-Young does not qualify as an affected person for these projects.

Sherie Stewart, Envision Hospice of Washington, LLC

Sherie Stewart is the Chief Operating Officer of Envision Hospice of Washington, LLC a current health care agency providing Medicare and Medicaid-certified hospice services to the residents of Pierce County. On April 11, 2022, Sherie Stewart requested interested and affected person status for these applications. Ms. Stewart provided public comments and qualified as an affected person.

SOURCE INFORMATION REVIEWED

- Six hospice applications received on or before January 31, 2022
- Each applicant's screening responses received on or before March 31, 2022
- One applicant's supplemental screening response received on April 28, 2022
- Public comments received on or before June 10, 2022
- Rebuttal comments received on or before July 11, 2022
- Licensing and/or survey data provided by the Department of Health's Office of Health Systems Oversight
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Washington State credential verification website at <https://www.doh.wa.gov/licensespermitsandcertificates/providercredentialsearch>
- Continuum Care of Snohomish LLC website at <http://continuumhospice.com>
- Bristol Hospice, LLC website at <https://bristolhospice.com>
- The Pennant Group, Inc. website at <https://pennantgroup.com/>
- Wesley Homes website at <https://wesleychoice-old.dcclients.com/about/>
- Providence Health & Services website at <http://providence.org>
- AccentCare Inc. website at <http://accentcare.com>
- CMS QCOR Compliance website: https://qcor.cms.gov/index_new.jsp
- CMS Hospice Quality Reporting Program: <https://data.cms.gov/provider-data/topics/hospice-care>
- Washington State Secretary of State corporation data

PUBLIC COMMENTS

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

Additionally, any comments received by the department that are dated during a previous review cycle were not considered for this evaluation. This is due to the assumption that an applicant's project and/or the circumstances of the commenter's support or opposition may have changed.

CONCLUSIONS

Continuum Care of Snohomish LLC

For the reasons stated in this evaluation, the application submitted by Continuum Care of Snohomish LLC proposing to expand the service area of its Medicare and Medicaid-certified hospice agency to include Pierce County is consistent with applicable criteria of the Certificate of Need Program, provided Continuum Care of Snohomish LLC agrees to the following in its entirety.

Project Description:

This certificate approves the expansion of Medicare and Medicaid-certified hospice services to include the residents Pierce County. The hospice services would be provided from the currently operational Snohomish County agency located at 1000 SE Everett Mall Way, Suite 402, in Everett [98208] within Snohomish County. Hospice services provided for Pierce County residents include skilled nursing; physical, occupational, speech, respiratory, music, equine, virtual reality, massage, and pet therapies; home health aide, medical social worker, pharmacy, volunteer, homemaker, nutrition, durable medical equipment, bereavement, and spiritual counseling services; palliative care, and respite care. Services may be provided directly or under contract.

Conditions:

1. Approval of the project description as stated above. Continuum Care of Snohomish LLC further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Continuum Care of Snohomish LLC will maintain Medicare and Medicaid certification.
3. The approved service area for the Medicare and Medicaid-certified hospice services is Pierce County. Consistent with Washington Administrative Code 246-310-290(13), Continuum Care of Snohomish LLC must provide services to residents of the entire county, regardless of age, for which the Certificate of Need is granted.
4. Prior to providing Medicare and Medicaid-certified hospice services to Pierce County residents, Continuum Care of Snohomish LLC will provide a complete listing of its credentialed staff to the Certificate of Need Program for review. The listing shall include each staff person's name and professional license number.
5. Continuum Care of Snohomish LLC must adhere to the requirements in Revised Code of Washington 70.245.190 for its Pierce County services.

Approved Costs:

There is no capital expenditure associated with expanding Medicare and Medicaid hospice services to include Pierce County residents.

Providence Health & Services-Washington dba Providence Hospice of Seattle

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

AccentCare, Inc./Seasons

For the reasons stated in this evaluation, the application submitted by AccentCare, Inc., dba Seasons Hospice & Palliative Care of Pierce County Washington, LLC, proposing to establish a Medicare and Medicaid-certified hospice agency in Pierce County is consistent with applicable criteria of the Certificate of Need Program, provided the applicant agrees to the following in its entirety.

Project Description:

This certificate approves the expansion of Medicare and Medicaid certified hospice services to the residents Pierce County. The hospice services would be provided from the currently operational King County agency located at 4301 South Pine Street, in Tacoma [98409] within Pierce County Hospice services provided for Pierce County residents include skilled nursing, physical, occupational, respiratory, and speech therapies, medical social services, home health aide services, medical director services, palliative care, durable medical

equipment, IV services, nutritional counseling, bereavement counseling, symptom and pain management, pharmacy, respite care, and spiritual counseling. Services may be provided directly or under contract.

Conditions:

1. Approval of the project description as stated above. AccentCare, Inc., 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. AccentCare, Inc., will obtain and maintain Medicare and Medicaid certification.
3. AccentCare, Inc shall finance this project as described in the application.
4. Prior to providing Medicare and Medicaid certified hospice services to Pierce County residents, AccentCare, Inc. will provide a listing of its credentialed staff to the Certificate of Need Program for review. The listing shall include each staff person's name and Washington State professional license number.
5. Prior to providing Medicare and Medicaid certified hospice services to the residents of Pierce County, the applicant will provide a listing of ancillary and support vendors.
6. The proposed service area for this Medicare and Medicaid-certified hospice agency is Pierce County. Consistent with Washington Administrative Code 246-310-290(13) AccentCare must provide hospice services to residents of the entire county for which this Certificate of Need is granted.
7. AccentCare must adhere to the requirements in Revised Code of Washington 70.245.190 for its Pierce County services.

Approved Costs:

The approved capital cost for this project is \$96,842. The costs are for office equipment, and furnishings and associated sales tax. There is no construction associated with this project.

Bristol Hospice, LLC

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

The Pennant Group, Inc.

For the reasons stated in this evaluation, the application submitted by The Pennant Group, Inc. proposing to establish a Medicare and Medicaid-certified hospice agency in Pierce County is consistent with applicable criteria of the Certificate of Need Program, provided the applicant agrees to the following in its entirety.

Project Description:

This Certificate of Need approves The Pennant Group to establish a Medicare and Medicaid-certified hospice agency in Pierce County to serve the residents of Pierce County, Washington. The hospice services will be provided from its office located at 4002 Tacoma Mall Boulevard, #204 in Tacoma [98409]. Hospice services provided to Pierce County residents include skilled nursing, physical, occupational, respiratory, and speech therapies, medical social services, home health aide services, medical director services, palliative care, durable medical equipment, IV services, nutritional counseling, bereavement counseling, symptom and pain management, pharmacy, respite care, and spiritual counseling. Services may be provided directly or under contract.

Conditions:

1. Approval of the project description as stated above. The Pennant Group 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. The Pennant Group will obtain and maintain Medicare and Medicaid certification.

3. The Pennant Group shall finance this project as described in the application.
4. Prior to providing Medicare and Medicaid-certified hospice services to Pierce County residents, The Pennant Group will provide a listing of its credentialed staff to the Certificate of Need Program for review. The listing shall include each staff person's name and Washington State professional license number.
5. Prior to providing Medicare and Medicaid-certified hospice services to Pierce County residents, The Pennant Group will provide a listing of ancillary and support vendors.
6. The proposed service area for this Medicare and Medicaid-certified hospice agency is Pierce County. Consistent with Washington Administrative Code 246-310-290(13), The Pennant Group must provide hospice services to residents of the entire county for which this Certificate of Need is granted.
7. The Pennant Group must adhere to the requirements in Revised Code of Washington 70.245.190 for its King County services.

Approved Costs:

The approved capital expenditure for this project is \$5,000. These costs include moveable equipment and Washington State sales tax. There is no construction associated with this project.

Wesley Homes Corporation

For the reasons stated in this evaluation, the application submitted by Wesley Homes Corporation proposing to expand Medicare and Medicaid certified hospice services into Pierce County is not consistent with applicable review criteria of the Certificate of Need Program, and a Certificate of Need is denied.

CRITERIA DETERMINATIONS

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

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

- Continuum Care of Snohomish LLC
- AccentCare, Inc.
- The Pennant Group
- Wesley Homes Corporation

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

- Providence Health & Services - Washington
- Bristol Hospice, LLC

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

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

The numeric need methodology outlined in WAC 246-310-290(8) uses hospice admission statistics, death statistics, and county-level population projections to predict where hospice services will be needed in Washington State. If a planning area shows an average daily census of 35 unserved hospice patients three years after the application submission year, there is numeric need and the planning area is “open” for applications. The department published the step-by-step methodology in November 2021; and it is attached to this evaluation as Appendix A. Following is the discussion and evaluation of this applicant’s numeric need methodology outlined in WAC 246-310-290(8).

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

Six Applicants’ Numeric Methodologies for Pierce County

To demonstrate numeric need for each of their respective projects, all six applicants referenced the department’s year 2021 numeric need methodology posted to the department’s website on November 10, 2021. The numeric methodology projected a numeric need for three hospice agencies in Pierce County for projection year 2023. [sources: Continuum, Application, pdf 15 and Exhibit 4; Providence Hospice of Seattle, Application, pdf32; AccentCare, Inc./Seasons, Application, pdf51Ra; Bristol Hospice, LLC, Application, pdf 13, and Exhibit 8; The Pennant Group, Application, pdfs 18-20; and Wesley Homes Corporation, pdf 16]

The department received comments from an existing Pierce County hospice provider which questioned all six applicants’ projected utilization in relation to duplication of services and whether the applicants can generate new unmet need by outreach to the unserved and underserved Pierce County population. This and similar rationale for denial of applicants that stems from the assumption that the published numeric method is incorrect or not representative of future need have been reviewed. However, the department stands by

the hospice numeric methodology as published²² and reviewed by the hospice community.²³ As such, comments that suggest denial of applicants based solely on this premise or similar assumptions will not further be analyzed in this evaluation.

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

The 2021-2022 hospice numeric need methodology was released on November 10, 2021; and followed the steps required by WAC 246-310-290(8). The methodology relies on three years of averaged historical data death, population data, existing hospice services, as well as a statewide average length of stay; and projects to year 2023. Each applicant acknowledged that the numeric methodology posted to the department’s website identifies need for three Medicare and Medicaid certified hospice agencies in Pierce County in projection year 2023. The result of the numeric methodology for Pierce County is shown in the table below.

**Department’s Table 2
Pierce County Hospice Methodology Summary**

Step in WAC 246-310-290(8)		Resulting Calculations		
(a) Step 1: Anticipated statewide hospice use rates	(i) Aged 65 +	60.15%		
	(ii) Aged under 65	25.67%		
(b) Step 2: Three-year average of county’s resident deaths by age cohort	Aged 65 +	5,179		
	Aged under 65	2,080		
(c) Step 3: Projected patients by county & age cohort, using statewide use rate by age cohort	Aged 65 +	3,115		
	Aged under 65	534		
		2021	2022	2023
(d) Step 4: Potential hospice volume (using a county-specific use rate) by county & age cohort	Aged 65 +	3,395	3,545	3,695
	Aged under 65	543	547	550
(e) Step 5: Combine the age cohorts & subtract the three-year average supply (the averaged supply for Pierce 3,596.23)	All ages	342	496	649
(f) Step 6: Unmet need patient days, using the statewide ALOS (62.12)	All ages	21,240	30,788	40,337
(g) Step 7: Unmet need ADC	All ages	58	84	111
(h) Step 8: Needed hospice agencies, using ADC of 35*	All ages	1	2	3

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

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

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

²² The hospice numeric need methodology used for this review was published on November 10, 2021.

²³ The November 10, 2021, hospice numeric need methodology was available for a 17-day community review period prior to its final publication.

Continuum Care of Snohomish LLC

In response to this sub-criterion, Continuum Snohomish provided the following analysis: [source: Application, pdfs 15-20]

“Pierce County’s population is expected to approach 925,000 by 2022. The Department of Health’s 2021 hospice need methodology (included in Exhibit 4) projects need for three additional hospice agencies by 2023, the CN Program’s identified planning horizon.

Continuum is committed to serving the entirety of Pierce County, as required by the CN Program. Continuum’s managing members have limited experience in Washington State, having just established a new agency in Snohomish County in March 2020. Despite establishing this program during COVID-19, the data to date demonstrates that Continuum Care of Snohomish has exceeded its year one estimates and as of January 2022 had an average daily census of 177; nearly three times the ADC it had in January 2021 (62). And, as noted in earlier sections of this application, Continuum has already served patients in Pierce County.

Pierce County’s 2019 Community Health Needs Assessment (CHNA) documents that about a third of the population is nonwhite; 8% live in poverty and nearly 20% speak a language other than English. Life expectancy in Pierce County is slightly less than the State (79.0 vs. 80.3); and Black, American Indian or Alaska Native and Native Hawaiian or Pacific Islander all had life expectancies lower than Asian, Hispanic and white life expectancies. Not surprisingly, cancer is the leading cause of death. Other top causes of death include heart disease, COPD and Alzheimer’s disease.

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

Further data (2014-2018) from the CDC demonstrates that Pierce County ranks tenth highest (out of 39 Counties), so in the top quartile, for new cancer cases. As shown in Table 3, the Pierce County rate of 468.0 is nearly 6% higher than the State incidence rate of 442.0 (per 100,000). The higher incidence and death rates are compounded by lower use of Hospice. As shown in Table 3 below, Pierce County residents in general, have higher death rates from cancer. While blacks have a lower cancer incidence, they have a higher death rate from cancer. In general, Pierce County resident death rates from cancer are higher than the State as a whole. Yet, as depicted in Table 5 below, hospice use rates are lower for Pierce County residents in comparison to the State.

**Table 3
Cancer Incidence and Death Rates, 2013-2017**

Racial/ Ethnic Group	Cancer Incidence				Cancer Death Rates			
	Pierce County		WA State	Variance to WA State Rate	Pierce County		WA State	Variance to WA State
	Persons	Rate	Rate		Person	Rate	Rate	
American Indian / Alaska Native	312	501.3	453.4	10.6%	72	143	150.2	-4.6%
White	18,386	472.8	445.3	6.2%	6,287	164	155.4	5.6%
All	21,733	468.0	442.0	5.9%	7,299	162	152	6.6%
Black	1,287	436.8	417.4	4.6%	446	178	157.6	12.6%
Hispanic	824	419.9	352.2	19.2%	178	118	103	14.2%
Asian & Pacific Islander	1,311	326.9	311.6	4.9%	494	130	106.2	22.4%

Source: U.S. Cancer Statistics Working Group. U.S. Cancer Statistics Data Visualizations Tool, based on 2020 submission data (1999-2018); U.S. Department of Health and Human Services, Centers for Disease Control and Prevention and National Cancer Institute; www.cdc.gov/cancer/dataviz, released in June 2021.

The WAC based methodology assumes that Pierce County’s future utilization (rate per 1,000 residents) for all hospice patients will remain flat, it fundamentally fails to address the documented underservice for selected populations and communities that are described in more detail below.

A. Underserved Medicare populations in Pierce County

Continuum acquired 2019 and 2020 Medicare Fee-For-Service data for Pierce County that demonstrates that hospice utilization for the Medicare Fee for Service population is below the Washington State average and the National median. Table 4 demonstrates this fact. If Pierce County were to achieve the Washington State rate an additional 164 patients would have been served in 2019.

**Table 4
2019 and 2020 Pierce County Medicare Fee-For-Service (FFS) Total Beneficiaries Deaths and Deaths in Hospice, Pierce County Compared to Washington State and National**

	2019	2020
Total # of Pierce County Medicare FFS Beneficiaries who died	5,471	5,885
# of Pierce County Medicare FFS Beneficiaries who died while enrolled in Hospice	2,352	2,307
Percentage of Pierce County Medicare FFS that Died in Hospice	43.0%	39.2%
WA State 2018 Average (ranked #37 out of 52, and higher is better)	46.0%	46.0%
National Median	49.6%	49.6%

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

B. Medicare Fee For Service By Race:

As depicted in Table 5, the percentage of Medicare patients by race who died but received hospice care was even lower for Pierce County when compared to the national median and the Washington State average.

	Pierce								
				Washington	National				
Deaths Under Hospice by Race 2019	Deaths With Hospice Care in 2020*	Total Deaths	% Utilization	% Utilization	% Utilization	Variance to WA utilization	Variance to National utilization	Estimated Volume at WA Rate	Estimated Volume at National Rate
White	2,465	4,963	49.7%	53.9%	56.8%	-8%	-13%	210	354
Black	151	377	40.1%	36.9%	41.7%	9%	-4%	-12	6
Asian	92	236	39.0%	42.8%	42.7%	-9%	-9%	9	9
Hispanic or Latino	18	37	48.6%	36.4%	41.5%	34%	17%	-5	-3
North American Native	29	59	49.2%	39.6%	37.2%	24%	32%	-6	-7
Other	58	147	39.5%	41.9%	43.7%	-6%	-10%	4	6
Unknown	28	66	42.4%	37.5%	39.6%	13%	7%	-3	-2
Total	2,841	5,885	48.3%	52.2%	53.9%	-8%	-10%	231	331

Source: Developed from Medicare Files, 2020; Bergdata.com. *These are deaths for patients who were enrolled in hospice sometime in the year; these patients were not necessarily on hospice at the time of death. Those numbers would be lower.

C. Dual eligible Medicare/Medicaid Enrollees

A March 2020 CMS report found that dual eligible individuals have high rates of chronic illness (60% have multiple chronic illnesses) and 18% reported ‘poor’ health status (compared to 6% of other Medicare beneficiaries)⁷. This report also demonstrates that while dual eligible are only 20% of the Medicare program enrollment, they account for 34% of the costs. There were similar findings for the Medicaid Program (15% of the enrollment but 30% of the cost).

Hospice data for Pierce County from 2019 Medicare FFS beneficiary data indicates that the rate of dual eligible Medicare/Medicaid enrollees electing hospice is 484 per 1,000 deaths; ranking it #19 in the State. In 2020, this rate dropped to 439.4. These rates are lower than the rate for non-dual eligible beneficiaries in Pierce County which was 512 per 1,000 deaths in 2019 and 498.4 in 2020. The dual eligible population, which typically has higher needs has been accessing hospice services at a lower rate for at least the past two years.

Not surprisingly, both Pierce County and Washington State’s dual eligible rates were below the national average of 574 per 1,000 deaths in 2019 and this continued in 2020. Pierce County’s rate was 85% of the national dual eligible rate in 2019 and 93% of the national rate in 2020 (the first year of COVID). If Pierce County achieved the 2019 national rate an additional 152 residents could have been served in hospice. Conversely, if the target were to achieve national rate for the non-duals, an even higher number would have been served.

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

As the managing members have done in Snohomish County, Continuum will, upon CN approval, also outreach to the LGBTQ community. Continuum is already a member of the Northwest LBGT Senior Care Providers Network (an informal coalition of Senior Care Providers working together to provide advocacy and quality of care for the LGBT seniors of Washington State and as such, is made aware of the need for service to this population in other communities, including Pierce County.

As has been discussed in previous Pierce County applications, Continuum's managing member and leadership team, based on their experience in other communities, know that there is no one size fits all. Continuum now has experience in Washington State. And while this is another county, Continuum will use and modify, as necessary, the tools and practices it successfully implemented in Snohomish County. In addition, Continuum will use its experience outside of Washington State to ensure that it addresses the cultural, health system and other impediments to hospice care that confront the historically underserved communities in Pierce County. Our proven tools deal with specific concrete obstacles long identified by health policy makers and researchers but frequently are not well addressed. Examples include the insensitivity to cultural variations in attitudes towards death and dying, and the frequent difficulty clinicians have communicating about end-of-life issues or the lack of culturally appropriate sources of information and resources within communities. Continuum has learned that these barriers can be confronted and overcome with constant, concerted effort with the application of common sense techniques. Through our best practices outreach model, we will make a difference.

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

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

Numeric need for three additional agencies has been identified by the CN Program's methodology and our ADC represents only a percentage of that defined need. Continuum has already begun to meet some of that need through expansion of services under the PHE. And, in fact, Continuum has become aware of the

delays in care and other challenges for Pierce County hospice patients as existing agencies are unable to timely meet their needs. Continuum understands that some patients are having to wait up to a week for existing agencies to be able to serve them. To improve access to hospice services, Continuum has admitted all Pierce County patients that it has received referrals for (confirm that this is true). To ensure that Pierce County residents continue to have access to our services, Continuum is seeking CN approval.

Further, Continuum's commitment to outreach to underserved populations and communities described in earlier sections of this application, will result in better end of life care, not unnecessary duplication. We know this work is hard but have realized measurable increases in other communities in which the Members have operated hospice services. This has been accomplished by consistent efforts to break down barriers and educate communities about hospice services in general."

Public Comment

The department received comments in support and opposition of Continuum Snohomish's project. Following are comments in support of the project related to this sub-criterion.

Monica Marton, MD, PhD, FACP, Chief Hospitalist and Chief of Pharmacy and Therapeutics Committee, Edmonds Campus, Swedish Hospital Medicine – Support

"Swedish Edmonds is a 217-bed, not-for-profit hospital serving South Snohomish and Northwestern King Counties. We offer a full range of medical and surgical services and have more than 450 primary care and specialists on staff. About 50% of our acute inpatient discharges are for patients over 65. We see more than 100 patients daily in our emergency department (ED).

Until recently, Swedish Edmonds experienced regular and ongoing delays in accessing timely hospice care for our patients. Several factors need to be closely coordinated or assured before sending a patient home on hospice, including equipment delivery, hospice staff availability, communication between hospital and community teams, and the transfer of critical clinical information. When the patient is rapidly deteriorating, or death is expected within a few days, and the patient has chosen to be discharged, the process must happen rapidly. Historically, these delays too often resulted in in-hospital deaths. In the ED, access to hospice concerns was the same but even more urgent. Until Continuum Hospice began offering services, timely discharge from the ED was unheard of. While our data is not 100% complete, we estimate that about 90% of our patients died before accessing hospice before Continuum Hospice came to the region.

it is fair to say that Continuum Hospice has been a game-changer. Continuum Hospice began serving Snohomish and King Counties in the early days of the pandemic, and in a brief period, they became our preferred provider. As other hospice providers restricted access. Continuum Hospice was on site within minutes to two hours; and did so 24/7, including holidays, nights, and weekends. They have been consistently respectful of patients, their families, providers, and staff. They operate a quality program, and their access has dramatically increased the use of palliative and hospice programs in our service area. We are grateful for their services. We have also heard that their bereavement services have been beneficial to families.

Swedish Edmonds understands that Continuum Hospice has filed a certificate of need application to establish services in Pierce County. We further understand that Pierce County hospitals and clinics have experienced many of the same delays in access as we did here for our patients in Snohomish and King Counties before Continuum Hospice. For this reason, we offer our most robust support for their expansion into Pierce County."

Ruben Rivera-Jackman, Board of Directors, GenPride and Trainer at National Resource Center on LGBT Aging and University of Washington AgePride Center – Support

“I am on the Board of Directors for GenPride. At GenPride, we advocate for the unique needs of older LGBTQIA+ adults, offering innovative programs and services that promote wellbeing and prevent social isolation, cultivate belonging through community connection, and work to eliminate discrimination in all forms. We serve older lesbian, gay, bisexual and transgender (LGBT) adults, living, working and playing in greater Puget Sound Area. I am also a certified trainer with the National Resource Center on LGBT Aging, and a trainer with the University of Washington AgePride Center. . [sic] I am pleased to submit this letter in support of Continuum Care of Pierce County’s proposal to establish a new hospice agency in Pierce County.

Over the years, I have become all too familiar with the many challenges that older LGBT Pierce County residents have as they approach end of life and desire to be served by a hospice program that understands their LGBT needs.

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

Kevin Stallo, Regional Director of Business Development, The Key – Support

“I serve as the Regional Director of Business Development for The Key. We operate in the Puget Sound area, including Pierce County, and provide in-home care and care management support to seniors. We also provide specialized care for clients living with Alzheimer’s, Parkinson, and other long-term illnesses. We routinely coordinate multiple services for our clients, including hospice.

I understand that Continuum Care of Pierce has submitted a certificate of need to establish a new hospice agency in Pierce County. I have become familiar with Continuum and its comprehensive and patient-centered approach to hospice services. Its commitment to access, patients, and families-as well as to its staff---during its start-up in Snohomish County (which coincided with the COVID pandemic) is to be commended. Beyond any doubt, Pierce County has need for additional hospice services. Being able to connect our clients with a provider like Continuum will increase choice and facilitate timely and quality access.

Hospice needs to be timely, accessible, and acceptable to the patient and family. Continuum has accomplished this in the most challenging of times in Snohomish County. I urge the Department of Health to approve their application; and The Key very much looks forward to working with them in Pierce County.”

Jane Meyers-Bowen – Support

“Good morning. Thank you for the opportunity to talk to you today. I would like to clarify, I’m here to represent my house, my husband, who passed away 2 1/2 weeks ago. He had a very complex medical background. And he had been in and out of the hospital for five weeks. We finally came to make the decision that hospice is what he wanted, and he made that decision late on Sunday. And I’m... I was told by the hospital program that they wouldn’t be able to get him on services till Wednesday or Thursday. I reached out to professionals in the field and I contacted Continuum and our experience was dramatically different.

Within two hours, I met with their representative. We clarified the needs and we brought my husband home that night. He had six days after that, and he smiled for six days. Let me tell you, he was so frightened that he was gonna die in the hospital. And so, the responsiveness and the timeliness of, I'm sorry, sorry of Continuum Hospice is so appreciated. I'm a former RN and but I've also had background in working for world class companies and quality control, so of course I'm being very, very protective of my husband and what I have to say is that the professionalism, I'm very process oriented and I... they didn't know that about me. But I could tell that quality care was where they came from, how they saw it, how they made decisions.

They got back to us in a timely manner and of course we had the music therapist, so we sang a lot of Neil Diamond. I we... I won't sing now. But it was such a positive thing. We had a CNA person come every day and did a range of things that helped me help him. So the day came when my husband's condition started to change and I had met with the nurse. Who, by the way, it was phenomenal, phenomenal the whole time. Met with her in the morning, however, his condition started to change around 6:00 o'clock and she we talked several times and then by 11:00 o'clock, he was in a very precarious situation, she came out again and we had him all settled down and he had a very soft landing. So I so appreciate Continuum Care, their professionalism, their big heart and they know what they're doing. Thank you for your time."

Following is comment in opposition of Continuum Snohomish's project related to this sub-criterion.

Envision Hospice of Washington, LLC – Oppose [source: pdf 10]

“Need and Duplication: *The Continuum application carried out a need analysis (see Page 18 of Application) to identify disparity in hospice utilization by race. In comparing hospice utilization by race with hospice utilization by race for all of Washington State and the United States, there was virtually no disparity in any racial group other than individuals identifying themselves as White. In comparing the utilization in the population cohort identified as White, Pierce County hospice utilization was 8% lower than the statewide average hospice utilization and 13% lower than the national hospice utilization rate. The result of this analysis is that a planning alternative involving special outreach to the Hispanic, Black, Asian and North American Native population cohorts within Pierce County will not generate significant increases in the lower overall hospice utilization rates that are prevalent in Pierce County. The better strategy is to assure through proxy volume protection through 3 years for the recently approved hospices so that they have the resources to carry out general outreach and so that the registered nurse labor pool is available and efficiently used by busy hospices.*

Continuum proposes utilization in each year that represents unnecessary utilization since it ignores the proxy need adjustment used by the Department. In its response to Screening Question 5, that in its technical analysis, it revealed to the Department its plans to serve the unserved population. Since Continuum's 'plans' do not exist in the public record, neither Envision, other applicants or the public can comment on these plans. Such plans, notes etc. that are not part of the public record cannot be used in the evaluation. Our testimony to materials in the public record (shows that the Pierce County underserved population cohorts defined as the population with utilization rates below Washington State utilization levels or United States as a whole are in the White population cohort with an estimated undercount of 210 admissions (Washington State), and the Asian population with an undercount of 9 admissions (Washington State)."

Following is rebuttal comment provided by the applicant related to this sub-criterion.

Continuum Care of Snohomish LLC Rebuttal to Envision's Comment [source: pdfs 13-15]

“i. The Department of Health has determined that there is numeric need for three additional providers in Pierce County. Continuum developed and submitted a CN application to address the published need. Continuum has largely excerpted the following arguments provided in the 2022 King County rebuttal as Envision's public comment statements were generally the same and this rebuttal response are consistent

with Continuum's application. Envision is an affected party, having recently received a CN to operate in Pierce County. The Program published its numeric need estimates for the 2021-2022 application cycle in November 2021. These projections identified a need for three (3) additional providers in Pierce County. Envision suggests that there is no need and that each applicant incorrectly 'projected new volume to determine feasibility.' They also state that as of 'September 2021 the CN Program requires applicants to demonstrate that their projects do not duplicate services'.

To our knowledge there was no public notice, no notice to applicants that submitted letters of intent, no interpretive guideline issued, or no change in rule effective September 2021. We reviewed CN hospice application forms back to 2018 – and in all versions of the CN application forms, the question about unnecessary duplication was always included as a question to which applicants needed to respond, and Continuum has always been fully responsive to this question. If there were somehow a change, and we were somehow not informed, the Program had the opportunity to ask for supplemental information in screening. We were not asked any questions in screening about WAC 246-310 or specifically about the proxy method as outlined by the two parties.

In addition, Envision further states that its approval in March 2022 should also be protected.

It has been the Program's practice to rely on the methodology published at the time that applications were submitted, and this was true even before the approval of Envision. For example, in past CN decisions, the Program's CN evaluation often stated that the need methodology is, in and of itself a demonstration of need.

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

Beyond the methodology, CN rules have always required applicants to discuss why other services and facilities of the type proposed are not or will not be sufficiently available or accessible to meet that need. The rules also require applicants to describe whether the proposed services contribute toward meeting the health-related needs of members of medically underserved groups which have traditionally experienced difficulties in obtaining equal access to health services.

As Envision noted in its comments, Continuum's application provided valuable information about whether 'new unduplicated need,' generated by curing disparity caused by low income, discrimination and cultural issues should be included as 'new need' that is not covered in the State methodology as applied to Pierce County. However, Envision concluded that the outreach to the special populations proposed by Continuum would not necessarily improve the underutilization of hospice services in Pierce County because it was the white population that had a lower use rate. And that because of this, Continuum's proposal could result in a duplication of services. Continuum disagrees and believes that outreach will improve access to hospice services for all Pierce County residents. And, in our application and screening response we have fully addressed the question regarding duplication of services. Specifically, we stated:

Continuum is no longer assuming a market share of more than one-third of the department's projected unmet ADC. While we thus reduced the projected census for the purpose of our financial assumptions, we do note that in Snohomish and King Counties we are being successful in growing utilization by underserved populations – which by definition are not included in the Program's projections of unmet ADC.

We have also been successful based on our ability to be on site and enroll a patient within hours of request by a provider. During public comment, we will submit letters demonstrating that our access and timeliness is far superior to that of existing providers in Snohomish and King; so, to the extent that we provide better access and better response to referring organizations, we may have a minimal impact on existing providers for a short period. In other markets outside of Washington, we have found that our existence had made all providers improve their programming, and the community has benefited as a result.”

Department Evaluation

The department considers the rationale relied upon by Continuum Snohomish proposing the expansion of its existing hospice service area to include Medicare and Medicaid residents of Pierce County to be reasonable. The applicant relied on the department’s numeric methodology to comply with this sub-criterion and included verifiable details of its agency’s local success in meeting its CN application’s projections, alongside extensive discussion and research on specific populations that it believes are currently underserved in Pierce County.

Public comment related to this sub-criterion was received from referral sources, community advocates, and a family member of a recent Continuum Snohomish patient. These commenters support Continuum Snohomish’s assertions, expressing firsthand difficulty accessing timely hospice admissions before Continuum Snohomish’s operation. Commenters also called out Continuum Snohomish’s round the clock availability and performance even with the onset of COVID, and provided confirmation the applicant’s statements of existing underserved communities.

Comment was also received from an existing Pierce County hospice provider which questioned Continuum Snohomish’s underserved population analysis as well as its lack of disclosing its plans for reaching these populations. The applicant’s analysis first sets a baseline to compare Pierce County hospice under-utilization by race, it does not contend that Washington State or National utilization are satisfactory, or that higher utilization is not achievable. Rather, that Pierce County’s year 2020 utilization is below basic standards and varies significantly by race.

The department also disagrees with the assertion that the Continuum Snohomish application and record do not contain Continuum Snohomish’s plan for reaching underserved populations. There are numerous mentions of its plans to reach and serve underserved Pierce County hospice patients. These include specific programs for both homeless and LGBTQ populations, outreach and networking with organizations that already have relationships with these groups, building trust, joining advocacy groups, developing culturally appropriate services, assuring its staff is trained and respectful of culture, values, and beliefs, and flexibly adapting tools it has proven successful in Washington and other states. Continuum Snohomish in summary, also detailed that these strategies further include understanding of cultural variations in attitudes towards death and dying, providing culturally appropriate resources, and developing a racially and culturally diverse workforce.

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

Providence Health & Services-Washington dba Providence Hospice of Seattle

In response to this sub-criterion, Providence provided the following statements. [source: Application, pdf 28-29]

“The existing providers of hospice services in Pierce County are Virginia Mason Franciscan Hospice & Palliative Care, Kaiser Permanente Home Health & Hospice (Group Health), and MultiCare Home Health, Hospice and Palliative Care. While the existing three hospice agencies in Pierce County are well-established, they are not meeting current need in the County and have not shown an ability to keep pace with the demand for hospice services driven by population growth and higher per capita deaths, especially in the age 65+ group. Consequently, the 2021-2022 Hospice Numeric Need Methodology forecasts an unmet ADC need of 111 in the target year of 2023, establishing need for 3.2 hospice agencies in that year (see page 9 (Step 7) of Exhibit 9).

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

“As noted above and discussed below, the Department of Health has identified net need for three additional hospice agencies in Pierce County in 2023, according to the 2021-2022 Hospice Numeric Need Methodology. By definition, if need is shown in the planning area, the proposed project cannot result in an unnecessary duplication of services.

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

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

When asked why the department should consider this application despite the facts that Providence was issued Certificate of Need #1914 during the 2020 hospice concurrent review cycle under a very similar application rationale and that Providence has executed that CN and is currently providing hospice services in Pierce County, it provided the following discussion. [source: Providence’s March 31, 2022, screening responses, pdf 3-4]

“We concur with the Department’s statement that CN #1914 “has been executed and deemed complete” and that Providence Hospice began providing hospice services in Pierce County in December of 2021. As stated in our CN application, and as discussed in the Introduction above, we have submitted an application in the 2022 Pierce County concurrent review in order to preserve our rights and remedies with respect to the provision of hospice services in the County, given the fact that CN #1914 is currently under appeal and could be revoked in 2022. In view of the ongoing adjudicative proceedings, we recognize that the Department cannot guarantee that CN #1914 will not be revoked, and the Department has acknowledged this possibility. If CN #1914 is revoked, Providence Hospice remains committed to seeking to provide hospice services to the residents of Pierce County, so we have filed an application in the 2022 concurrent review in order to gain approval from the Department to operate a hospice program in the County. Providence Hospice believes it is the superior applicant in the 2022 concurrent review, and, in an

abundance of caution, we are seeking CN approval in the event that CN #1914 is revoked. This would ensure the least amount of disruption of care and provide access to hospice services for the residents of the County.

With these considerations in mind, we prepared the 2022 application with the intention of presenting a straightforward modeling approach, which enables the Department to evaluate the merits of the application. At the time Providence Hospice filed its 2022 application, we were uncertain as to when the consolidated adjudicative proceedings would be resolved or whether additional legal actions may be pursued by the appealing applicants. Therefore, to be conservative, our application and the projection models used in the application assumed, for the sake of presentation and evaluation, that Providence Hospice is not currently providing hospice services in Pierce County. We believe that this is a reasonable and appropriate approach to addressing the uncertainties created by the appeal of the Department's 2021 Evaluation by four of the 2021 applicants. However, in order to respond to the Department's screening questions, we have made revisions as appropriate and where necessary to account for the hospice program that we are currently operating in the County.

Because there is potential for CN #1914 to be revoked in 2022, we identified January of 2023 as the anticipated start date for the provision of services under a new CN. This is a reasonable commencement date given that, following the issuance of CN #1914, Providence Hospice demonstrated the ability to begin providing services in a timely manner: as noted above, we began providing services in Pierce County approximately five weeks after the CN was issued. Accordingly, if CN #1914 is revoked and Providence Hospice is awarded a new CN in the 2022 concurrent review, we would, once again, be able to quickly begin providing services, with a target start date of January of 2023."

Public Comment Focused on Providence Hospice of Spokane

Providence submitted a packet of 61 letters of support for its project, 53 of which are from individuals either employed by, or directly related to, Providence, such as board members. Among the letters were comments from family members of former patients and a few unrelated area health care providers. Below are excerpts from a few of the letters. The other letters are considered, but not restated in this evaluation.

Anne Anderson, RN, CHPPN, Nurse Coordinator, Palliative Care Program, Seattle Children's Hospital

"I am writing today to express my strong support of the Providence Hospice of Seattle certificate of need application (#22-32) to extend operations into Pierce County, WA. My hope is that their presence in Pierce County would benefit children that deserve and need good quality pediatric hospice support. As a pediatric palliative care nurse in King County for the last seventeen years, I have seen varying availability of hospice support for children in Pierce County. When I was a community-based hospice nurse, I took care of children who had to spend their last days away from their home in Pierce County because there wasn't a hospice willing to support them in their own community. For a couple of years, MultiCare Hospice ramped up their pediatric hospice program, then abruptly shut it down again.

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

Mary Ellen Haley, Grandparent of Patient

"I am writing in support of the Providence Hospice of Seattle Certificate of Need application (#22-32) to extend operations into Pierce County. My association with Providence Hospice is through Stepping Stones, a hospice for terminally ill children and their families.

I am a grandmother, Marielle's grandmother. On December 7, 2009, Marielle was born a strong healthy infant. She was developing normally, even rolling over at three months. And then she wasn't moving. Her muscles were becoming weaker and weaker and at the age of 6 months, she was diagnosed with Spinal Muscular Atrophy Stage One. The neurologist told her parents that she would die before she was 3 years. And the grieving began.

...

Those two and a half years were difficult. But with the help of Stepping Stones, we look back at this time as a happy time when Mari was laughing, and painting, and cooking, having daily tea parties with her grandma, and being a very adorable little girl. It was a time when our family was in dire straits and a hospice held us up. Thank you Stepping Stones for being there for us."

Jesus Sanchez, Senior Vice-President, Sea Mar Community Health Organization

"Providence Hospice in the Puget Sound region has been engaged with Sea Mar to improve the understanding of hospice to the Latino population. Through Sea Mar's radio station, Providence Hospice has devoted time to radio interviews on the topic of hospice, as well as, creating hospice public announcements in Spanish for the radio. Providence Hospice is a community partner with a shared mission to improve health access, including hospice services, to all.

...

Providence Hospice intends to bring specialized services and focus on under-served populations. I understand that the services will include a focus on pediatric hospice, those with end stage renal disease, individuals experiencing homelessness or housing instability, dual eligible beneficiaries, and cardiac hospice among other services. Driven by its mission to serve all, especially those who are poor and vulnerable, Providence has consistently proved to be a trusted partner in the community and is well positioned to operate a new hospice agency in Pierce County. We look forward to continuing to work and partner with Providence in the communities we serve."

AccentCare Public Comment - Oppose

"Providence fails to identify factors that could restrict patient access to hospice services, stating "To our knowledge, there are no natural physical barriers, such as mountain passes or remote locations that would prevent or impede access to services. Similarly, we see no financial barriers, such as high cost of care or inadequate insurance coverage that would prevent access to hospice services." However, Providence overlooks social barriers and misconceptions about hospice care. The inability to recognize access issues and develop a plan to overcome them limits their ability to improve hospice access to population segments experiencing disparate use.

Providence fails to explain why this application is not considered an unnecessary duplication of services, given Providence has already received a CN for Pierce County and is licensed and operational. Providence simply refers to the need methodology but does not address how proposing a second hospice program would not be duplicative of the existing one assuming the existing licensed Providence Agency remains licensed and operational. While Providence Hospice remains licensed under CN #1914, the Department cannot award an additional CN to Providence without duplicating an existing service provider. This application should, therefore, be denied."

Continuum Public Comment - Oppose

“Continuum did not expend any significant time reviewing the Providence application because it was recently awarded a CN in Pierce County. A plain on its face reading of the rules indicates that even if Providence meets other criteria in WAC 246-310-210—WAC 2346-310-230, it will fail WAC 246-310-240 because it is not the best available alternative. An applicant cannot be awarded two certificates of need for the exact same project and therefore, it is not a not a superior alternative. The CN Program supports this interpretation.”

Envision Public Comment – Oppose

“Need and Duplication: The Department approved the expansion of Envision hospice services to Pierce County through Certificate of Need #1927 on March 24, 2022. On April 8, 2022, Envision withdrew its certificate of need application CN App #22-35 for approval to expand hospice services to Pierce County after technical consultation with the Department. The Department raised the same issues with Providence (Application CN 22-32 in screening questions summarized below:

‘4. In response to question 4 on pages 23-24, the response provided is, in part, “By definition, if need is shown in the planning area, the proposed project cannot result in unnecessary duplication of services.” The department respectfully disagrees. Please provide a discussion of the existing agencies in the planning area and why, specifically, this project would not duplicate the services provided by them. This discussion should address how issuance of a second CN to the applicant for the same services is not unnecessary duplication.

5. The applicant is already among the agencies identified in the department’s current hospice need methodology. Explain how approval of this application can be expected to increase the supply of hospice services offered in Pierce County.’

Providence faces the same issue as Envision faced, causing Envision to withdraw its application. Providence like Envision is currently approved to operate its hospice services in Pierce County, but that application is being challenged in the adjudicative process and as Providence notes, its application could eventually be denied. Nonetheless as a remedy, it wishes to completely duplicate its existing CoN application utilization, seeking approval for a second Providence Health & Services Washington hospice service in Pierce County. It is asking the Department to approve this application.

Envision understands Providence’s concerns. It joined the adjudicative appeal of CN #1914 and expects to be successful in that appeal. This Providence application shares one of the principal deficiencies that was also included in CN #1914, it does not include any assumptions to justify its expected volume for its Providence Pierce pro forma. The pro forma assumptions for the Providence King operation (w/o Pierce County) are based on new admissions increasing by 2% year-over-year based on historical patterns; the Average Length of Stay (ALOS) uses the statewide ALOS rather than a historically based ALOS calculation (which is conservative); and then multiplies admissions by ALOS to get hospice days and daily census.

For the Providence Pierce County de novo, there are no assumptions on Need for new patients in Pierce County. Providence instead selects a desired, target patient day total for the Average Daily Census of 50 hospice patients and divides the patient days by the statewide length of stay to obtain unduplicated hospice admissions for the third full year of operation. For the first two years it divines a starting Average Daily Census by dividing the annual total of patient days for each year by the ALOS to get unduplicated admissions for each year. Its back up rationale does not use any market-based assumptions but instead says that it is consistent with the State hospice methodology. There are obvious problems as it relates to both Need and Financial feasibility.

- *The key assumption is that unduplicated admissions that are generated by population growth will just somehow show up at the new agency. Yet this new growth will somehow happen without any outreach or marketing action by the agency other than updating the website and sending letters to physicians (Page 155). Providence states that its marketing plan is simply “sending a letter to 500 physicians”. Providence’s commitment to outreach should be questioned by the Department as it is extremely limited and may not pass the Departments muster.*
- *The unduplicated admissions identified in the State Need methodology for Pierce County include proxy admits owed to Providence and obviously duplicated by 100%. Providence also totally ignores the approval of Envision – therefore, utilization allocation will be dramatically diluted. Dilution of the utilization should determine a denial of the Providence’s application.*
- *In comparing the previously approved Providence Pierce volume with this proposed need methodology it is not a tautology – always true or always false. Instead, this new proposal represents a contradiction because the volume projected in the previously approved project is unavailable in the current proposed project – the only solution to this contradiction as it relates to feasibility is denial of the existing approved application or denial of the proposed application.*
- *While Providence notes a variety of patient sources associated with Providence King County operations, it provides no assumptions on the unmet need for each patient source and why and what percentage of these patients would select the Providence hospice in Pierce County. The lack of assumptions should also determine a denial of the Providence’s application.*

If Providence is successful in gaining approval of two Pierce applications by using the same volume, it will likely be appealed. What then will prevent, a third Providence project that actually addresses hospice need in an evidence-based manner . . . or a fourth, or a fifth?”

Pennant Public Comment - Oppose

“Providence is applying in 2022 after being awarded the 2021 Pierce CN. While they are free to apply, it is illogical and unreasonable for the same applicant to be given two certificates of need in the same County. Providence is already able to serve Pierce County in its entirety. Their structure and process are unreliable because they do not need two certificates of need to serve patients in one county.”

Wesley Homes Public Comment - Oppose

“Wesley Homes Hospice, LLC (Wesley Hospice) is one of 6 applicants filing for three new hospice agencies identified as needed in Pierce County per WAC 246-310-290. Four out of the other five applicants are national for-profit providers, and the fifth (Providence) is the largest hospice provider, in terms of ADC, in the State. Providence has already been issued a Certificate of Need to provide services in Pierce County, and a review of CN rules suggests that Providence will not prevail at WAC 246-310-240. Accordingly, this public comment focuses on the five remaining applicants...”

Providence Rebuttal to AccentCare

“In its public comments, AccentCare argues: “While Providence Hospice remains licensed under CN #1914, the Department cannot award an additional CN to Providence without duplicating an existing service provider. This application should, therefore, be denied.” This claim has no merit. In Section B above, we have set forth in detail our rationale for submitting an application in the 2022 Pierce County concurrent review. We will not repeat that discussion here.

However, we wish to make clear that there is no basis for AccentCare’s claim that our application will lead to “an unnecessary duplication of services.” Providence Hospice does not seek to establish a second hospice agency in Pierce County or to duplicate the hospice program that we have established pursuant to CN #1914. Rather, we have filed the current application as a safety net to protect our ability to continue to serve Pierce County residents and to ensure continuity of services to patients under our care. If CN #1914 were to be invalidated and if the Department were to issue a certificate of need to Providence Hospice in the 2022 concurrent review, then the supply of hospice services would remain unchanged. If CN #1914 were to be invalidated and if the Department were to not issue a certificate of need to Providence Hospice in the 2022 concurrent review, then the supply of hospice services would decrease. Thus, there will not be a duplication of services.

In addition, as we discussed above in Section B, it is important to recognize that AccentCare, by appealing the Department’s 2021 Pierce County Evaluation, has created the situation in which Providence Hospice finds itself. It is hypocritical for AccentCare to criticize Providence Hospice’s effort to preserve its ability to continue to provide services pursuant to CN #1914 when AccentCare can quickly and easily remove the risk faced by Providence Hospice: all AccentCare has to do is dismiss its pending adjudicative proceeding relating to the Department’s 2021 Evaluation. But AccentCare refuses to do so. Thus, AccentCare is responsible for creating and maintaining this situation. Given AccentCare’s actions, Providence Hospice is entitled to preserve its rights and remedies with respect to the provision of hospice services to the residents of Pierce County. AccentCare’s “unnecessary duplication of services” argument is hypocritical and has no merit.”

Providence Rebuttal to Continuum

“In its public comments, Continuum Care of Snohomish, LLC (“Continuum”) states that it “did not expend any significant time reviewing the Providence application because it was recently awarded a CN in Pierce County.” Continuum then argues that Providence Hospice’s application “will fail WAC 246-310-240 because it is not the best available alternative. An applicant cannot be awarded two certificates of need for the exact same project and therefore, it is not a superior alternative.” There is no merit to this argument.

In Section B above we have set forth in detail our rationale for submitting an application in the 2022 Pierce County concurrent review. That discussion addresses Continuum’s argument, as does our response in Section D.1.e above to AccentCare’s “unnecessary duplication of services” argument, which is essentially the same as Continuum’s “not the best available alternative” argument. We will not replicate those discussions here.

Again, as is the case with AccentCare, it is critical to recognize that Continuum, by appealing the Department’s 2021 Pierce County Evaluation, has created the situation in which Providence Hospice finds itself. And, like AccentCare, Continuum can easily resolve the situation by dismissing its adjudicative proceeding relating to the Department’s 2021 Evaluation. But Continuum refuses to do so. Thus, Continuum, like AccentCare, is responsible for creating and maintaining this situation.

Having had CN #1914 placed at risk by the actions of Continuum and AccentCare, Providence Hospice is entitled to take appropriate action to preserve its rights and remedies with respect to the continuing provision of needed hospice services to the residents of Pierce County. Continuum’s “not the best available alternative” argument, like AccentCare’s argument, is hypocritical and has no validity.”

Providence Rebuttal to Envision

“The centerpiece of Envision’s public comment document is an extended, convoluted exposition of its theoretical proposed methodology for determining hospice agency need in Pierce County. This dense exposition consumes seven-and-a-half pages of Envision’s 11-page document. Providence Hospice does not intend to engage in a detailed critique of the proposed methodology, since, as discussed below, it is irrelevant to the Department’s review of the pending CN applications.

However, the essence of Envision’s proposed methodology is that the determination of hospice agency need in Pierce County should incorporate a “proxy [patient] volume adjustment” in each year from 2023 through 2025 in order to take into account the entry of newly CN-approved hospice agencies into Pierce County. (We will hereafter refer to Envision’s proposed methodology as the “Proxy Volume Methodology.”) As best we can determine, the purpose of Envision’s Proxy Volume Methodology is to provide patient volume protection for newly-approved agencies in Pierce County (which include Envision’s agency) during the period from 2023 through 2025. Thus, Envision states: “Of course, the applicant should not rely on general new patient volume that has already been assigned into the proxy pool of new patients for new, approved agencies.” The ultimate result of Envision’s proposed Proxy Volume Methodology is a need calculation for Pierce County which shows a purported need for 1.8 hospice agencies in 2023, 1.9 hospice agencies in 2024, and 2.0 agencies in 2025.⁶⁸

As noted above, we do not intend to critique the convoluted particulars of Envision’s theoretical proposed Proxy Volume Methodology. The reason for not doing so is simple: there is no legal authority which permits the Department to use Envision’s Proxy Volume Methodology to determine the need for hospice agencies in Pierce County (or in any other county). By law, the Department is required to annually determine the need for hospice agencies in each county by applying the hospice need methodology set forth in WAC 246-310-290(8). Under the methodology, the “Projection Year” for determining need is defined as “the third calendar year after the base year.” Therefore, the Department used 2023 as the Projection Year in its 2021-2022 Hospice Numeric Need Methodology, which shows a need for three hospice agencies in Pierce County in that year.

There is no legal authority for the use of Envision’s proposed Proxy Volume Methodology. Thus, the Methodology is irrelevant to the Department’s evaluation of the six CN applications that have been filed in the 2022 Pierce County hospice concurrent review. Accordingly, the Department must disregard the Proxy Volume Methodology, as well as all of the public comments submitted by Envision with respect to each application that are premised upon Envision’s use of the proposed Methodology.

Envision argues that Providence Hospice’s current CN application will lead to a duplication of services. Envision states: “[Providence Hospice’s 2021] application is being challenged in the adjudicative process and as Providence notes, its [2021] application could eventually be denied. Nonetheless as a remedy, it wishes to completely duplicate its existing CON application utilization, seeking approval for a second Providence Health & Services Washington hospice service in Pierce County.” This is the same argument advanced by AccentCare, Continuum, Pennant, and Wesley. As we have noted above, we address this argument in detail in Section B above. We also address the argument in our responses to the comments made by AccentCare, Continuum, Pennant, and Wesley. Accordingly, we will not repeat those discussions here. In short, Envision’s argument has no merit.

However, it is important to once again point out that Envision (together with AccentCare, Continuum, and Pennant) is responsible for creating the situation in which Providence Hospice finds itself: Envision was an applicant in the 2021 Pierce County concurrent review, and it has appealed the Department’s 2021 Evaluation approving Providence Hospice’s application. Moreover, Envision is continuing to pursue its

appeal despite the fact that, on March 24, 2022, the Department issued CN #1927 to Envision, authorizing it to establish a new hospice agency in Pierce County pursuant to an application filed by Envision in the 2020 Pierce County concurrent review. In fact, in its public comments, Envision explicitly reaffirms its intention to continue to seek reversal of the Department's 2021 Evaluation and to thereby invalidate CN #1914 issued to Providence Hospice: "[Envision] joined the adjudicative appeal of CN #1914 and expects to be successful in that appeal."

In view of the fact that Envision now holds its own certificate of need in Pierce County, this candid admission is both disappointing and quite revealing. Given Envision's clearly stated intention to continue to seek the invalidation of Providence Hospice's CN #1914, it is in the best interests of Providence Hospice and, most importantly, of the residents of Pierce County that we exercise all of the options that are available to us in order to preserve our ability to continue providing needed hospice services in the County without interruption."

Providence Rebuttal to Pennant

"Pennant argues that Providence Hospice's application should not be approved because "it is illogical and unreasonable for the same applicant to be given two certificates of need in the same County." This argument parallels AccentCare's "unnecessary duplication of services" argument and Continuum's "not the best available alternative" argument, and, similarly, has no merit.

As we have previously noted with respect to AccentCare's and Continuum's arguments relating to this issue, our rationale for submitting an application in the 2022 Pierce County concurrent review is set forth in detail in Section B above. The discussion in Section B likewise addresses Pennant's argument, as do our responses above to AccentCare's argument (Section D.1.e) and Continuum's argument (Section D.2). We will not repeat those discussions here.

Pennant, like AccentCare and Continuum, appealed the Department's 2021 Pierce County Evaluation, thus creating the situation in which Providence Hospice finds itself. As we point out in Footnote 4 above, Pennant subsequently decided (in May of this year) to voluntarily dismiss its adjudicative proceeding. We appreciate Pennant's decision to do so. However, having helped to create the present situation, Pennant should recognize that Providence Hospice's filing of a CN application in this concurrent review was, and is, an appropriate response to the pending appeals. Our action will not, as Pennant claims, result in Providence Hospice being "given two certificates of need in the same County." Therefore, Pennant's argument has no merit."

Providence Rebuttal to Wesley Homes

"In its public comments, Wesley Homes Corporation d/b/a Wesley Homes Hospice, LLC ("Wesley") makes a single comment with respect to Providence Hospice's CN application: "Providence has already been issued a Certificate of Need to provide services in Pierce County, and a review of CN rules suggests that Providence will not prevail at WAC 246-310-240. Accordingly, this public comment focuses on the five remaining applicants." Wesley thus makes the same "not the best available alternative" argument made by Continuum.

Again, the parallel arguments made by AccentCare, Continuum, Pennant, and Wesley are addressed in Section B above, as well as in our responses to the arguments made by AccentCare, Continuum, and Pennant. We will not repeat those responses here. However, we will once again make clear that, given the uncertainty created by the pending appeals of the Department's 2021 Evaluation (which led to the issuance of CN #1914 to Providence Hospice), we had no alternative but to submit our current application. If the pending appeals result in the reversal of the Department's 2021 Evaluation, and if the Department were

to award a certificate of need to Providence Hospice in the 2022 concurrent review, there will not be a duplication of services, and Providence Hospice's application will be the superior alternative — as it was in the 2021 concurrent review. In fact, such an outcome would ensure continuity of care and provide Pierce County residents with uninterrupted access to Providence Hospice's services."

Department Evaluation

Providence provided an interpretation of the numeric need methodology that is consistent with the department's version, indicating a need for three additional hospice agencies to serve Pierce County and identified special populations it would serve if approved. Providence also provided an extensive discussion of how and why this application could and should be approved.

As noted in its own application and screening responses, Providence was granted Certificate of Need #1914 on October 29, 2021, and began providing services to Pierce County residents in December 2021. That certificate is the subject of legal challenges by other providers and applicants from that review cycle.

In order to conclude that an application is compliant with this sub-criterion, it must find "*...that other services and facilities of the type proposed are not or will not be sufficiently available or accessible to meet that need.*" While Providence has offered a need methodology that projects a need for three additional hospice agencies to serve Pierce County, it does not account for the fact that it is already counted in the supply of existing agencies. By applying in this cycle, Providence must somehow convince us that it can, by approval in this cycle, provide additional services to meet a need that the existing providers cannot adequately satisfy. Since Providence is currently an existing provider, Providence places the department in the unusual situation of evaluating its application to provide hospice services in Pierce County when it is already approved, operating, and providing the hospice services in Pierce County. Providence justifies this approach by acknowledging they are operational in Pierce County and serving hospice patients, then noting that CN #1914 has been appealed by several persons and its eventual fate is uncertain.

The department's evaluation of CN applications is, by its very nature, dependent upon assumption of certain facts and circumstances and must project those conditions into the future in an effort to understand the healthcare needs of the population in later years. In that pursuit, the department must consider all facts of which it has knowledge. The department issued CN #1914 on October 29, 2021, and has received documentation that Providence has fully executed that certificate as of December 2021. As of the date of this evaluation, CN #1914 is in full effect. Until and unless the department's decision in the prior approval is overturned or stayed by an appropriate authority, it must be presumed valid. As such, the department must proceed with reviewing all current applications as though Providence will continue to serve Pierce County and is already included in the supply of approved hospice agencies in its need methodology. Because the department cannot reasonably conclude that an applicant is capable of being both an existing provider and an applicant who proposes meeting an unmet need it is already participating in meeting, this application **cannot meet this sub-criterion.**

AccentCare, Inc.

In response to this sub-criterion, AccentCare provided the following statements. [source: Application, pdfs 51-52]

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

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

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

- *The Homeless*
- *Minority populations, including Asians, African-Americans, Latinxs, and the LGBT community*
- *Children*
- *The elderly, including those residing in Nursing Homes and Assisted Living Facilities”*

The applicant provided extensive information focused on the bullet points above. While the information is not repeated here, it is considered in this review. [source: Application, pdfs 52-60]

Public Comment focused on AccentCare, Inc.

AccentCare submitted a packet of 30 letters of support for its project, 16 of which were submitted in previous cycles. These 16 letters cannot be considered for this 2021 application and will not be further discussed.

Five of the remaining 14 letters were provided by out of state individuals and organizations. The remaining letters contained a mix of letters signed by local health care or other care organizations. Below are excerpts from two of the letters of support from local providers and one from a national organization. The other letters are considered, but not restated in this evaluation.

Tami Doepke, Administrator, Manor Care of Gig Harbor

“As the administrator of Manor Care, a skilled nursing facility in Gig Harbor, I am thrilled to see a new hospice provider reaching out to explain their services in an interest to partner and contract with us. I am originally from Oklahoma where there are many options for hospice and end-of-life care programs for patients and their families. Currently there is only one provider that treats patients in our building and the other providers cannot provide services in the rural areas of the county. I consider this to be a great need for individuals who are in need of services but cannot find an option that works for them. I also believe in patient and family choice when considering that transition for any of my residents. It would be wonderful to have another provider in the area that could potentially be a good fit for our residents and also provide health care in our rural areas.

I met with a representative from AccentCare who explained their services including Music Therapy, Leaving a Legacy, Bereavement, Open Access, and the Seasons Hospice Foundation, which funds programs that create a well-rounded and person-centered experience allowing people to transition peacefully wherever their home may be. If AccentCare were to be awarded the license in Pierce County I would like to discuss a general contract with them (GIP contract) so we could start partnership and offer

our patients and residents more services than the limited options available currently. Please consider AccentCare for the hospice license in Pierce County.”

Tim R. Johnson, Senior Director of National Projects, SAGE

“I am writing on behalf of SAGE in support for AccentCare, Inc. & Palliative Care’s applications for a CON in Pierce County, WA. AccentCare, Inc. is a committed partner and has earned the SAGE Platinum Certified, demonstrating their commitment to serving Lesbian, Gay, Bisexual, and Transgender (LGBT) Elders in the communities they serve.

Hospice care is a very intimate form of healthcare provided in private homes and at life's most vulnerable time. I am impressed that AccentCare, Inc. recognizes the importance of helping all their staff and leaders become competent in serving the LGBT community. AccentCare, Inc. shows their commitment to serving diverse populations with the highest degree of competence, respect, and dignity.

Furthermore, they have a variety of unique approaches to care that include a variety of supportive care programs like Leaving a Legacy, Namaste Care, Music Therapy, and We Honor Veterans. They provide a great deal of education in the community to help people improve access to care.”

Gayle Robinson, LPN, Resident Care Director, Village Concepts of Gig Harbor

“I am the resident care director at Village Concepts of Gig Harbor and have been a nurse for 20 years. I have experience working in skilled nursing facilities and working with hospice patients. Currently in Pierce County there is a great need for hospice services. The current providers have on occasion had to turn down referrals because there is not enough staffing. Having another provider to greatly benefit the people in need of hospice services so they can be admitted on the same day as referral.

I am pleased to learn that AccentCare is applying to have a program here in Gig Harbor and all of Pierce County. They are the largest employer of music therapists in the nation and a special program like that could benefit the residents of Village Concepts. They are a well established hospice provider through out the nation and were able to care for their hospice patients and support their staff and facility staff through the pandemic.”

Teresa Wynn, RN, Assistant Nurse Manager, Neonatal Intensive Care Unit, MultiCare Tacoma General Hospital

“...I have worked with children and babies in the hospital setting for 20 years. I assisted in the development of the pediatric palliative care program at Mary Bridge, and was the pediatric palliative care coordinator for 5 years. I am currently in a managerial role in the neonatal intensive care unit. I do know that there is a great need for a program that allows children and babies to spend their final days at home rather than in the hospital. To my knowledge there is not currently a program in Pierce County that offers this.

I am aware that AccentCare is offering a pediatric hospice and palliative care program called Kangaroo Kids, as well as a children’s bereavement camp called Camp Kangaroo, that could be a huge benefit to the community. If AccentCare is awarded the license they will provide a medical director that is pediatric certified as well as a child life specialist, and a music therapy program. There is a need for this type of a program and I support AccentCare’s efforts to support Pierce County.”

Envision Public Comment - Oppose

“Seasons responded to Question 5 of screening questions regarding market share of new patients by indicating that the Hospice Need methodology identified a need for three (3) new agencies (Page 9 – 10 Screening Response). Seasons stated that it modified its market shares down to below 33% of new agency

volume in 2023 (11.6%), 2024 (16.8%) and 2025 (21%). Exhibit 4 shows that there is 3% unnecessary duplication in 2024 and 46% unnecessary duplication in 2025.”

AccentCare Rebuttal to Envision

“Seasons Pierce County fully responded to Screening Question 5, providing detailed assumptions. Those assumptions include following the Washington State Department of Health’s methodology which published that there is a need for three new hospice agencies in Pierce County for 2023. Adjustments were made by the state for Providence. Envision wasn’t approved at the time of need calculation and will be adjusted for future need calculations beyond the current review cycle. In fact, the calculated unmet census for 2025 and 2026 is 163 and 184, respectively, result in need for 4-5 new hospice agencies. (See Table 14, page 50 of the Seasons Pierce County application.) Therefore, no duplication occurs. Furthermore, Table 19 of the application (page 60) shows potential growth that occurs from the baseline admissions for years 2023 through 2026, above that projected for Seasons. The growth in admissions reaches 1,085 by 2026. Applying the statewide ALOS of 62.12 results in 67,400 patient days for an average daily census of 185. This number divided by the default ADC of 35 indicates five hospices needed by 2026.”

Department Evaluation

The department considers the rationale relied upon by AccentCare proposing the establishment of an additional Medicare and Medicaid-certified hospice agency to serve the residents of Pierce County to be reasonable. The applicant relied on the department’s numeric methodology to comply with this sub-criterion and included discussion of specific populations that it believes are currently underserved in Pierce County. AccentCare also adequately rebutted the criticism offered by explaining its utilization projections in conjunction with the department’s numeric need methodology.

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

Bristol Hospice, LLC

In response to this sub-criterion, Bristol provided the following statements. [source: Application, pdfs 11-13 and March 31, 2022, screening response, pdf 2]

“Although Bristol Hospice has a robust human resources department that has navigated the current climate of healthcare recruiting, Bristol Hospice has identified that recruiting and retaining healthcare workers could potentially restrict some access to hospice services. Below is an outline of the steps Bristol would take to ensure that it would have the appropriate level of staff to run its agency.

As a fundamental matter, Bristol Hospice is committed to hiring passionate and qualified professionals to our teams without regard to race, retaliation, marital status, color, creed, gender, sexual orientation, pregnancy, childbirth, age, disability, national origin, or status with regard to public assistance and promotes the full realization of an inclusive employment policy.

As soon as each new hire completes their initial paperwork, they begin their 90-day onboarding period which includes a thorough review and education of Bristol Hospice's policies, procedures, mission, standards of care, job specific training, safety, and compliance. To maintain consistency and excellence, we utilize a learning management system to properly administer, document, and update many of these trainings in addition to interdisciplinary job shadowing, and competency checklist completion.

We have a dedicated team of Talent Acquisition experts who carefully source, interview, and onboard these professionals. The Talent Acquisition team is comprised of 8 members including one Director, one Supervisor, three Senior Leaders, and three Specialists. Two of our Talent Acquisition professionals have active Registered Nurse Licenses and bring a unique perspective to our clinical recruiting processes, and the majority of our team members individually have over five years of Talent Acquisition experience.

We believe that through strategically collaborating with our clinical and administrative teams and leaders, we can identify specific strengths and experiences needed in each individual new hire. This customized approach helps us build well-rounded teams where strengths are celebrated and opportunities for growth are identified and supported. We believe that by investing in our Talent Acquisition and Retention teams and strategies, we will support our mission to provide the best possible care to patients and their families and retain staff in order to provide continuity for our patients. We support this ongoing commitment by:

- *Analyzing Talent Acquisition and Retention trends locally and nationally and adjusting our practices based on current market trends.*
- *Investing in state-of-the-art recruitment software that enables us to:*
 - *Engage in "active sourcing" in addition to attracting active candidates through traditional job postings;*
 - *Target candidates with key industry experience and skillsets that meet the needs of our teams, patients, and their families;*
 - *Participate in all key national search engines as well as take advantage of specific industry networking events and job fairs to promote our opportunities; and*
 - *Create virtual and in-person hiring events within the communities we serve and increase the pool of potential candidates by offering paid training opportunities.*
- *Utilizing state of the art labor market wage analysis software, which enables the company to:*
 - *Pay competitively in the market.*
 - *Analyze our internal compensation to remain competitive as well as prevent any internal compensation equity issues.*
 - *Effectively monitor compensation and review diversity within our company and the communities the company serves.*

Additionally, we know that staffing in the healthcare industry is facing more and more challenges recently and we've enhanced our benefit offerings to minimize outside stressors that can impact work performance and patient care, including:

- *An Employee Assistance Program that provides mental health, and financial counselling services.*
- *Paid Time Off that starts accruing on an employee's first day, as well as paid holidays.*
- *Employer sponsored Medical, Dental, and Vision insurance with plan options that meet the individual needs of our team members.*
- *Long-Term and Short-Term Disability Insurance.*
- *Employer Sponsored Life Insurance.*
- *Identity Theft Protection.*
- *Cellphone and Mileage Reimbursement.*
- *401 k with an Employer Match.*

We've also taken the following additional steps to remain competitive and support our teams during these challenges, including:

- *Supporting personal and professional development through tuition reimbursement and in-service training to help meet the level of experience and education needed for each role.*
- *Establishing flexible work arrangements where available (remote/hybrid).*
- *Providing hiring & retention incentives (bonuses, pay incentives, referral programs, etc.).*
- *Continuing to monitor and respond to employee feedback (open communication, provide a safe workplace, proactive focus group meetings to address challenges).*
- *Developing a travel nurse and leadership team to address staffing shortages and provide additional respite support to our teams.*
- *Continuing COVID pay beyond the expiration of the federal mandates.*

Bristol Hospice is able to justify that the proposed project does not constitute an unnecessary duplication of services. The data provided by the Department of Health in its 2021 Hospice Need Methodology (Exhibit 8) proves for itself that the current providers are not able to meet the need. Without knowing the focus of each of the organizations, we can only assume that the listed providers have constraints as the need study is showing that there are 3 new agencies needed.

There are no existing services provided by Bristol in the planning area. Bristol is using the need study provided by the state to estimate what services the area will need that is currently unmet. The current hospice agencies are clearly not able to meet the need. Further none of the providers in the need area provide our specialty services for Dementia and Sleep or provide a 4-5 day a week aid service available as needed for any patient. We did not see the Spanish speaking services we provide at any of the current providers either. Thus even if there was not a need shown by the state of Washington it is clear for any patient with dementia or any patient that is having trouble sleeping at end of life they could really use our services and will not gain these benefits unless we are awarded the CON.”

Linda Hood, a resident of Pierce County, Public Comment [source: pdf 14]

“Bristol, when asked in screening about other services it might duplicate, declared: “There are no existing services provided by Bristol in the planning area.”

When asked in screening to discuss “the existing agencies in the planning area and why, specifically, this project would not duplicate the services provided by them,” Bristol’s answer was not responsive, relying solely on the 2023 unmet need and providing no detail or calculations regarding 2024-2026 impacts or potential duplication by its projected volumes. In developing its volume projections, Bristol did acknowledge existence of “one new agency at 36 ADC” without mentioning the year that applies but did not acknowledge existence of a second one. Bristol’s response was incomplete, inaccurate, and unreliable, ignoring Envision’s existence and the hospice rule’s definition of capacity.”

Bristol Rebuttal Comment

None

Department’s Evaluation

In the application, Bristol relied solely on the numeric methodology to demonstrate it would not be an unnecessary duplication of services in Pierce County. In response to screening, Bristol focused on its ability to staff the new agency, outlined the services it would provide, and asserted those services are not currently available to residents in Pierce County. Bristol did not identify the existing agencies in Pierce County or provide any discussion of possible impact of those agencies if this project is approved.

Public comments assert that Bristol ignored Envision’s recent approval to serve Pierce County. Bristol did not provide rebuttal comments to refute the comments.

The department concurs that Bristol ignored Envision’s recent approval and concludes that Bristol also ignored all of the existing providers in Pierce County. The department acknowledges that the numeric methodology projects need for three new hospice agencies in Pierce County. However, Bristol’s information under this sub-criterion is not sufficient to demonstrate existing hospice services and facilities are not, or will not be, sufficiently available and accessible to meet the planning area resident’s needs. **This sub-criterion is not met.**

The Pennant Group, Inc.

Pennant provided information in its application and its screening responses to demonstrate compliance this sub-criterion. Not all information is restated below, but all is considered in this review.

Focusing on factors in Pierce County that could restrict patient access to hospice services, Pennant provided the following statements and clarifications. [source: March 29, 2022, screening response, pdfs 6-8]

“The following factors could restrict patient access to hospice services in Pierce County.

- *Socioeconomic factors – Socioeconomic disparity in access to health care is well-established. Pierce County officials have explained, “Public health research shows that differing levels of health risks, problems, and outcomes among populations are based not only on race and ethnicity, but also on other socioeconomic factors (income, immigrant/refugee status, neighborhood, and level of education) and demographic factors (gender, sexual orientation). These health disparities are persistent and increasing in Pierce County; they demand priority attention and a long-term commitment to identifying and eradicating their causes.”*
 - *Income and Poverty Disparity. As stated in the 2019 Pierce County CHA, “Poverty—household income less than 100% of the federal poverty limit (FPL)—and near poverty—household income less than 200% of FPL—is a significant burden on households and communities, hindering access to resources promoting good health.” The 2019 CHA goes on to explain, “Poverty and life expectancy are related. In communities with high poverty rates, the average life expectancy is lower. On average, life expectancy drops by two months for every one percent of increased poverty rate in a given population. In Pierce County, people living in communities with high levels of poverty (more than 20%) are 16 times as likely to die before age 75 compared to people living in communities with more wealth (poverty rate less than 10%).” “...In addition, chronic stress from living in poverty contributes to chronic disease, such as cardiovascular disease, and increases the chances of stress - reduction behaviors that do not support good health, such as tobacco use.”*
 - *Racial/ethnic disparities. As the Washington Department of Health has published, during the COVID-19 pandemic it has become evident that those in poverty and minorities (e.g., persons of color) have been more negatively impacted than other demographic groups by the COVID-19 pandemic. Also related to racial/ethnic disparities, as noted in the 2019 CHA, “In Pierce County, the chances of living to 77 years are five times higher in communities with a lower percentage of people of color (10% or less nonwhite) than in communities with a higher percentage of people of color (20% or higher...” The 2019 CHA furthers states, “Racial or ethnic health inequities are often the result of historic policies and practices that have had the result of favoring some people while creating economic and social barriers for others. For example, prior to 1968, Pierce County neighborhood associations commonly used racially restrictive covenants to prevent non-white residents from living in certain neighborhoods. This created racially segregated neighborhoods. Banks at that time used a practice called “redlining” to determine investment grades (meaning the availability and rates of loans and other economic opportunities) for those communities based on*

factors such as number of non-White residents living there. Neighborhoods with a high percent of non-Whites were less likely to receive business loans and civic investments.” While in the past, this overt segregation can have lasting generational impacts that negatively affect residence of Pierce County.

- *Cultural factors. Pierce County has a wide range of cultural and linguistic diversity. According to the 2019 CHA, “Residents are mostly white (67%), followed by Hispanic (10%), Asian (6%), black (6%) and multiracial (6%) with an increasing number of adults 55 to 74 years old. Immigrants in Pierce County originate from Asia, Latin America and Europe.” This cultural diversity requires providers who demonstrate cultural awareness and respect. There is also an outsized number of homeless people in Pierce County. The 2019 CHA points out, “In 2017, City of Tacoma declared a public health emergency related to homelessness. Tacoma joined other west coast cities in this emergency declaration, including Seattle, Portland and Los Angeles. The Homelessness Housing and Assistance Act requires each county in the state to conduct an annual Point in Time count of sheltered and unsheltered people living homeless to estimate the number of people experiencing homelessness. Overall in Pierce County, 1,628 people living homeless were counted in 2017.”*
- *Language barriers. Pierce County’s ethnic diversity includes a significant population that does not easily speak or understand English. According to the 2019 CHA, “While many individuals are multilingual (speak one or more languages other than English), some report they either do not speak English or speak English “less than very well.” In Pierce County, 6% speak English “less than very well...” This can impact the ability of many residents to access healthcare, as they may fear asking for support due to a lack of interpreters. These language barriers may also limit their understanding of the healthcare services that exist in Pierce County.*
- *Based on these socioeconomic factors, it is more than reasonable to expect that Pierce County residents have less access to hospice services than is typical in the State of Washington.*

- *Staffing shortages - The residual, ongoing impact of the global pandemic, which involved multiple COVID-19 surges, has put an inordinate strain on healthcare providers’ ability to maintain adequate staffing levels. The State of Washington has been particularly impacted—even leading the nation in worst staffing shortages for nurses and aides. Hospices have also felt this impact acutely, with it being exacerbated by the nature of the hospice industry as well as the ever-increasing need for hospice care as the Baby Boom generation continues to age. Specifically, as the Baby Boomer generation continues to age. These factors related to staffing shortages and more have worked to decrease hospice agencies’ capacity to care for hospice patients.*

- *Hospice agency capacity and responsiveness - With more than half of the 2.3 million Medicare beneficiaries who die annually participating in the Medicare hospice benefit, and the median length of stay consistently being around just 18 days, timely initiation of care is of the utmost importance. As existing agencies have become overextended, their response times have been delayed, restricting patient access to timely hospice services.*

- *Insufficient Education*
 - *Community Education. As Pennant has consistently seen across the 14 states in which it operates, the lack of education about hospice care and the Medicare hospice benefit continues to hinder patient access to hospice services. This lack of education leads to failure to take advantage of the hospice benefit, late utilization of hospice services, which lead to individuals receiving inadequate end-of-life care.*
 - *Provider Education. Similar to community education, Pennant has found in the numerous communities it operates a consistent need for educating providers about the purpose, availability,*

and benefit of hospice care. This lack of understanding has a ripple effect, causing providers to fail to share with their patients that same hospice education, as well as rendering them ill-equipped to adequately collaborate with hospice and other community providers to effectively render to the patient the right care at the right time. For example, a provider's discharge planner may lack an understanding of hospice eligibility causing him or her to not recognize the appropriate time to discharge patients to hospice, restricting access to hospice care to those patients who are in fact eligible and would benefit from that care."

Pennant provided the following information to demonstrate that its project should not be considered an unnecessary duplication of hospice services for Pierce County residents. [source: Application, pdf 8]

"There are three Medicare certified hospice agencies in Pierce County (Franciscan Hospice, MultiCare Hospice, and Kaiser Permanente Hospice). Two of these hospice agencies, Franciscan Hospice and MultiCare Hospice, typically prioritize admitting their own hospice patients and still have wait times for hospice services that can be up to two weeks or greater. Kaiser Permanente Hospice is similar, serving their own members, and they are often unable to assist with meeting Pierce County hospice needs for all residents. Multiple Pierce County hospice referral sources that include but are not limited to Assisted Living Facilities, Home Doctor Groups, and Medical Groups, have expressed frustration to Symbol's Puget Sound Home Health team about long wait times for hospice admissions with the current hospice providers in Pierce County. The delayed wait times for a hospice admission do not meet the immediate needs of Pierce County residents for hospice services. Puget Sound Home Health has seen increased wait times for Medicaid patients up to three weeks prior to a hospice admission. These wait times are excessive and out of alignment with acceptable timely hospice admissions industry standards. The need for three hospice providers in Pierce County, in addition to the above, demonstrate there will not be an oversupply or duplication of hospice services in the county."

Focusing on availability and accessibility of hospice services in Pierce County, Pennant provided the following statements. [source: Application, pdf 21-22]

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

Residents of Pierce County have been identified as one of the most diverse populations in the state of Washington. Unfortunately, there is also diversity in the quality of health of different populations in the County. For example, the Tacoma-Pierce County Health Department has noted that historically areas like Fife, Edgewood, and Fircrest/West Tacoma have heart disease per capita rates between 260.19 and 390.81, compared to areas like Ruston and West Lakewood that have traditionally had rates between 54.41 and 150.42. Additionally, a comparison of different areas within Pierce County shows a disparity in life expectancy of up to 15 years based on geographic location in the County. When geographic and demographic data are compared, it indicates Pierce County residents' health and access to health care services is correlated with their demographics. For instance, Pierce County data indicates a percentage of its population below the federal poverty level has life expectancy that is lower in areas with greater poverty. Further, the Tacoma-Pierce County Health Department expressly identified poverty level, race, and education as key indicators of barriers to care, with lower income, lower educational attainment, and non-white races being correlated with less access to needed healthcare. This is particularly significant as Pierce County has poverty indicators and non-white residents at higher than state averages.

The data is clear that disparities in health stems from the lack of access to timely healthcare for people in certain demographics, and community members in Pierce County identified timely access to health care

as a health priority. We believe we can help fix this problem. As mentioned above, we have a robust non-discrimination policy Where demographic characteristics like race and income are not considered when making the decision to admit a patient. Puget Sound Hospice of Pierce County will be able to provide increased access to hospice care to this underserved population as its non-discrimination policies do not take into account these demographic statuses. Further, our home health agency, Puget Sound Home Health, is aware of this issue and has obtained commercial and Medicaid payer contracts that other providers will not participate in. This allows Puget Sound Home Health to serve and meet the needs of Pierce County's underserved populations who are insured under these payer contracts. Puget Sound Hospice of Pierce County will be able to partner with Puget Sound Home Health to help appropriately bridge those home health patients from underserved demographic populations to meet their post-acute care needs. In addition, we partner with community providers to meet the care needs of those underserved in Pierce County."

There were no public comments or rebuttal comments submitted for the Pennant project related to this sub-criterion.

Department's Evaluation

This section of the application allows an applicant to explain why the proposed project is not an unnecessary duplication of services. The rationale and discussion provided by Pennant is based on information specific to Pierce County. Pennant provided an analysis of the county's existing hospice agencies and ADC, relative to the county's population. The department finds this approach to be reasonable.

The numeric methodology projects need for three additional hospice providers in Pierce County. The approval of additional providers in the planning area will result in an additional hospice option for many terminally ill residents in the county.

Based on the information above, the department concludes that Pennant provided a reasonable rationale to support its project and the statements in the application support need for this project.

If this application is approved, Pennant's approval would include a condition requiring the agency to be available and accessible to all residents of Pierce County. With agreement to the condition, Pennant's application **meets this sub-criterion.**

Wesley Homes Corporation

Wesley identified the following factors in Pierce County that could restrict patient access to hospice services and the availability and accessibility of the existing Pierce County providers. [source: Application, pdfs 13-15]

"WHH has operated in Pierce for two years. This fact, along with our growing retirement community presence, has given us great insight into where patient access is currently, and what obstacles, if not addressed, could continue to restrict patient access.

First, the County's existing providers are very good providers, but they are simply unable to timely meet demand. WHH has appreciated our partnership with the three existing providers, and we look forward to continuing to partner well beyond the PHE. When the existing agencies are unable to admit timely, length of stay in hospice is shortened, and patients and families miss out on the true promise of hospice. The inability today to admit timely is primarily a staffing issue. The issue is real, and we discuss this, and our response, at several places in this application.

A number of examples of patients, and the LOS of patients we have served under the PHE in Pierce County are listed below:

Location: Tacoma, WA

Dx: Neuroendocrine Cancer

Referral Date: 10/19/21

Admit Date: Same day; 10/19/21

LOS: 3 days

78 y/o admitted to Wesley Hospice due to existing providers being over capacity. He declined quite quickly. Our nurse was able to get out there, admit, get comfort meds on board, and he passed peacefully on 10/22/21 at home.

Location: Tacoma, WA

Dx: Ovarian Cancer

Referral Date: 09/29/2021

Admitted: Within 24 hours, 09/30/2021

Discharged 10/14/2021- Pt wanted to go the hospital and pursue treatment

2nd Referral: 10/15/2021

Admitted: 10/18/2021

LOS-67 days

74 y/o admitted to Wesley Hospice due to existing provider being over capacity. We cared for this patient at home until end of life on 12/6/2021.

Location: Tacoma, WA

Dx: Lung Cancer

Referral Date: 10/13/21

Admitted: Within 24 hours; 10/14/21; LOS: 49 days

72 y/o male admitted to Wesley Hospice due to existing provider being at capacity for Pierce County. We were able to provide care to this family until 12/02/2021 when he passed away peacefully at home.

Location: University Place, WA

Dx: Esophageal Cancer

Referred: Private Practice

Referral Date: 11/11/2021

Admit: Within 36 hours; 11/13/2021; LOS: 21 days

76 y/o referred to Wesley Hospice due to all hospices in Pierce County on divert or 1-2 weeks out for intake. We cared for this family from 11/13 through 12/4/2021 until the patient passed away peacefully at home.

Location: Tacoma, WA

Referral Date: 10/19/21

Admitted: Within 24 hours; 10/20/2021; LOS: 9 days

61 y/o referred to Wesley due to patient exhausting all treatments and unfortunately needed hospice sooner than what existing providers could provide. This patient's insurance status was unclear. We accepted her into care and provided services without knowledge of if we would receive payment or not. We cared for this family until 10/29/2021 until the patient passed away peacefully at home.

Location: Puyallup, WA

Dx: Alzheimer's Disease

Referral Date: 10/6/2021

Admitted: 10/14/2021 (after hospitalization); LOS: 17 days

We admitted this 91 y/o patient d/t existing provider being on divert for Pierce County.

Patient passed away on 10/31/21 peacefully at home.

Compounding the lack of access and delays in admission, public health data and Medicare data both show a number of underserved groups in Pierce County. We do note for the record that the untimely admissions and diverts are generally associated with staffing shortages, which Wesley, to a lesser extent is experiencing as well.

Pierce County's most recent Community Health Needs Assessment (CHNA) documents that life expectancy in Pierce County is about 1.3 years less than the State at large, and that Black, American Indian or Alaska Native and Native Hawaiian or Pacific Islander all had life expectancies even lower. It also showed that cancer is the leading cause of death. Other top causes of death include heart disease, COPD and Alzheimer's disease. One applicant from the 2021 CN cycle in Pierce determined that if the penetration rate for these ethnic and racial groups "matched" the general population's penetration that 1,000 more patients would be admitted for hospice in the County. We reviewed the data and analysis, and fully agree with the finding.

The general Medicare population's penetration rate in Pierce County for Medicare is less than the State average. The same 2021 CN applicant, using Medicare Fee-For-Service data for Pierce County found that hospice utilization for that cohort was below both the Washington State average and the National median. The applicant concluded that if Pierce County were to achieve the Washington State rate an additional 164 patients would have been served in 2019. We reviewed the data and analysis, and fully agree with the finding. We also updated this data for 2020 and found that the under-utilization continued, and even worsened. Had Pierce County achieved the Washington State rate, an additional 400 Medicare Fee for Service patients would have been served in hospice in 2020.

Finally, Wesley operates two retirement communities in Pierce County, and has plans for several additional communities in the next few years. The two existing communities include:

- **Bradley Park, Puyallup** offers independent and assisted living to approximately 210 residents including independent living and memory care. Wesley is also undertaking a project of 32 additional independent living units and 36 skilled nursing beds.*
- **Tehaleh, Bonney Lake** opened in 2021. It offers independent living services to residents, with an assisted living license pending. Prior to us beginning service in Pierce, our staff at Bradley Park regularly reported delays in access to hospice. These delays impact the quality of life for our residents and made it challenging to provide the support needed. We seek to make sure that access is not compromised.*

Wesley provided the following information to demonstrate that its project should not be considered an unnecessary duplication of services. [source: Application, pdf 16 and March 31, 2022, screening response, pdf 8]

"There are currently three (3) existing CN providers in Pierce County, and one CN approved provider, for a total of four (4) providers. One of the existing providers, Kaiser, serves only their enrollees, and is not available to the general population.

The CN Program's methodology estimates a need for three additional providers in 2022.

For all of the reasons detailed in response to Q3 above, we know, first-hand, that our new agency will address the access gap and will not be unnecessary duplication."

As described above, WHH has been conservative in its utilization assumptions. WHH's volumes assume we will serve a portion of the unmet need in the planning area. It does not assume that we will capture volumes from existing providers.

WHH has an excellent working relationship with the existing providers in Pierce County; this has been further strengthened by our collaborative work over the PHE over the past two years to assure end of life patients requesting hospice receive quality, timely care. As stated in the application, most of WHH's patients admitted during the waiver period were direct diverts and referrals from the existing hospice providers in Pierce County. WHH's presence to date in Pierce County has not been a duplication of services but served to improve access to hospice services to patients who would otherwise not have received care. WHH plans to continue working collaboratively with existing providers after CN approval as well. These relationships, along with Wesley's growing retirement community presence in Pierce County, has given us great insight into where patient access is currently compromised and which obstacles, if not addressed, will continue to restrict patient access.

In addition, and as noted in our CN application, WHH is known for and has developed strong expertise in providing Hospice services for individuals with Parkinson's disease and dementia. Also as indicated in our CN, WHH is committed to serving underserved ethnic and minority groups in Pierce County through its highly diverse employee base and comprehensive cultural competency and outreach programs.

Finally, our hospice programming also includes volunteer supported adjunct therapies, including pet, music and massage therapy provided via a strong volunteer network. We also offer a Music and Memory Program for Dementia patients. This not-for-profit program trains caregivers and volunteers to help people in nursing homes and other care organizations, including hospice who suffer from a wide range of cognitive and physical challenges to find renewed meaning and connection in their lives through the gift of personalized music. Because our programs are volunteer based, and even unique (Music and Memory), we are not duplicating existing services."

Public Comment

During the review of this project, the department received six letters of support for the Wesley Homes project. While not all letters are restated below, all letters are considered in this review.

Washington State Senator Karen Keiser, 33rd Legislative District

"Wesley already provides Medicare/Medicaid hospice services in King County. Within weeks of the Governor's 2020 Proclamation 20-36, Wesley, and in partnership and support of the existing hospice providers in Pierce County, began providing hospice care at those times when the existing agencies were unable to admit timely. In early 2022 Wesley submitted a CN application to assure that it would be able to serve and respond to the Department's identified need for 3 additional agencies in Pierce County post the PHE.

I am writing to assure that the Department gives thoughtful attention to Wesley's Certificate of Need application. I have reviewed the application and find the public health and Medicare data as well as the County's Community Health Needs assessment data it shared compelling in its identification of underserved groups, including significant underutilization of hospice in select populations. In fact, its

application calculated that if the use of hospice in these underserved ethnic and racial groups “matched” the general population’s penetration that 1,000 more patients would be admitted for hospice in the County.

Wesley is a proven and trusted provider that invests in the community, and during COVID has proven this by stepping in to support existing providers in an adjacent community. I encourage awarding a certificate of need to Wesley for a Medicare and Medicaid certified hospice in Pierce County.”

Bryanna Boyd, Resident of Pierce County

“My Mother was living with terminal cancer during much of COVID. She elected hospice in the last weeks of her life, and despite having received good care from MultiCare during active treatment, MultiCare Hospice was not able to admit my mother to their hospice due to staffing issues. It was then that we were referred to Wesley. However, because my mother’s health insurance did not include Wesley as a covered provider; it meant that she would be “out of network.” Nonetheless, Wesley admitted her, knowing full well that they would not be fully reimbursed for the cost of their care. Even in her final days, my Mother expressed concern about me being left responsible for costs not covered by insurance. Wesley assured us that we would not be billed for the unallowed amount, and they have been true to their word.

My mother passed 8 days after being admitted to Wesley Hospice. I was by her side, as was a dear friend and a Wesley nurse when she took her last breath. I can’t express my gratitude enough; at the most vulnerable time in life, Wesley made immediate room for her in their wonderful program; they waived out-of-pocket expenses that would not be covered, and they held all of our hands, or maybe even carried us to a peaceful end. My Mother’s last days were made better by Wesley; and this email is to make sure that other Pierce County families are able to realize the same. Please approve their application.”

Virginia Boyd, Principal and CEO, Kenyon Homecare Consulting

“Kenyon Homecare Consulting provides a broad array of consulting support to home care and hospice agencies throughout the Country. Our purpose is to assure and elevate the quality of care provided. We have had the privilege of working closely with Wesley for a number of years and are familiar with their home care, home health, palliative care and hospice operations and can attest to their quality.

Quality in hospice is most commonly measured in a number of domains including inclusion and access, assessment, pain treatment and management, clinical excellence, emotional and psychological need, spiritual and religious concerns and ethical and legal aspects including documenting care preferences. It is also measured by patient/family perceptions of care and workforce development/employee satisfaction. As a previous Executive Director of Wesley Home Services, I know that Wesley performs exceptionally well in all of these areas.

Wesley Hospice was CN approved to serve King County and became Medicare certified in late 2017. Its start-up period was impacted by the first wave of COVID and the Governor’s Stay at Home proclamation. As such, its volumes in 2018-2020 were lower, making quality comparisons challenging. Due to limited data and low volumes, when I evaluate Wesley I looked at its home health program as well as hospice.

Also, I would note that during the pandemic, because of the inability of other Hospice providers to fill the need, Wesley began providing Hospice services to resident of Pierce County. I understand that this still the case.

I have recently had the opportunity to review Wesley’s staffing cost and timeliness data (measured as days to service initiation), as well as visits in the last 7 days of life. The data demonstrates that Wesley is a top quartile provider in all of these areas.

I can also see from data reviewed that Wesley has been successful in recruiting clinical staff and its length of stay, which dropped during COVID in Pierce (due to the fact that it was primarily accepting patients that the other hospice agencies were holding until the last weeks of life) is at the State average. Wesley should be commended for its programming and community partnership over the past few years. Pierce County residents and providers will greatly benefit by the approval of Wesley's application, and I urge your timely CN award."

Wesley Rebuttal Comments

"Our review of public comment confirms that we stand out from the other concurrent review CN applicants based on our mission, our longevity, and our commitment to the communities we serve. It is clear that the other applicants are also well aware of this fact."

Department's Evaluation

This section of the application allows an applicant to explain why the proposed project is not an unnecessary duplication of services. The rationale and discussion provided by Wesley is based on information specific to Pierce County. Wesley provided information regarding the timeliness of the existing Pierce County hospice agencies and concluded that the lack of timely admissions may be due to staffing issues. Wesley also discussed the current average daily census of the existing agencies relative to the county's population. The department finds this approach to be reasonable.

Further, Wesley noted that it is already providing the much needed hospice services in Pierce County under the Governor's waiver and included a discussion of the types of patients it has served. The information is helpful in this review, however the fact that Wesley is already providing hospice services in the county is not, on its own, grounds to approved Wesley's project.

The numeric methodology projects need for three additional hospice providers in Pierce County. The approval of additional providers in the planning area will result in an additional hospice option for many terminally ill residents in the county.

Based on the information above, the department concludes that Wesley provided a reasonable rationale to support its project and the statements, including public comment, in the application support need for this project.

If this application is approved, Wesley's approval would include a condition requiring the agency to be available and accessible to all residents of Pierce County. With agreement to the condition, Wesley's application **meets this sub-criterion**.

- (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.

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

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

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

Continuum Care of Snohomish LLC

In response to this sub-criterion, Continuum Snohomish provided the following statements and copies of its policies that evidence operational support of these statements. [source: Application, pdfs 21-22]

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

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

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

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

towards death and dying, the difficulties clinicians face when communicating about end-of-life issues, and the lack of culturally appropriate sources of information and resources within communities.

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

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

Historically, to evaluate this requirement, the CN Program has evaluated an applicant's admission policies, willingness to serve Medicare and Medicaid patients, and to serve patients that cannot afford to pay for services. Continuum will seek both Medicare and Medicaid certification and has included a charity care allowance in its pro forma."

Continuum provided additional information on its potential pediatric referrals and services it is prepared to provide. [source: April 28, 2022, screening response, pdfs 4-5]

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

Today Continuum has trained pediatric nurses and a social worker in our Snohomish operation that would be made available to manage any pediatric admission. However, given the low number of pediatric hospice patients and the tendency towards palliative services, Continuum has not had the opportunity to provide such care to date; nonetheless, we remain prepared to do so.

Continuum and Continuum Palliative of WA have now contracted with Kaiser Permanente for both hospice and a newly created palliative care initiative. These contracts for hospice and the progressive palliative program are unique, and only Continuum is contracted for both. Kaiser's members span all ages, which includes pediatrics. The opportunity to establish this transformative care model with a large program such as Kaiser, furthers Continuum's goal of improving access to and the utilization of hospice services for children, as well as other underserved populations. Continuum's members are committed to these types of collaborations to meet their goals."

Specific to its policies Continuum Snohomish provided the following statement. [source: April 28, 2022, screening response, pdf 23]

"All of these policies are currently in use for Pierce and Snohomish Counties. Please note that in response to Question 36, Continuum has made a change to the charity care criteria and this revised policy is now in use in its current operations. A copy of the revised charity care policy is included in Attachment 3."

Admission Criteria and Process – Executed

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

This policy states that patients will be admitted if they have a life-limiting illness and meet the admission criteria, then identifies the admission criteria. It also details the admission process, and provides the following non-discrimination language, *“Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, or place of national origin.”* [source: Application, Exhibit 5]

Charity Care Criteria – Executed

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

The policy also provides the following non-discrimination language, *“The medically indigent patient will be granted Charity Care/Financial Assistance regardless of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, or place of national origin. race, national origin, or immigration status.”* This policy lists its eligibility criteria, provides the procedure to determine if a patient qualifies for charity care, includes its Financial Assistance application form, and instructions for completing the form. [source: April 28, 2022, screening response, Attachment 3]

Continuum provided the following assumptions and statements to support its anticipated payer mix for the Pierce County hospice services.

“Other includes Self-Pay. We have assumed that 100% of this Payor Category will be Charity Care which is reflected in the Pro-Forma.” [source: April 28, 2022, screening response, pdf 11]

“Continuum has assumed a slightly different payer mix in Pierce County than it currently experiences in Snohomish and this is due to the differences in demographics in Pierce County. Specifically, Continuum has assumed a slightly lower percentage of both Medicare and Commercial and a slightly higher percentage of Medicaid.”

As the CN Program is aware, Medicare is the primary payer for hospice services as the vast majority of patients receiving hospice are age 65+. Thus unsurprisingly, all applicants submitting certificate of need applications this cycle, have assumed a majority Medicare payer mix, ranging from 71% to 98% Medicare. Continuum has likewise assumed, based on its knowledge of the hospice industry, that the vast majority of its patients and revenue will be Medicare (88.6%).

- *Hospice survey data for the existing Pierce County providers demonstrate that approximately 15% of hospice admissions in 2019 were for Pierce County residents under the age of 65 (in 2020, it was lower, about 14%). While this does not directly translate into payer (as persons under age 65 can also be eligible for Medicare), Continuum has used this as a starting point for estimating non-Medicare revenue. This further supports Continuum’s assumption that some percentage of its revenue would be from payers other than Medicare.*
- *It is estimated that in Washington State, in 2020, 18% of Washington’s total population was covered by Medicare and that approximately 14% of the Medicare enrollees are under age 65. Continuum thus assumes that a portion of Pierce County under-65 hospice admissions will also be covered by Medicare.*

- *As noted in the application, Continuum expects to serve Veterans (which are estimated to be about 22% of the total 65+ population in Pierce County). Veterans have the option to receive care through the VA system or elect the Medicare hospice benefit. Because the VA does not directly provide home hospice care, but opts to purchase this from community providers, the vast majority of veterans elect the Medicare hospice benefit (90%). Therefore, Continuum has assumed, and this is consistent with its experience in other communities, that about 6% of its payer mix will be from the VA/Tri-Care and Commercial payers.*
- *Finally, Continuum has assumed, because of its targeted services to underserved groups (including ethnic and racial minorities) that the non-Medicare revenue will be predominantly Medicaid. According to the Health Care Authority, 40% of adult Medicaid recipients in Pierce County are non-white (compared to 25% of the total population).*
- *The ‘other’ category listed in Table 7 included self pay patients with incomes between 200% and 400% of the federal poverty level, and who are thus expected to pay on the sliding scale under Continuum’s charity care policy. For clarity, Continuum is including these patients in the ‘self pay’ category and fully expect they will receive charity care.” [source: April 28, 2022, screening response, pdfs 12-13]*

Based on these assumptions Continuum Snohomish projected the following payer mix. [source: April 28, 2022, screening response, pdf 11]

**Department’s Table 3
Continuum’s Pierce County Projected Payer Mix**

Payer	Percent of Gross Revenue	Percent by Patient
Medicare / Medicare Advantage	88.6%	88.6%
Medicaid	3.9%	3.9%
Commercial / VA / TriCare	5.9%	5.9%
Self-Pay	1.6%	1.6%
Total	100.0%	100.0%

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.

The applicant provided the following statement related to this sub-criterion. [source: Application, pdf 21]
“Continuum will be available and accessible to residents residing throughout the entire County. In fact, Continuum is presently prepared to serve residents throughout the County under the PHE and for as long as the current emergency lasts.”

Public Comment

The department received comments in opposition to Continuum Snohomish’s project related to this sub-criterion. Two are from other applicants competing for Pierce County hospice approval, while another is from an existing provider of hospice services to Pierce County.

Sarah W. Cameron, MPH, Chief, Strategy and Planning, Providence Home and Community Care – Oppose
 [source: pdfs 13-14]

“B. Continuum has not shown that it intends to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program. Accordingly, its application does not satisfy the ‘adequate access’ need sub-criterion set forth in WAC 246-310-210(2).

The Department’s Hospice Numeric Need Methodology shows a need for three new hospice agencies in Pierce County in 2023. However, the need calculation is only the first step in the Department’s evaluation

of whether an application satisfies the need criteria set forth in WAC 246-310-210. In addition, the Department must determine whether each application in the concurrent review satisfies the second need sub-criterion: 'All residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.' Thus, the Department's hospice application form contains the following requirement: 'Identify how this project will be available and accessible to underserved groups.' As discussed below, Continuum's application does not satisfy the 'adequate access' requirement because Continuum has not committed to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program.

In its application, Continuum states: 'Continuum will initially serve adults, age 18 and over. That said, Continuum's members have both the interest in and proven expertise to provide care for pediatric patients and their families. If the demand exists, we will gladly establish such a program.' This is clearly not a commitment to provide hospice services to pediatric patients. Continuum concedes that it does not intend to provide pediatric hospice care when it begins operations. Instead, it will only serve pediatric patients if, at some unknown future date, it concludes that 'demand exists.'

In addition, Continuum provides no evidence to support its claim that its 'members have both the interest in and proven expertise to provide care for pediatric patients and their families.' As noted above, Continuum's 'members' are Samuel Stern and The Stern Family 2019 Trust. Continuum has made no attempt to explain the basis for its claim that Mr. Stern and The Stern Family 2019 Trust have 'proven expertise to provide care for pediatric patients and their families.'

In contrast, Providence Hospice has a long-established specialized pediatric hospice program. We developed this program because we recognized that pediatric patients are an underserved group. Unlike Continuum, Providence Hospice has committed in its application to extend this program to Pierce County, and to provide hospice care to pediatric patients in the County. This commitment is unequivocal. It is not dependent upon a future determination as to whether 'demand exists,' which is a precondition required by Continuum. As far as we are concerned, 'demand exists' now.

Given Continuum's failure to commit unequivocally to the immediate provision of specialized pediatric care in Pierce County, its CN application does not satisfy the need sub-criterion requiring it to provide 'adequate access' to 'underserved groups.'"

Envision Hospice of Washington, LLC – Oppose [source: pdf 11]

"Admissions, Charity Care and Discharge Policies and Procedures: The Admissions and Charity Care Policies and Procedures do not create barriers for admitting patients. While there is no Discharge Policy and Procedure presented, the Charity Care policy indicates that patients can be reviewed at the time of admission for charity care, which would indicate that medical indigency would not be a cause for discharging a patient."

Russell Hilliard, PhD, LCSW, LCAT, MT-BC, CHRC, CHC, Senior VP, Market Expansion Initiatives, AccentCare, Inc. – Oppose [source: pdfs 10-11]

"On page 7 of the application, Continuum identifies the address as 1000 SE Everett Mall Way, Suite 402, Everett, WA 98208, a location within Snohomish County. Not having a location to support staff and patients within the proposed service area could impede access, service, and response to patients' needs. In fact, the state recognizes this fact in reviewing certificate of need applications for areas having no need. [WAC 246-310-290 (12)(b) states, 'If more than one applicant applies in a planning area, the department will give preference to a hospice agency that proposes to be physically located within the planning area.']"

...
Continuum states it 'initially serve adults, age 18 and over.' While Continuum also states its members 'have both the interest and proven expertise to provide care for pediatric patients,' no dedicated pediatric program is planned.'

During the public hearing Continuum Snohomish provided public comment related to this sub-criterion.

Samuel Stern, Chief Executive Officer, Continuum Care of Snohomish – Support

"We are multiple multi-state hospice provider and we're involved in the Washington CON process all the way back to the rulemaking process a number of years ago and we are extremely grateful to the department for granting us the CONs in Snohomish and King counties.

I want to address a few important issues that I think the department should consider when choosing a provider for Pierce County. Continuum is the only provider that is actually followed through and exceeded what we proposed to do in our CON applications as our administrator, Patrick Sheppard noted. And his opening remarks, we have started up in Snohomish and King counties and in just two years have raised the bar on what patients and their families can expect from their hospice providers.

Here are a few brief examples:

Number one, we recently served the patient living in Oso in Snohomish County every other hospice provider in Snohomish County refused to take this patient on service due to distance. And this includes some of the other applicants in the purse application process who were granted CON and Snohomish and are on this call today.

Number two, we've heard a lot today from the community partners that trust us continuing with their residents and patients. And I want to thank them for their support and for trusting us with those patients at the end of life. But I want to highlight one thing that I think is really very important for the department to know. As the Chief Hospitalist at Swedish, Edmonds said in her letter, Continuum is the only hospice that is available to admit patients 24 hours a day, seven days a week, 365 days a year. And I quote, 90% of our patients died prior to accessing hospice before Continuum came to the region. That's a quote from the Chief Hospitalist at Swedish Edmonds. And I am thankful to our team, Patrick and our team in Snohomish for bringing hospice and palliative care to patients, 90% of which did not receive access to hospice care before Continuum was allowed access to Snohomish County and I cannot tell you how many times our team has been with the Swedish Hospitalist at the hospital at 3:00 AM in the morning. Daily and week and weekends alike multiple times admitting patients that no one dreams of admitting before we got to the area. And again, this is despite the fact that a number of the purse applicants who operate in Snohomish have been in Snohomish for years, one of them since 1854. Others have been granted CONs by the department in Snohomish almost three years ago and are not even operational and have served zero patients.

Number three, recently we served a patient living under a tarp. No other hospice in Snohomish agreed to take this unfortunate person under their care. Patrick and our team in Snohomish took this patient under our care and he died peacefully.

Number four, we recently served the gentleman who lived in a garden shed. And he would... his wish was to remain in this garden shed for the remainder of his life. And in order to make this shed a safe environment for him, we brought him, bought a portable sink so he could have running water. This person also died comfortably in the place that he chose to, and we supported him until the end.

In closing, I just want to say Continuum, I believe is the only applicant that has a proven history of doing exactly what we said we would do when we got to Washington State rather than just talking the talk. And

I urge the department to approve Continuum’s application so we can bring the proven quality of care that we offer instant home machine King to Pierce County. Thank you very much.”

In the rebuttal phase of this review Continuum Snohomish provided the following statements.

Continuum Care of Snohomish LLC General Rebuttal Comment [source: pdfs 2-3]

“As our CEO stated at the public hearing, Continuum accomplished this success at a challenging time, and despite the fact that a number of other agencies approved at around the same time are still not operational today. We did so by standardizing workflows and work processes to ensure that every referral received is timely responded to; and we do not say ‘no.’ Hospice needs cannot wait. As a result, more than 85% of our patients see a nurse within 24 hours of initial referral; well above the Puget Sound regional average. We also:

- *Serve all residents; regardless of where they live; including the remote areas of Snohomish County such as Oso or if their home is a tent.*
- *...*
- *We strive to support and trust gain with communities that have traditionally been underserved. As an example, we are members of the Northwest LGBT Senior Care Providers Network. And we are actively engaged in outreach to other communities including the African American community and veterans.”*

Continuum Care of Snohomish LLC Rebuttal to Providence’s Comment [source: pdfs 10-11]

“iii. Establishing a Pediatric Program is not a ‘be all/end all’ for award of a CN, and Continuum has included a detailed listing of service to traditionally underserved.

Although already approved to provide services in Pierce County and noting that it will provide pediatric services, Providence attempts to muddy the waters to say that Continuum should be ‘dinged’ for not establishing a dedicate pediatric program from the get-go. As noted above in response to Seasons comments, Continuum is committed to serve pediatric patients if there is a request for such services. Continuum satisfies ‘adequate access’ requirements, and in terms of pediatric hospice, we are balancing it against unnecessary duplication.

Again, Continuum provided a full listing of services to traditionally underserved populations, and our comments are summarized in our response to Seasons above.”

Continuum Care of Snohomish LLC Rebuttal to AccentCare’s Comment [source: pdfs 7-9]

“An address in Everett does not impede access or service, and our delivery model assures responsiveness to patient and family needs

We have already demonstrated that the address of our main location does not impact access or service, as Snohomish serves as the main office location for King under the PHE and, as the public hearing comments show, we are recognized for our timely access and service. The record should also reflect that Medicare rules allow for hospices to include multiple Counties from a single address. Because the types of activities that take place at the Everett location are typically administrative and include such things as receiving mail, maintaining staff and/or patient records, etc. and do not pertain to patient care; there is no negative impact on patient access. In fact, it was noted in the screening response (see financial assumptions, p. 48 of the PDF) that most of Pierce’s administrative staff are expected to work remotely. And, of course, clinical staff are also expected to work in the field. In addition:

- *Staff are located throughout the community, and close to 100% of our visits typically occur at the patients’ residence. The exception would be the occasional telehealth visit from a social worker or other staff person.*

- *Interdisciplinary Group Meetings can be conducted virtually, and this worked very well during the COVID-19 pandemic.*
- *As noted in the application, Continuum provides a 24/7 Triage Service - after hour calls. Specifically, when the office is closed, calls are answered by a dedicated service that immediately connects patients and/or their family members or facility staff, while they are still on the phone, with a Continuum Triage RN. If the Triage Nurse is on another call, s/he will be notified by secure text, with all of the details and the call back number, that another caller is awaiting a call back and will return the call within 15 minutes. If they do not respond in 15 minutes and mark the call as handled, the call is elevated to the RN supervisor to handle. If the Triage Nurse determines that a visit is needed (regardless of the time of day or night), the local on-call nurse assigned to that shift and location is dispatched to the patient's home. Snohomish has a dedicated salaried after-hours nursing team, separate from the nurses working during office hours. These teams are assigned to specific geographic areas to reduce travel time and therefore improve response time.*

Continuum will provide IV therapy and pediatric services (as requested). Patients needing dementia care and/or cardiac care will also be served.

With respect to other services, Question 7 of the application is structured as a list of services, and does not contain items such as 'dementia' and 'cardiac care,' which are diagnoses and conditions, and which are more appropriately addressed—and were addressed—in other sections of the application, such as pages 15, 28, etc. With respect to need, access, etc. Continuum is and will continue to provide a full range of services to patients with a full range of diagnoses.

With respect to pediatric hospice services, we addressed this on page 12 of the Application and further clarified it in screening (Question 7).

From the application:

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

From the screening response:

Question 7:

The response to question 10 on page 12 states Continuum's members have both the interest and proven expertise to provide care for pediatric patients and their families. Provide a brief description of this experience. Including but not limited to which agency has this experience, approximate admissions, and strategies or techniques used when serving this population.'

Response to Question 7:

Continuum's Admission and Coordination of Care policy addresses that Continuum will not discriminate based upon age and provides for the coordination of services for each patient; regardless of age. Continuum is committed to providing Concurrent Care for Children according to Section 2302 of the Affordable Care Act (ACA), titled 'Concurrent Care for Children', amended sections 1905(o)(1) and 2210(a)(23) of the Social Security Act and the Washington State Plan Amendments related to the Concurrent Care for Children Requirement (CCCR). Today Continuum has trained pediatric nurses and a social worker in our Snohomish operation that would be made available to manage any pediatric admission. However, given the low number of pediatric hospice patients and the tendency towards palliative services, Continuum has not had the opportunity to provide such care to date; nonetheless, we remain prepared to do so.

Continuum and Continuum Palliative of WA have now contracted with Kaiser Permanente for both hospice and a newly created palliative care initiative. These contracts for hospice and the progressive palliative program are unique, and only Continuum is contracted for both. Kaiser's members span all ages, which includes pediatrics. The opportunity to establish this transformative care model with a large program such as Kaiser, furthers Continuum's goal of improving access to and the utilization of hospice services for children, as well as other underserved populations. Continuum's members are committed to these types of collaborations to meet their goals.

In addition, it would be imprudent and in fact, inconsistent with CN requirements if we were to unnecessarily duplicate pediatric hospice resources. According to the State's Vital Statistics, in 2019, there were a total of 452 deaths of residents aged 1-17 statewide (neonates excluded). The data is reported by the following age groups: 1-4, 5-9, 10-14, and 15-17. Of the 452 deaths, 62% occurred in the 15-17 cohort, reflecting the increase in accidents, trauma and suicides in this cohort. In Pierce County, the numbers for every cohort except the 15-17 are suppressed by Vital Statistics, meaning the 'n' is too small to report. For the 15-17 cohort, the number was 113.

A June 2017 blog entitled 'Why Are There Only Four Children's Hospices In The Country?' wrote that:

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

Department Evaluation

The executed Admission Criteria and Process Policy provided by the applicant describes the process Continuum Snohomish would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination. While the policy does not specifically state that pediatric patients would be served by the agency, it includes that patients will be accepted for care without discrimination on the basis of age. Additionally, Continuum Snohomish has stated that it intends to admit and serve patients regardless of age; and has trained pediatric nurses and a social worker as part of its operations that would be made available to manage any pediatric admission.

Continuum Snohomish's executed Charity Care Criteria Policy includes language to ensure all eligible patients will be granted charity care or financial assistance without discrimination. It also details the eligibility determination process and criteria to qualify for charity care. The policy also includes a form to apply for charity care with instructions for completing the form.

The department received comment from several entities which support Continuum Snohomish's project. These entities include several referral contacts as well as a representative for an underserved population.²⁴ These commenters agree that there is need for additional hospice services in Pierce County; and have firsthand experience working with Continuum Snohomish and believe that Continuum Snohomish would be able to meet that need.

Several competing applicants in this review raised concerns related to this sub-criterion. First, that Continuum Snohomish is not initially planning a pediatric program. Second, that this project proposes to serve Pierce County residents from offices in Snohomish County which is not adjacent to Pierce County. The commenter notes that this could impede access, service, and response times, and that the department recognizes the importance of an applicant's proposed office relative to service area as a potential factor in its review.²⁵

These opposition comments and assertions were rebutted by Continuum Snohomish. First, to the comments about a pediatric program and services, the applicant briefly listed examples of its historical commitment to serve all residents of a planning area, including pediatric patients. Continuum Snohomish correctly notes that it meets the requirement that all residents of the service area, will have adequate access to the proposed health services.

Second, to the comment about its office location relative to proposed expansion service area, Continuum Snohomish accurately states that Medicare rules allow for hospices to include multiple counties from a single address. Further, it contends this is reasonable by pointing to its King County services which are from the Snohomish County office. It explains that office tasks are typically administrative and do not pertain to patient care. Also, that staff are located throughout the community, interdisciplinary meetings can successfully be conducted virtually, and detailed its process for ensuring timely response to patients' needs. Although one commenter is correct that within a review criterion where hospice numeric need is not found there is a criterion related to an agency's office location. However, there is no rule which gives preference or suggests denial of an application is appropriate based on office location when there is calculated numeric need. For this review there is calculated numeric need, so this comment is not reasonable in this circumstance.

Continuum Snohomish anticipates its combined Medicare and Medicaid revenues for the proposed hospice service area expansion will be approximately 92.5% of its gross revenues and patients. Additionally, the financial data provided shows that Medicare and Medicaid revenue is expected and identifies charity care as a deduction from revenue. Continuum Snohomish's policies along with its projected revenue from Medicare and Medicaid, and its anticipation of deductions from revenue for charity care substantiate this applicant's intention of providing charity care.

WAC 246-310-290(13)

Consistent with WAC 246-310-290(13), the applicant provided statements within the application confirming that the new agency would provide Medicare and Medicaid hospice services to Pierce County in its entirety.

²⁴ These comments are quoted within Continuum Snohomish's section of WAC 246-310-210(1) and will not be repeated under this sub-criterion.

²⁵ The commenter cited WAC 246-310-290(12)(b)

In conclusion, Continuum Snohomish's policies, public comment, and rebuttal demonstrate that all residents of the service area will be accepted for services, regardless of the ability to pay. The department concludes that **this sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

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

Hospice Eligibility and Admission to Hospice Policy – Executed

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

The policy also outlines the admission criteria to be accepted for hospice services and provides the following non-discrimination language: *Patients will be accepted for care without discrimination of race, religion, age, gender, sexual orientation, disability (mental or physical) or place of national origin.* The policy further states: *Acceptance of patients is based on their hospice care needs and not their ability to pay. A patient's ability to pay for services will be evaluated for state or federal assistance programs, charity care, private insurance or private pay.*

Financial Assistance Charity Care Policy – Executed

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

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

Patient Family Bill of Rights and Responsibilities Policy – Executed

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

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

Non-Discrimination Policy – Executed

Stated purpose: *To establish PSJH²⁶'s System-level policy and procedures prohibiting discrimination against individuals accessing any Health Program and/or Activity (defined below) provided by PSJH, designating caregivers responsible for implementation and monitoring of this policy, and establishing the internal grievance procedure for complaints alleging discrimination related to a PSJH Program or Activity. In addition to this policy, PSJH is committed to nondiscrimination in employment and in the provision of benefits to caregivers of PSJH, and in the provision of coverage through PHP. These commitments are more fully outlined in PSJH's applicable Human Resources policies and benefit plan documents, or in the applicable PHP policies. This policy is not intended to replace, substitute or modify: (1) PSJH's and Affiliates' policies that prohibit discrimination in employment and provide for an internal grievance procedure for employment-related disputes; (2) any grievance procedure set forth in the applicable summary plan description for individuals participating in a PSJH benefit plan; or (3) PHP's*

²⁶ Providence St. Joseph Health

policies governing nondiscrimination and associated grievance procedures in its health-related insurance activities. For information on the latter policies and grievance procedures, please see the links provided at the end of the Reference section below.

The policy provides specific definitions used in the document and includes the following non-discrimination language.

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

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

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

Providence Hospice provided the projected payer mix for its hospice agency in Pierce County. [source: Application, pdf 42]

Applicant's Table

Table 15. Providence Hospice of Seattle Projected Payer Mix

Payer Mix	Projected	
	% of Gross Revenue	% by Patient
Medicare	82.3%	87.2%
Medicaid	9.4%	3.8%
Commercial	4.3%	4.9%
Other (includes government & Tricare)	3.5%	3.5%
Self-Pay	0.5%	0.6%
Total	100.0%	100.0%

Source: Providence Hospice of Seattle

Providence states that the projected percentages shown in the table above are “...based on recent historical experience for Providence Hospice and applies to both King County and Pierce County.” [source: Application, pdf 42]

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.

The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, pdf 32]

“Providence Hospice confirms and commits that the proposed agency will be available and accessible to the entire Pierce County planning area.”

Department Evaluation

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

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

Providence Hospice anticipates its Medicare and Medicaid revenues for the proposed hospice agency will be approximately 91.7% of its total revenues. Providence Hospice does not expect any change in its Medicare and Medicaid revenues over time. Additionally, the financial data provided in the application shows that Medicare and Medicaid revenue is expected.

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

WAC 246-310-290(13)

Consistent with WAC 246-310-290(13), the applicant provided statements within the application confirming that the new agency would provide Medicare and Medicaid hospice services to Pierce County in its entirety.

Based on the information above, the department concludes that with written agreement to the condition in the conclusion section of this evaluation, the Providence Hospice of Seattle project **meets this sub-criterion.**

AccentCare, Inc.

In response to this sub-criterion, the applicant provided a copy of the following policies. [source: Application, Exhibit 17, and March 31, 2022, screening response, Attachment 6]

Indigent and Charity Care Policy-Executed

Stated purpose: *To provide guidelines to be considered when establishing patient eligibility for uncompensated or discounted services for uninsured or underinsured indigent and charity patients.*

The policy also outlines the process one would use to access charity care or financial assistance and includes a sliding scale for Federal poverty levels.

Hospice Patient Bill of Rights-Executed

Stated purpose: *To ensure patients, caregivers and staff are aware of the patient Bill of Rights.*

This policy outlines rights and responsibilities for patients and families.

Non-Discrimination & Grievance Procedure-Executed

Stated purpose: *This agency does not discriminate based on disability and follows an internal grievance procedure providing prompt and equitable resolution of complaints alleging any action prohibited by Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) or the U.S. Department of Health and Human Services regulations implementing the Act.*

Any person who believes she or he has been subjected to discrimination based on disability may file a grievance under this procedure. It is against the law to retaliate against anyone who files a grievance or cooperates in the investigation of a grievance.”

The policy states the methods by which it is disseminated to the public, patients, and employees. It also provides the process and procedures to be used to file a discrimination grievance.

Contracted Services Providers Policy-Executed

State purpose: *To verify that the training and qualifications for professionals and paraprofessionals who provide services to the organization’s patients via contractual agreement meet AccentCare’s standards.*

This policy is used to ensure Seasons-contracted employees are trained and available to serve hospice patients.

Availability of Services – Acceptance, Admission, Ongoing and Discharge -Executed

Stated purpose: *All covered services are available 24-hours a day, seven days a week including during the bereavement period to the extent necessary for the palliation and management of the terminal illness and related conditions.*

This policy outlines the procedures to be used to ensure hospice services are available when needed, and also bears the following policy statement: *It is the policy of this agency that all patients, regardless of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable*

disease, or place of national origin have the right to receive the same quality of care throughout the organization and to have access to the home health resources they need to meet their health care needs.

Interdisciplinary Group Coordination of Care-Executed

Stated policy: *Hospice will designate an interdisciplinary group or groups composed of individuals who work together to meet the physical, medical, psychosocial, emotional, and spiritual needs of the hospice patients and families facing terminal illness and bereavement.*

This policy outlines the staff associated with the interdisciplinary groups, their functions, and the coordination of care processes.

Discharge from Hospice Program-Executed

Stated policy: *AccentCare will provide service to a patient and family/caregiver as long as the patient remains terminally ill and lives in the designated service area. The organization will not discontinue or reduce care provided to a Medicare or Medicaid beneficiary because of the inability to pay.*

This policy outlines the reasons and the process for discharging a patient from hospice care.

In addition to the policies discussed above, AccentCare provided several other policies discussing patient-care issues such as plan of care and advance directives as well as internal policies governing staff hiring, conduct, and training, among others. While not separately discussed here, all policies were reviewed as part of this evaluation process.

AccentCare, Inc. provided the following payer mix for the Pierce County hospice services in year three. [source: Application, pdf74]

**Department's Table 4
Seasons Pierce
Projected Payer Mix and Percentage**

Payer	Percent
Medicare & Medicare Managed Care	91.0%
Medicaid	1.0%
Commercial, TriCare, Private Pay, etc.	8.0%
Total	100.0%

The applicant provided the following information regarding assumptions used to determine the projected payer mix above. [source: March 31, 2002, screening response, pdf10]

“The payor mix shown in Table 25 on page 75 is consistent with the information in Exhibit 18, although it combines Medicare (at 27.3% of patient days) and Medicare Managed Care (63.7% of patient days) as shown in Exhibit 18, Workpaper 3, page 534, for a combined 91.0%. The percent of Gross Revenue shown in Table 25 is calculated from the revenues shown in Exhibit 16, page 533. Charity care is a deduction of private pay revenue, and therefore represents 1% of patient days, but 0% of Gross Revenue.

The payor mix is based on the experience of the applicant in other service areas. Hospice services are overwhelmingly accessed by elderly patients who are Medicare beneficiaries. The 91 percent Medicare payor distribution reflects this fact. The Applicant has projected that Medicare recipients will, in the majority of cases, adopt a Medicare supplement program. In the pro formas, these payors are assumed to

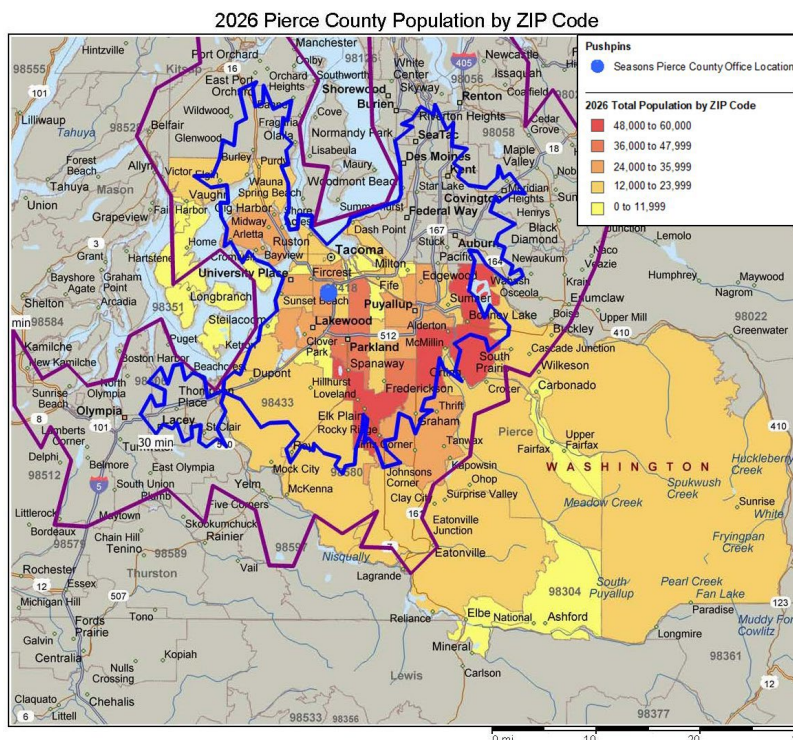
negotiate reductions in net payments with providers. To this extent, the assumption that Medicare Managed Care payors will make up the bulk of this results in a somewhat lower net reimbursement.”

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.

The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, pdf15-16]

“Seasons Pierce County will serve all residents of Pierce County, regardless of location within the county. The proposed agency will establish its office proximate to the most populous areas of Pierce County to ensure availability and accessibility to the entire geography of the county. Enrolled patients receive hospice services in their own homes. However, when necessary, a patient may require inpatient respite or general inpatient services, which are temporary and typically less than one week, at a facility under contract. Therefore, the location of the business office is the repository for medical records, staff training and staff conferences for the purpose of care team meetings. All care staff are dispatched generally from their homes to provide in-home care to patients. All staff use computer technology to communicate with the office as well as each other, and the call center.

To demonstrate accessibility, the figure that follows shows the location of the home office on a map with 30 minute and 45 minute drive time contours around it. The contours establish the feasibility of staff being able to access the home office for meetings, in-service training, care team conferences and medical records. The location allows an access point to the majority of the population, as indicated in the map. Specifically, the map shows the projected 2026 population by Zip Code. The 30-minute drive-time contour captures 87.5% of the total population, while the 45-minute drive-time contour captures 93.7%, documenting accessibility of the proposed program. This map utilizes data from the Claritas 2021-2026 population estimates, which can be found in Exhibit 7.”



Department Evaluation

As of the writing of this evaluation, the applicant does not operate any in home service facilities, including hospice services, in Washington State.

The executed Admission Policy describes the process and criteria that would be used to admit a patient to its proposed hospice agency. The Admission Policy includes extensive language to ensure all patients would be admitted for treatment without discrimination. The Admission Policy and documentation provided in the application are clear that the proposed hospice agency would be available to all residents of the services area, including pediatric patients.

The applicant also provided a copy of its executed Charity Care Policy that will be used for its Pierce County hospice agency. The policy provides the circumstances that a patient may qualify for charity care and where to access information about appealing a charity care determination. The pro forma financial statements provided by AccentCare also include charity care as a deduction of revenue.

AccentCare also provided an executed Non-Discrimination Policy that demonstrates its intent to be available and accessible to all residents of Pierce County. The policy includes the process and procedures one would use to file a grievance.

Other executed policies provided in the application related to hospice services include Contracted Services Policy, Availability of Services Policy, Interdisciplinary Group Policy, Standards of Practice, Patient Discharge Policy, and Patient/Family Rights and Responsibilities. All policies provide detailed information.

The applicant anticipates its Pierce County agency's combined Medicare and Medicaid revenues to be 92% of total revenues and commercial/other to make up the remaining 8% of revenues. The applicant also provided pro forma financial statements that show each of these revenues are anticipated in projections for the hospice agency. These percentages of revenues are not expected to change over time.

No public comment was received for this sub-criterion

WAC 246-310-290(13)

Consistent with WAC 246-310-290(13), the applicant provided statements within the application confirming that the new agency would provide Medicare and Medicaid hospice services to Pierce County in its entirety.

Based on the information above, the department concludes that the AccentCare project **meets this sub-criterion.**

Bristol Hospice, LLC

In response to this sub-criterion, Bristol provided the following statements regarding availability to underserved groups. [source: Application, pdfs 13-15]

"Bristol Hospice has put resources in place to serve all community members, including those that are underserved. This includes, but is not limited to, language translation services, continued education to staff, dedicated Community Liaisons that provide outreach, and specialty programs such as Bright Moments for Alzheimer's and Dementia, We Honor Veterans, and Sweet Dreams. See Exhibit 9 for information on these programs.

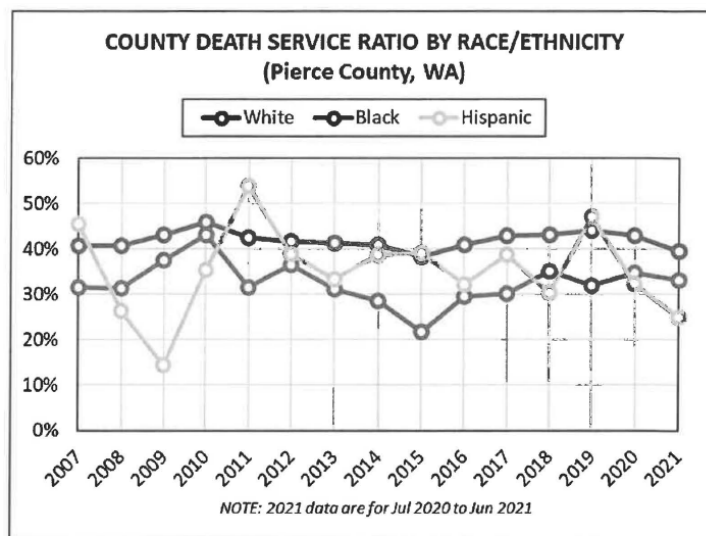
Bristol believes that the Hispanic population could be better served by a provider that offers programming and access to this population such as Bristol Hospice.

Medicare claims data shows that there are disparities in hospice use amongst minority groups in Pierce County, WA. Both Black and Hispanic populations have had lower death service ratios regularly for the past decade and half, with the Hispanic Population reaching above average only a few times during this time period. In 2021, there was a dip in the death service ratio for both Black and Hispanic populations. Barriers for these groups include, language, religion, family culture, and/or limited resources.

**DEATH SERVICE RATIO
BY RACE/ETHNICITY**

Pierce County, WA

Year	All	White	Black	Hispanic
2007	40%	41%	32%	45%
2008	40%	41%	31%	26%
2009	42%	43%	38%	14%
2010	45%	46%	43%	35%
2011	42%	42%	32%	54%
2012	41%	42%	37%	39%
2013	40%	41%	31%	33%
2014	40%	41%	29%	39%
2015	37%	38%	22%	39%
2016	40%	41%	30%	32%
2017	42%	43%	30%	39%
2018	42%	43%	35%	30%
2019	43%	44%	32%	47%
2020	41%	43%	35%	32%
2021	38%	40%	33%	25%



Source: "HealthPivots DataLab." HealthPivots DataLab, <https://datalab.healthpivots.com/>.

Bristol Hospice would implement a Spanish speaking specialty program in Pierce County to serve the Spanish speaking community. Bristol Hospice's affiliate company Bristol Hospice - Miami-Dade LLC has

implemented this program in their location and has had great success serving and educating the Spanish Speaking Community.

Examples of the support and education that would be provided:

- *Bristol Hospice would recruit and retain Spanish Speaking staff. It would be intended that Spanish Speaking patients be paired with Spanish Speaking staff members.*
- *All consents would be available in Spanish.*
- *All Marketing Materials would be available in Spanish.*
- *Bereavement Programs would be available in Spanish.*
- *Education materials would be created in Spanish.*
- *Bristol Hospice would engage with local Spanish Community groups such as the Alzheimer's Association and YMCA Spanish Speaking support groups, the Latino Community Fund, and local Spanish Speaking religious groups.”*

Bristol provided a copy of four separate brochures. [source. Application, Exhibits 9 and 10]

- We Honor Veterans: A Mission to Serve
- Bright Moments – Giving Light to Life
- Sweet Dreams
- Bristol Hospice Miami-Dade, used in the state of Florida written in Spanish.

Bristol also provided copies of its policies used at Bristol agencies. [source: Application, Exhibit 11 and March 31, 2022, screening response, Exhibits 3 and 4]

Admission Criteria and Process Policy #1-009

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

This policy provides the following language used by the applicant for patient admission.

“The hospice will admit any patient with a life-limiting illness that meets the admission criteria. Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, ability to pay per companys’ charity care policy or place of national origin.

Patients will be accepted for care based on need for hospice services. Consideration will be given to the adequacy and suitability of hospice personnel, resources to provide the required services, and a reasonable expectation that the patient's hospice care needs can be adequately met in the patient's place of residence.

While patients are accepted for services based on their hospice care needs, the patient's ability to pay for such services, whether through state or federal assistance programs, private insurance, or personal assets is a factor that will be considered.

The patient's life-limiting illness and prognosis of six (6) months or less will be determined by utilizing standard clinical prognosis criteria developed by the fiscal intermediary’s Local Coverage Determinations (LCDs).

The hospice reserves the right not to accept any patient who does not meet the admission criteria.

A patient will be referred to other resources if the hospice cannot meet his/her needs. Once a patient is admitted to service, the hospice will be responsible for providing care and services within its financial and service capabilities, mission, and applicable law and regulations.”

Charity Care Policy #5-017

Stated purpose: *To identify the criteria to be applied when accepting patients for charity care.*

This policy provides the following language used by the applicant for patient eligibility for charity care.
“Patients without third-party payer coverage and who are unable to pay for medically necessary care will be accepted for charity care admission, per established criteria.

The hospice will establish objective criteria and financial screening procedures for determining eligibility for charity care.

The hospice will consistently apply the charity care policy.

Patients without financial resources who live in the service area of hospice and meet eligibility requirements for hospice care in the Admission Criteria policy.

Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, ability to pay or place of national origin.”

Advance Directives – Policy #9-007

Stated purpose: *To support the implementation of the Patient Self-Determination Act within the framework of state and federal law and hospice policies.*

This policy provides the following language used for this policy.

“The hospice recognizes that all adult persons have a fundamental right to make decisions relating to their own medical treatment, including the right to accept or refuse medical care. It is the policy of the hospice to encourage individuals and their family/caregivers to participate in decisions regarding care, treatment, and services. Valid Advance Directives, such as living wills, Durable Powers of Attorney, and DNR (Do Not Resuscitate) or DNI (Do Not Intubate) orders will be followed to the extent permitted and required by law. In the absence of Advance Directives, the hospice will provide appropriate care according to the plan of care/service or as authorized by the attending physician. The hospice will not determine the provision of care/service or otherwise discriminate against an individual based on whether or not the individual has executed an Advance Directive.”

Bristol also provided the following statements regarding hospice services for pediatric patients. [source: March 31, 2022, screening response, pdf 2]

“Bristol hospice will accept all pediatric patients that choose us for services. Bristol has experience with pediatric patients and provide this level of service at affiliated companies within Bristol Hospice.”

Bristol’s project includes being available and accessible to Medicare and Medicaid patients that reside in Pierce County and provided its projected payer mix. [source: March 31, 2022, screening response, pdf 3 and Exhibits 7 & 12]

**Department’s Table 5
Bristol Hospice-Pierce Projected Payer Mix**

Payer	Percent of Gross Revenue	Percent by Patient
Medicare/Medicare HMO	98.0%	98.0%
Medicaid Routine	1.0%	1.0%
Other*	1.0%	1.0%
Total	100.0%	100.0%

*Other includes commercial and private pay

Bristol provided the following assumptions and statements to support its anticipated payer mix shown in the table above. [source: March 31, 2022, screening response, Exhibit 12, pdf 31]

- *Medicare/Medicare HMO: Assumed this as 98% of revenue*
- *Medicaid Routine: Assumed this as 1% of revenue as most of our patients are eligible for the Medicare benefit.*
- *Other: Assumed this as 1% of revenue as Hospice is not part of the Medicare advantage benefit and thus most patients will be billed to Medicare directly.*

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.

The applicant provided the following statement related to this sub-criterion. [source: Application, pdf 8]
“Bristol Hospice confirms that the agency will be available and accessible to all of Pierce County.”

Continuum Public Comment [source: pdf 6]

“There is also a discrepancy between Bristol’s assertion on patients to be served and payer mix. On page 31 of 56 of Bristol’s Screening Response, it states that “20 percent of our census will reside in Skilled Nursing Facilities. A significant percentage of nursing home patients have Medicaid as a payer, so a payer mix forecasting only 1% Medicaid suggest that Bristol either has an error in its payer mix or assumption or, conversely that nursing home patients with Medicaid will not have access to Bristol’s hospice services.”

Providence Public Comment [source: pdfs 23-24]

“Bristol’s application does not satisfy the ‘adequate access’ need sub-criterion set forth in WAC 246-310-210(2). There is a need for three new hospice agencies in Pierce County in 2023 under the Department’s Hospice Numeric Need Methodology. However, as noted above in our discussion of the Continuum and Wesley applications, the need calculation is only the first step in the Department’s evaluation of whether an application satisfies the need criteria set forth in WAC 246-310-210. In addition, the Department must determine whether an applicant’s proposed hospice agency will provide “adequate access” to “underserved groups” under the need sub-criterion set forth in WAC 246-310-210(2).

As discussed below, Bristol’s application does not satisfy the “adequate access” sub-criterion. First, Bristol has not demonstrated a commitment to providing specialized pediatric hospice care. Second, its low projected Medicaid patient population raises questions as to its commitment to serving “low-income persons,” who are specifically identified in the “adequate access” sub-criterion.

Bristol has not committed to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program in Pierce County.

As best we can determine, Bristol’s CN application does not mention pediatric patients or services at all. In the application, Bristol does state that its admission policy prohibits discrimination “on the basis

of...age,” and that it “would expect to see a wide range of ages.” However, all of the applicants in the Pierce County hospice concurrent review, not just Bristol, are legally bound not to engage in age discrimination, and all of them have provided non-discrimination statements similar to the one provided by Bristol. This type of statement does not constitute a commitment to provide specialized pediatric hospice care.

In a screening question, the Department requested Bristol to provide more information regarding its intention to provide hospice care to pediatric patients: “If a Pierce County pediatric patient is referred to Bristol Hospice’s Pierce County agency, provide a discussion of the process that would be used to ensure the pediatric patient would be served.” Bristol responded as follows: “Bristol Hospice will accept all pediatric patients that choose us for services. Bristol has experience with pediatric patients and provide [sic] this level of service at affiliated companies within Bristol Hospice.”

This response does not reflect a commitment by Bristol to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program in Pierce County. Bristol merely states that it will accept “all pediatric patients that choose us for services.” It does not state that it intends to establish a specialized pediatric hospice care program that will actively address the needs of pediatric patients and their families in Pierce County. Bristol’s comments regarding having “experience with pediatric patients” and providing “this level of service at affiliated companies” are vague and general in nature, and are not supported by any concrete discussion of (1) what that “experience” or “level of service” consists of, and (2) most importantly, how that purported “experience” and “level of service” will be transferred to Pierce County. Accordingly, Bristol has not demonstrated that it will provide adequate access to pediatric patients, who, as noted above, have been identified by the Department as an underserved group which is characterized by “small volume, but a high need for hospice services.”

Bristol’s low projected Medicaid patient population raises questions regarding its commitment to serving low-income patients. The “adequate access” need sub-criterion specifically identifies “low-income persons” as an “underserved group.” In general, those who qualify for Medicaid coverage tend to be “low-income persons.” Thus, the percentage of a hospice agency’s patients who are reimbursed under the Medicaid program is a measure of an agency’s commitment to providing services to low-income residents in a community.

Bristol’s projected payer mix data indicates that only 1% of its projected patient population will consist of Medicaid patients. In contrast, for example, Providence Hospice’s projected Medicaid patient percentage is 3.8%. As noted above, the “adequate access” need sub-criterion specifically identifies “low-income persons” as an “underserved group,” and those who qualify for Medicaid coverage are, in general, “low-income persons.” Therefore, Bristol’s low projected Medicaid patient population raises questions with respect to its commitment to providing adequate access to this underserved group.”

Wesley Homes Public Comment [source: pdf 4]

“Bristol used an inaccurate payment rate schedule (rather than the published rate for Washington), and its payer mix conflicts with its projected services (assume 1% Medicaid for payer mix but assumed 20% of their care will be provided in nursing homes where the majority of patients will be Medicaid).”

Bristol Rebuttal Comment

None

Department's Evaluation

The Admission Policy provided by Bristol describes the type of patients that would be served by the new agency and includes the following nondiscrimination statement: *"Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, ability to pay per company's charity care policy or place of national origin."* In contrast, another section of the policy limits patient admissions by stating *"the patient's ability to pay for such services, whether through state or federal assistance programs, private insurance, or personal assets is a factor that will be considered."* With both statements, this policy does not meet the requirements for an Admission Policy that allows access to all residents of the planning area, regardless of ability to pay for such services.

The Charity Care Policy includes the 'all inclusive' language stating *'Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, ability to pay or place of national origin.'* The policy also outlines the process the agency would use to determine eligibility for charity care.

When the Admission Policy and the Charity Care Policy are read together, the department can infer Bristol's intent to provide charity care to residents of Pierce County. If this project is approved, the department would attach a condition to the approval requiring Bristol to provide a revised Admission Policy with the following language omitted: *"the patient's ability to pay for such services, whether through state or federal assistance programs, private insurance, or personal assets is a factor that will be considered."*

Providence provided comments asserting that Bristol *"has not committed to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program in Pierce County."* In its screening of the Bristol application, the department noted Bristol did not address services for pediatric patients and requested Bristol to *"provide a discussion of the process that would be used to ensure the pediatric patient would be served."* In response, Bristol states it has experience with pediatric patients, provides this level of care at its affiliated companies within Bristol, and it will accept all pediatric patients that choose Bristol for hospice services. [source: March 31, 2022, screening response, pdf 2]

Bristol provided minimal assurances that it would serve pediatric patients by stating it would serve pediatric patients if requested. In its screening response Bristol did not provide any discussion of the process it would use to ensure hospice services are available to pediatric patients. However, it is noted that Bristol's non-discrimination language in its Admission Policy specifically includes *"age"* as a protected category. Even though pediatric patients are a small percentage of hospice patients, it is vital that these patients and families have access to a full spectrum of hospice services. The department does not require an applicant to establish a dedicated pediatric hospice program as asserted by Providence. This approach by Bristol is acceptable to demonstrate it would be available to serve pediatric patients.

Competing applicants, Continuum, Providence, and Wesley, expressed concerns with Bristol's projected payer source percentages. The payer mix concerns are summarized below.

- Bristol states that 20% of its census would reside in skilled nursing facilities. A significant percentage of nursing home residents qualify for Medicaid. Bristol's Medicaid payer source is only 1.0%. [Continuum public comments]
- Bristol's low (1.0%) projected Medicaid patient population raises questions regarding its commitment to serving low-income patients. The percentage of a hospice agency's patients who are reimbursed

under the Medicaid program is a measure of an agency's commitment to providing services to low-income residents in a community. [Providence public comments]

- Bristol's payer mix showing 1.0% for Medicaid conflicts with its projected services that assumes 20% of their care will be provided in nursing homes where the majority of patients will be Medicaid. [Wesley public comments]

Bristol did not provide rebuttal comments to any of the public comments submitted for this Pierce County project. Given the lack of rebuttal comments to clarify or reconcile the projected 1.0% Medicaid identified in the payer mix table with the expected 20% nursing home patient census, the department must concur that Bristol's projected payer mix does not support its application statements.

WAC 246-310-290(13)

While Bristol provided statements within the application asserting that the new agency would provide Medicare and Medicaid hospice services to Pierce County in its entirety, public comments suggest otherwise. Bristol did not provide rebuttal comments to refute the assertions raised regarding pediatric patients.

Based on the information reviewed and the lack of rebuttal comments to refute concerns raised, the department concludes that Bristol did not demonstrate that all residents of the service area may be accepted for services. Thus, **this sub-criterion is not met.**

The Pennant Group, Inc.

In response to this sub-criterion, Pennant provided copies of many policies in use at all of its hospice agencies. Of the policies provided, the following are directly related to this sub-criterion. [source: Application, Exhibit 6]

Admission Criteria and Process – the stated purpose of this policy is *“To establish standards and a process by which a patient can be evaluated and accepted for admission.”* This policy states that patients will be admitted if they meet the admission criteria, and then identifies the admission criteria. The policy also provides the following non-discrimination language: *“Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, or place of national origin.”*

The Admission Policy also states: *“While patients are accepted for services based on their hospice care needs, the patient's ability to pay for such services, whether through state or federal assistance programs, private insurance, or personal assets is a factor that will be considered.”*

Pennant provided the following clarification regarding the statement above in the Admission Policy. [source: March 29, 2022, screening response, pdf 13]

“We would first note that the policy's language states unequivocally what determines whether a patient is admitted or not: the patient's hospice care needs. Having established that, the policy goes on to note that as part of the admissions process we will factor in the patient's ability to pay for hospice services. This must be factored in to ensure the patient is admitted under the appropriate payor structure (i.e., accurately identifying the party that will be responsible for paying for care), including, as applicable, the payment structure outlined in our charity care policy. This is what is meant by ‘factors that will be considered.’”

Charity Care Policy – the stated purpose of this policy is *“To detail the process utilized for patients in need of hospice services under the charity care policy as required by the Washington State Department of Health. Patients without third-party payer coverage and who are unable to pay for medically necessary*

hospice care will be accepted for charity care admission, per established criteria set forth by Federal and Washington State Department of Health. Alpha Hospice will establish objective criteria and financial screening procedures for determining eligibility for charity care.”

In its screening response, Pennant acknowledged that the reference to ‘Alpha Hospice’ above is a typographical error and should read ‘Puget Sound Hospice.’ [source: March 29, 2022, screening response, pdf 13]

The Charity Care policy includes the following non-discrimination language: “Once Federal and State hospice clinical admission guidance, all patients in need of hospice will receive Alpha Hospice services expeditiously regardless of ability to pay, race, color, gender, gender identity, religion, age, or citizenship.” The policy identifies that the Executive Director/Administrator and appropriate program director will determine the appropriate amount of charity care to be provided.

Pennant provided the following clarification regarding the ‘objective criteria’ statement above in the Charity Care Policy. [source: March 29, 2022, screening response, pdf 13]

“Objective criteria’ refers to the hospice eligibility criteria that the federal government has established as guidance. No patient will be turned away from hospice due to an inability to pay but the individual needs to qualify for hospice by having a life limiting illness and a prognosis that if the illness continues on its normal course the client will perish in 6 months or less. This charity policy is being utilized by our other Washington State agencies and has been approved by the DOH and the outside accreditors on several occasions.

Hospice care is a benefit under the hospital insurance program. To be eligible to elect hospice care under Medicare, an individual must be entitled to Part A of Medicare and be certified as being terminally ill. An individual is considered to be terminally ill if the medical prognosis is that the individual’s life expectancy is 6 months or less if the illness runs its normal course. Only care provided by (or under arrangements made by) a Medicare certified hospice is covered under the Medicare hospice benefit. Just as CMS uses these objective measures; we must use objective criteria to determine the applicability of our charity care policy. Without objective criteria supporting terminality, a hospice agency runs the risk of providing an inappropriate level and/or type of care, which may put the patient, our staff, and our agency’s viability at risk.”

Nondiscrimination Policy and Grievance Process – the stated purpose of this policy is: “To prevent organization personnel from discriminating against other personnel, patients, or other organizations on the basis of race, color, religion, age, sex (an individual’s sex, gender identity, sex stereotyping, pregnancy, childbirth and related conditions), sexual orientation, disability (mental or physical), communicable disease, or national origin.” It includes additional assistance the agency has available to patients, as well as internal and external contact information for filing complaints. The policy is used to ensure Pennant hospice patients are aware of what services are available to them, how to access services, and how to air grievances if standards are not met.

To further support its availability to residents of the planning area, Pennant provided the following statements related to this sub-criterion. [source: Application, pdfs 21 - 22]

“Puget Sound Hospice of Pierce County plans to support Pierce County in its entirety.

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

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

Residents of Pierce County have been identified as one of the most diverse populations in the state of Washington. Unfortunately, there is also diversity in the quality of health of different populations in the County. For example, the Tacoma-Pierce County Health Department has noted that historically areas like Fife, Edgewood, and Fircrest/West Tacoma have heart disease per capita rates between 260.19 and 390.81, compared to areas like Ruston and West Lakewood that have traditionally had rates between 54.41 and 150.42. Additionally, a comparison of different areas within Pierce County shows a disparity in life expectancy of up to 15 years based on geographic location in the County. When geographic and demographic data are compared, it indicates Pierce County residents’ health and access to health care services is correlated with their demographics. For instance, Pierce County data indicates a percentage of its population below the federal poverty level has life expectancy that is lower in areas with greater poverty. Further, the Tacoma-Pierce County Health Department expressly identified poverty level, race, and education as key indicators of barriers to care, with lower income, lower educational attainment, and non-white races being correlated with less access to needed healthcare. This is particularly significant as Pierce County has poverty indicators and non-white residents at higher than state averages.

The data is clear that disparities in health stems from the lack of access to timely healthcare for people in certain demographics, and community members in Pierce County identified timely access to health care as a health priority. We believe we can help fix this problem. As mentioned above, we have a robust non-discrimination policy Where demographic characteristics like race and income are not considered when making the decision to admit a patient. Puget Sound Hospice of Pierce County will be able to provide increased access to hospice care to this underserved population as its non-discrimination policies do not take into account these demographic statuses. Further, our home health agency, Puget Sound Home Health, is aware of this issue and has obtained commercial and Medicaid payer contracts that other providers will not participate in. This allows Puget Sound Home Health to serve and meet the needs of Pierce County’s underserved populations who are insured under these payer contracts. Puget Sound Hospice of Pierce County will be able to partner with Puget Sound Home Health to help appropriately bridge those home health patients from underserved demographic populations to meet their post-acute care needs. In addition, we partner with community providers to meet the care needs of those underserved in Pierce County.”

Additionally, Pennant provided the current payer mix for its Pierce County operations, which is summarized in the table below. [source: Application, pdf 27]

Department’s Table 6
Puget Sound Hospice of Pierce County Projected Payer Mix

Payer	Percentage of Gross Revenue	Percentage by Patient
Medicare	94.6%	95.2%
Medicaid	4.0%	3.7%
Commercial	1.2%	0.9%
Self-Pay	0.2%	0.2%
Total	100.0%	100.0%

Pennant provided the following statements to clarify its assumptions for the payer mix identified in the table above. [source: March 29, 2022, screening response, pdf 9]

“All forty-four Pennant owned hospice agencies are included in the payer mix averages, including our Washington States hospices: Elite Hospice, Alpha Hospice, and Puget Sound Hospice. The states used to determine the averages include Arizona, California, Colorado, Iowa, Idaho, Montana, Nevada, Oklahoma, Oregon, Texas, Utah, Washington, Wisconsin, and Wyoming.

The averages have proven to be similar to our Washington hospice agencies in Snohomish, Thurston, Pierce (we are serving Pierce under the COVID waiver from Thurston based Puget Sound Hospice), and Asotin counties, with minor variances. Stated another way, we have found the averages we’ve provided to be reliable based considering King County holistically, including its demographics, availability of particular payer types, and community/provider types, and then comparing that to the experience and community dynamics of the Pennant-affiliated agencies we’ve referenced above and in our application.”

Envision Public Comment [source: pdf 11]

“Admissions, Charity Care and Discharge Policies and Procedures: Puget Sound does not identify the population cohorts eligible for Charity Care (Page 114 of application). Puget Sound indicates that patients who lose eligibility for Charity Care can be transferred due to inability to pay for services (Page 115 of application). Puget Sound did not provide its objective criteria for awarding charity care per Question 20 and Question 22, page 13.”

Providence Public Comment [source: pdfs 26-28]

“The Department’s Hospice Numeric Need Methodology shows need for three new hospice agencies in Pierce County in 2023. However, the need calculation is only the first step in the Department’s evaluation of whether an application satisfies the need criterion. In addition, the Department must determine whether each application satisfies the second need sub-criterion: “All residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.” Accordingly, the Department’s hospice application form contains the following requirement: “identify how this project will be available and accessible to underserved groups.”

As discussed below, Pennant’s application does not satisfy the “adequate access” requirement. First, Pennant has not demonstrated a commitment to providing specialized pediatric hospice care or to establishing a dedicated pediatric hospice program. Second, Pennant has failed to demonstrate the manner in which it will provide adequate access to underserved groups and specific patient populations in Pierce County. Thus, Pennant’s application does not satisfy the “adequate access” sub-criterion set forth in WAC 246-310-210(2).

Pennant has not shown that it intends to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program. As best we can determine, Pennant’s CN application does not mention pediatric hospice patients or services at all. However, in its application Pennant does state: “Puget Sound Hospice of Pierce County will serve patients of all ages and diagnosis and is committed to serving all patients regardless of race, color, religion (creed), gender, gender expression, age, national origin, disability, marital status, sexual orientation, English proficiency, or military status, and will ensure that all populations have access to services through its charity care policy.” However, all of the applicants, not just Pennant, are legally bound not to engage in age discrimination, and all of them have provided non-discrimination statements similar to the one provided by Pennant. This type of statement does not constitute a commitment to provide specialized pediatric care or to establish a dedicated pediatric hospice program.

Pennant has failed to adequately identify underserved groups or specific populations to whom it intends to provide hospice services. Under WAC 246-310-210(2), Pennant must demonstrate that underserved groups will have “adequate access” to its proposed Pierce County hospice agency. Thus, the Department requires hospice applicants to “[i]dentify how this project will be available and accessible to underserved groups.” An applicant’s response to this request enables the Department to evaluate whether a proposed application satisfies the “adequate access” sub-criterion.

However, Pennant’s response to the Department’s request to specify how its proposed hospice agency “will be available and accessible to underserved groups” is limited and contains no identification of specific underserved groups or specific populations which Pennant intends to serve. The first paragraph of Pennant’s response states that (1) “Pierce County will be served in its entirety,” (2) “clinical staff will be available 24 hours a day, seven days a week,” and (3) Pennant “plan[s] to provide our full range of services for all residents of Pierce County.”

Pennant further states:

Residents of Pierce County have been identified as one of the most diverse populations in the state of Washington. Unfortunately, there is also diversity in the quality of health of different populations in the County...The data is clear that disparities in health stems from the lack of access to timely healthcare for people in certain demographics, and community members in Pierce County identified timely access to health care as a health priority. We believe we can help fix this problem. As mentioned above, we have a robust non-discrimination policy [w]here demographic characteristics like race and income are not considered when making the decision to admit a patient. Puget Sound Hospice of Pierce County will be able to provide increased access to hospice care to this underserved population as its non-discrimination policies do not take into account these demographic statuses.

However, Pennant fails to identify any specific underserved groups to whom it intends to provide services, or upon whom it intends to focus. Instead, it provides only a general commitment to not discriminate. Of course, this is laudable. However, all of the applicants, not just Pennant, are legally bound not to engage in discrimination of any type, and all of them have provided non-discrimination statements similar to the one provided by Pennant.

The purpose of the “adequate access” sub-criterion contained in WAC 246-310-210(2) is to enable the Department to determine whether an applicant’s proposed hospice agency will address the needs of underserved groups beyond the age-based need identified in the Department’s Hospice Numeric Need Methodology. Pennant has failed to provide sufficient evidence in its application that its proposed agency will provide adequate access to underserved groups in Pierce County.”

Pennant Rebuttal Comment for both Envision and Providence

“Envision’s comments on Admissions, Charity Care and Discharge Policies and Procedures. We would note that Envision’s comments seek a depth of detail that simply is not reflective of what the WAC requires. We further note that we have in fact provided all pertinent information to the Department on this issue sufficient to satisfy the requirements of the WAC.

In our application, we noted underserved populations that we will be serving, including specifically those in poverty. We couple that with our patient-specific Charity Care policy, by which we’ve committed to serving the underserved population of those in poverty that we identified in our earlier responses. Further, our Charity Care policy, unlike most others, is designed to be able to take into account the unique issues related to each potential patient’s financial circumstances and to be responsive to those issues.

Providence's comments on identifying underserved groups. The department does not ask us to identify underserved groups, it asks us to identify how we will be available and accessible to them. The Department's question is, "Identify how this project will be available and accessible to under-served groups". Our answer is reasonable and has been accepted by the Department in multiple applications we have submitted. Providence's comment on this issue should not be given consideration."

Department's Evaluation

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

It is expected that both the executed Language Access Policy and the executed Nondiscrimination and Grievance Process policy would be used in conjunction with the Admission Criteria and Process Policy described above. The Language Access Policy includes appropriate nondiscrimination language and references. The Nondiscrimination and Grievance Process policy also includes appropriate nondiscrimination language and includes the process one would use to file a complaint.

Envision provided comments on Pennant's Admission Policy and Charity Care Policy asserting they are inadequate because they do *'not provide its objective criteria for awarding charity care per Question 20 and Question 22, page 13.'* In rebuttal, Pennant states that Envision expects a level of detail that is not required by the WAC and the policy includes all information required.

To evaluate Envision's concern, the department reviewed its screening questions #20 and #22. Question #20 focused on the Admission Policy and question #22 focused on the Charity Care Policy. Pennant provided responses to both questions. In response to question #20, Pennant clarifies the language in the Admission Policy and assures that the language is not inconsistent with the Charity Care Policy. In response to question #22, Pennant provides detailed information regarding the objective criteria in the Charity Care Policy. Both responses are stated in the applicant's information above and not repeated here. The executed Charity Care Policy includes the necessary nondiscrimination language and Pennant clarified the reference to 'objective criteria' as used in the policy. Envision's concerns are not grounds for denial.

Providence provided comments asserting that *'Pennant has not shown that it intends to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program'* and *'Pennant fails to identify any specific underserved groups to whom it intends to provide services, or upon whom it intends to focus. Instead, it provides only a general commitment to not discriminate.* In response, Pennant states that it provided information as required in the application form and notes that *'[t]he department does not ask us to identify underserved groups, it asks us to identify how we will be available and accessible to them.'*

The department does not require every hospice provider to establish its own specialized pediatric program, rather, the department expects every provider to be available and accessible to all residents of the service area. Focusing on pediatric services, Pennant provided assurances that it would be available and accessible to all residents of the services area. Additionally, Pennant's non-discrimination language in its Admission Criteria and Process Policy specifically includes "age" as a protected category. This approach is acceptable for pediatric patients. Even though pediatric patients are a small percentage of hospice patients, it is vital that these patients and families have access to a full spectrum of hospice services. It is true that the department does not require each applicant to provide a listing of underserved groups, although many applicants do.

The department notes that Pennant is an existing provider in Washington State and, as such, understands the importance of patient access to hospice care (and home health care) for all residents of the service area, including pediatric and underserved groups. Without specific patient or family complaints about Pennant regarding discrimination, the department would not consider Providence's comments grounds for denial of this Pierce County hospice application.

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

Financial data provided in the application shows revenues for both Medicare and Medicaid patients and includes deductions from revenue for charity care.

WAC 246-310-290(13)

Consistent with WAC 246-310-290(13), the applicant provided statements within the application confirming that the new agency would provide Medicare and Medicaid hospice services to Pierce County in its entirety.

Based on the information above the department concludes that Pennant's application demonstrates all residents of the service area will be accepted for services, regardless of the ability to pay. The department concludes that **this sub-criterion is met.**

Wesley Homes Corporation

In response to this sub-criterion, Wesley provided copies of many policies in use at all of its hospice agencies. Of the policies provided, the following are directly related to this sub-criterion. [source: Application, Exhibit 3 and March 31, 2022, screening response, Attachment 3]

Admission Criteria

The policy includes the following purpose: *To establish the criteria and process of receiving and evaluating referral information and evaluating for appropriateness for admission.*

The policy includes the following language regarding admission.

“Wesley Homes Hospice will admit patients to service who meet the requirements and conditions for admission to Wesley Hospice services. Admission criteria includes:

- *Terminal Diagnosis with a life expectancy of six months or less if the disease runs its normal course, as determined by the attending physician or Medical Director.*
- *Be under the care of a physician.*
- *Declines further aggressive or curative treatment.*
- *Reside in King County as required by the Certificate of Need issued by Washington State, or other counties as applicable to current waivers, such as PHE waivers.*
- *Agree to accept Hospice services and be aware of his/her diagnosis and prognosis.*
- *Identify a family member, caregiver, or legal representative who agrees to be the primary support care person.*
- *Wesley Homes Hospice can reasonably meet the identified needs of the patient and loved ones.”*

Patient Rights and Responsibilities

The policy includes the following purpose:

1. *To inform patients of their rights.*
2. *To promote and protect the exercise of the patient's rights.*

The policy includes the procedure the agency would use to admit a patient and outlines the rights of the patient. The policy also includes the following nondiscrimination language:

"... Be treated with courtesy, respect, privacy, and freedom from abuse and discrimination; be free from mistreatment, neglect, or verbal, mental, sexual, and physical abuse, including injuries of unknown source, and misappropriation of patient property. Right to have property and person treated with respect, consideration and recognition of patient dignity and individuality."

Nondiscrimination for Admissions and Services

The policy includes the following purpose: *To meet federal and state standards and requirements relative to nondiscrimination in hospice practices.*

The policy includes the following non-discrimination language:

"As a recipient of Federal financial assistance, Wesley Homes Hospice, LLC does not exclude, deny benefits to, or otherwise discriminate against any person on the grounds of race, color, or national origin, disability or age in admission to, participation in, or receipt of the services and benefits of any of its programs and activities or in the employment therein, whether carried out by the Company directly or through a contractor or any other entity with whom the company arranges to carry out its programs and activities. In accordance with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973 and with the Age Discrimination Act of 1975, it is the policy of Wesley Homes Hospice to admit and treat all persons without regard to age, race, color, creed, national origin, religion, veteran status, socioeconomic status, ability to pay, sex, sexual preference, gender identity or expression, or disability.

Staff assignments will be based on clients' needs, staffing level and availability, without regard to age, race, color, creed, national origin, religion, veteran status, socioeconomic status, ability to pay, sex, sexual preference, gender identity or expression, or disability."

Charity Care Policy

The policy includes the following purpose: *Wesley Homes Hospice is committed to meeting the needs of the patients who seek care, regardless of their financial ability to pay for services provided. Charity care may be provided to patients who are uninsured, underinsured, or determined to be medically indigent.*

The policy also includes the following language: *Wesley Homes Hospice will apply a standard process to identify patients unable to pay for services that would qualify for charitable care.*

Advanced Directives

The policy includes the following purpose: *To determine a patient's preferences for health care decisions and honors those wishes and to inform staff of the patient's decisions so they may be honored.*

The policy includes the following language: *Wesley Homes Hospice recognizes that all persons have a fundamental right to make decisions relating to their own medical treatment, including the right to accept or refuse medical care. It is the policy of the agency to encourage individuals and their families to participate in decisions regarding care and treatment. Valid advance directives, such as Living Wills, Durable Powers of Attorney for Health Care, DNR (Do Not Resuscitate), and Physician's Orders for Life Sustaining Treatments (POLST) orders will be followed to the extent permitted and required by law. The*

agency will not condition the provision of care or otherwise discriminate against an individual based on whether or not the individual has executed an advance directive.

Terminally Ill Clients

This policy includes the following purpose: *To assure that the needs of patients at the end of life are met with dignity and respect.*

The policy includes the following language: *Wesley Homes Hospice recognizes that the terminally ill patient and their family have unique and individual psychological, emotional and spiritual needs within the home setting. It shall be the goal of the Agency and its staff to provide active support and to ensure respectful, responsible care directed to optimizing the patient's comfort and dignity, while respecting the patient's values, religion and life philosophy.*

To further support its availability to residents of the planning area, Wesley provided the following statements related to this sub-criterion. [source: Application, pdfs 16-17]

"WHH is today and will continue to be available and accessible to the entirety of Pierce County; measured both geographically and by race, ethnicity and special population (i.e.: dementia, Parkinson's and the homeless)."

WHH tackles availability and accessibility a number of ways. First, WHH prioritizes initial admissions; and have been successful, even in the current COVID environment, in admitting patients within an average of 12-24 hours of referral. Today, our experience in Pierce County is that existing providers are struggling to admit within 1-2 weeks; and too many patients and families suffer as a result.

The Hospice team is also committed to meet the needs of those referred to hospice care. Our experience is that too often the referral is made very late, i.e., within days or weeks of death. This is the experience especially during the COVID pandemic. The team developed and implemented an intake process designed to admit within 24 hours (next day) or even within hours when death is imminent. The referral documentation is reviewed by the team and Hospice Medical Director for approval within 2-4 hours and the admission visit is then made as soon as appropriate, within 24-48 hours or less. It is an 'all hands-on deck' for every Hospice referral. Discharge planners and referral coordinators have expressed 'so glad you guys are here because otherwise this family would not have care.'

Furthermore, we have high levels of expertise with a number of end-of-life conditions including late-stage dementia and late-stage Parkinson's. Earlier in this application, we provided data showing that these two groups are challenging because their diseases do not follow a normal progression like cancer typically does (making it harder to determine death within six months) and because many of these patients have multiple co-morbidities.

We will market these services in Pierce and strive to enroll early, engage patients and/or families, and bring the expertise to the family to support quality end of life care.

To increase enrollment of traditionally underserved groups, Wesley uses our multicultural staff, Corporation-wide, to train other staff in recognizing and valuing different cultures, including various aging beliefs and rituals surrounding death and dying. These employees are also our ambassadors into their communities. Our staff is incredibly diverse, we have large numbers of first-generation immigrant staff from the Ukraine, Philippines, and Kenya, as well as staff from both Eastern and Western Africa, the Middle East, and a number of Southeast Asian countries. The staff have been invaluable in helping with

outreach and supporting Wesley in assuring that culturally sensitive information is available and accessible to these traditionally underserved groups.”

Wesley provided the following clarification regarding its intended availability for pediatric patients. [source: March 31, 2022, screening response, pdf 5]

“...If requested, WHH would serve a pediatric patient. We understand that the policies submitted with our Certificate of Need focused on patients aged 18 or older. We have since updated our policies to confirm that we are available and accessible to all ages. These revised policies are included in Attachment 3. Please note that if the Department has any concerns with any of the policies WHH is submitting during this CN process, we are amenable to the Department placing a condition on our CN award requiring submittal of final policies before service initiation.

The reality is that WHH does not typically receive hospice referrals for pediatric patients, as, gratefully, the number of pediatric hospice patients in general is extremely small. Consistent with WAC 246-310-230(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, WHH does not intend to offer a **dedicated** pediatric hospice program at this point in time. A pediatric program requires a full range of trained staff, specific policies and procedures, and marketing and outreach and would be a duplication of services already available in Pierce County including the newly approved Providence Hospice program.

While WHH does not intend to offer a dedicated pediatric hospice program, if a pediatric patient is referred, the referral will be evaluated for admission according to our established process. This process includes admission upon the recommendation of the Hospice Medical Director, input from the patient’s attending physician, the hospice Interdisciplinary Group, the patient’s family, and appropriate clinical experts. We would also let the family know that there are dedicated pediatric providers in the County. If the family continues to want us to provide the services, and further assuming the above processes have been completed, we will gladly serve the patient. In fact, WHH was recently approached by a family of an infant with a very life-limiting disease, currently admitted to Children’s Hospital, to discuss hospice services if they are able to bring the baby home. WHH has begun the process to determine eligibility in the event that the family is able to bring the baby home.”

Wesley provided a table showing its current and projected payer mix. The table is below. [source: March 31, 2022, screening response, Attachment 2, pdf 68]

Applicant’s Table

	Current King (2021)		Current Pierce (2021)		Total agency (2021)		Projected King 2023		Projected Pierce 2023		Total projected 2023	
	% Gross Rev	% Pts	% Gross Rev	% Pts	% Gross Rev	% Pts	% Gross Rev	% Pts	% Gross Rev	% Pts	% Gross Rev	% Pt
Payer Mix												
Medicare	68.80%	81.60%	98.00%	95.90%	74.10%	85.00%	68.80%	81.60%	74.00%	74.00%	70.45%	79.40%
Medicaid	31.10%	17.80%	0.00%	0.00%	25.40%	13.50%	31.10%	17.80%	25.00%	25.00%	29.17%	19.30%
Commercial	0.10%	0.60%	2.00%	4.10%	0.50%	1.50%	0.10%	0.60%	0.50%	0.50%	0.23%	1.00%
Self Pay, VA, Tri Care	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%	0.16%	0.30%
Total	100.0%	100.0%	100%	100%	100.0%	100.0%	100%	100.0%	100.0%	100%	100.0%	100.0%

AccentCare/Seasons Public Comment [source: pdf 14]

“Question 10. Provide a general description of the types of patients to be served by the agency at project completion (age range, diagnoses, special populations, etc.) Wesley Homes identifies on pages 6-7 of the application that it will serve adult populations. When asked about serving pediatric patients (Screening Question 7), the response is “The answer to this question is yes. If requested, WHH would serve a pediatric patient. We understand that the policies submitted with our Certificate of Need focused on patients aged 18 or older...” In response to Screening Question 8, Wesley Homes responds, “WHH does not intend to offer a dedicated pediatric hospice program at this time.” However, there is a distinction between providers that simply accept pediatric patients when they present for care and those that have specialized staff available to market this service to the community and work with children’s specialty hospitals, Neonatologists, and Pediatricians serving children with life limiting illnesses. Not having a pediatric hospice and palliative care program, such as that proposed by Seasons Pierce County, does not improve access to the pediatric population.”

Providence Public Comment [source: pdfs 19-22]

“As discussed below, Wesley’s application does not satisfy the second need sub-criterion. First, Wesley has not demonstrated a commitment to providing specialized pediatric hospice care or to establishing a dedicated pediatric hospice program. Second, Wesley has failed to concretely and sufficiently articulate the manner in which it will provide adequate access to underserved groups and specific populations in Pierce County. Therefore, Wesley’s application does not satisfy the “adequate access” sub-criterion.

Wesley has not committed to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program in Pierce County. In its response to the Department’s Screening Question #7, Wesley states: “If requested, [Wesley] would serve a pediatric patient.” However, Wesley qualifies this statement in its response to Screening Question #8:

The reality is that [Wesley] does not typically receive hospice referrals for pediatric patients, as, gratefully, the number of pediatric hospice patients in general is extremely small. Consistent with WAC 246-310-230(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, [Wesley] does not intend to offer a dedicated pediatric hospice program at this point in time. A pediatric program requires a full range of trained staff, specific policies and procedures, and marketing outreach and would be a duplication of services already available in Pierce County including the newly approved Providence Hospice program.

While [Wesley] does not intend to offer a dedicated pediatric hospice program, if a pediatric patient is referred, the referral will be evaluated for admission according to our established process.

Wesley further explains how it will address pediatric patient referrals: “[Wesley] would provide services to a pediatric patient if requested by the family and determined by the Medical Director, attending physician and specialized clinical experts [to be] an appropriate admission.”

It is important to note that, in a recent Evaluation issued in a hospice concurrent review, the Department has recognized that pediatric patients constitute an “underserved population,” stating that pediatric patients “represent a small volume, but a high need for hospice services. Providence Hospice strongly concurs with the Department’s conclusion. However, Wesley’s statements do not constitute a firm commitment to provide specialized pediatric hospice services. Instead, Wesley appears to defer to others, including Providence Hospice, to provide these important services. Further, if Wesley is “requested by [a] family” to provide hospice care to their child, Wesley would provide care only after a determination is made “by the Medical Director, attending physician and specialized clinical experts” that it would be “an

appropriate admission.” Establishing this type of precondition to admission does not provide adequate access to pediatric patients and their families.

Wesley has failed to adequately identify underserved groups to whom it intends to provide hospice services. Under WAC 246-310-210(2), Wesley must demonstrate that underserved groups will have “adequate access” to its proposed Pierce County hospice program. Thus, as noted above, the Department requires hospice applicants to “[i]dentify how this project will be available and accessible to underserved groups.” An applicant’s response to this question enables the Department to evaluate whether a proposed project satisfies the “adequate access” sub-criterion.

Wesley states: “based on the location of our main campus in South King County and our growing presence in Pierce County, we are aware that a number of ethnic and minority groups use hospice less or are otherwise underserved by hospice.” However, other than mentioning its experience in treating hospice patients with dementia and Parkinson’s disease, Wesley fails to identify the underserved groups upon which it has been focusing in King County, and upon which it intends to focus if it receives certificate of need approval to provide hospice services in Pierce County. Instead, it notes its “highly diverse employee base” and its provision of “comprehensive cultural competency and outreach programs” that “use our existing multicultural staff to train other staff in recognizing and valuing different cultures, including various aging beliefs and rituals surrounding death and dying.”

We presume that all applicants in the Pierce County hospice concurrent review share the same goal of providing hospice care in a dedicated and compassionate manner to all residents of Pierce County. And, of course, Wesley’s multicultural awareness and training activities are laudable. However, Wesley has not identified any specific underserved groups upon whom it intends to focus in ensuring that it will provide “adequate access” to hospice care under WAC 246-310-210(2). In contrast with Wesley’s lack of specificity, Providence Hospice identifies several groups which it intends to serve, including the homeless population and those experiencing housing insecurity, minority communities, dual eligible beneficiaries, and veterans. We are not suggesting that Wesley is unaware of these groups. Rather, it has failed to provide evidence that it has a commitment to embark upon specific initiatives and programs to address the needs of these, or other, groups.

The purpose of the “adequate access” sub-criterion is to enable the Department to determine whether an applicant’s proposed hospice program will address the needs of underserved groups beyond the age-based need identified in the Department’s Hospice Numeric Need Methodology. Wesley has not provided sufficient evidence in its application to show that its hospice program will provide adequate access to underserved groups in Pierce County.”

Continuum Public Comment [source: pdf 8]

“As a niche provider, Wesley, by virtue of its size will not meet the need in Pierce County.”

Wesley Rebuttal Comment

“Both Seasons and Providence inaccurately claim that Wesley will not be available and accessible to the pediatric population. Providence goes as far as state that evidence of this fact is that we have not demonstrated a commitment to establishing a dedicated pediatric hospice program.

It is accurate that persons with conditions such as dementia and Parkinson’s are a niche area for Wesley, and one of the special populations we identified. Serving a particular population, whether it be a condition (such as dementia) or a location (long term care facilities) in no way means that Wesley is unable or unwilling to address a pediatric population.

Wesley has clearly documented its commitment to serving all hospice patients who desire to be cared for by Wesley, regardless of age, payer, or other considerations, including the pediatric population. However, being available and accessible to serve the population is very different than creating a specialized pediatric program.

Excluding violence, trauma, drownings, etc., the volume of children and adolescents under the age of 17 that die in Pierce County annually is very small. An important CN requirement that needs to be considered regarding the pediatric population is whether a proposed project duplicates services, or harms existing providers. Providence was just recently approved to provide dedicated Pediatric services in the County. Wesley conducted a high-level needs analysis and determined that at this juncture, another dedicated hospice pediatric program would undermine the development of Providence's program, by reducing already very small volume, and by competing for a very limited workforce (pediatric hospice providers).

Wesley also confirmed with CN program staff during a technical assistance visit that Wesley being available and accessible to provide services to pediatric patients and being prepared to serve a patient upon request is a reasonable response. Wesley provided an updated policy with our screening response to confirm our availability and accessibility to all ages. Please note that if the Department has any concerns with any of the policies Wesley submitted during this CN process, we are amenable to a condition being placed on our CN award requiring submittal of final policies before service initiation.

Seasons and Providence suggest that Wesley is not intending to provide new or unique services that address the unmet needs of Pierce County residents. Wesley is a local, long-standing, mission driven organization fully committed to reaching the underserved. Wesley has an excellent working relationship with the existing providers in Pierce County; this has been further strengthened by our collaborative work over the past two years to assure end of life patients requesting hospice receive quality, timely care. As stated in our application, most of Wesley's patients admitted during the early months of the waiver period were direct diverts and referrals from the existing hospice providers in Pierce County. Wesley's presence has not been a duplication of services but rather served to improve access to hospice services to patients who would otherwise not have received care. These relationships, along with Wesley's growing retirement community presence in Pierce County, has given us great insight into where patient access is currently compromised and which obstacles, if not addressed, will continue to restrict patient access.

The record should reflect that in Pierce County, the percentage of Medicare beneficiaries accessing care is lower than the State average, and therefore the general Medicare population is technically underserved.

Wesley is also committed to serving underserved ethnic and minority groups in Pierce County, and our investments in our highly diverse employee base and comprehensive cultural competency and outreach programs is one demonstration of this commitment. We use our existing multicultural staff to train other staff in recognizing and valuing different cultures, including various aging beliefs and rituals surrounding death and dying.

Wesley is also affiliated with the Pacific Northwest Conference of the United Methodist Church, a very inclusive and diverse conference. Its geography spans Washington and Northern Idaho, as well as cultural groups from all parts of the world, including first generation immigrants, many of whom have fled war or poverty in their birth countries in search of a better life here. It prioritizes reducing resistance to equity and justice for people of color and the LGBTQIA+ community, because as people of faith, we are called to be different and model a better way to be for the world. The Apostle Paul writes these words of counsel

in 1 Corinthians 16:13-14: "Stay awake, stand firm in your faith, be brave, be bold. Everything should be done in love." Our senior ministry lives by this counsel.

In addition, and as noted in our CN application, Wesley is known for and has developed strong expertise in providing Hospice services for individuals with Parkinson's disease, Alzheimer's and dementia. Dementia represents one of the fastest growing populations served by hospice. National statistics indicate that dementia is the 6th leading cause of death in the United States. Yet, dementia patients are often challenging to serve in hospice for a number of reasons, including long lengths of stay.

The provision of optimal end-of-life care for people living with Parkinson's disease is also challenging because the disease trajectory is longer and less predictable than other progressive illnesses such as cancer. In advanced stages of Parkinson's, patients are more likely to develop co-morbidities and complications, such as thrombosis, infections of the lung and urinary tract, and dementia. To be successfully managed at home, and reduce hospitalization, hospice staff needs to be well trained and available and accessible for both the dementia and Parkinson's communities. Wesley has been exceptionally successful in supporting these patients and their families.

Finally, our hospice programming includes volunteer supported adjunct therapies, including pet, music and massage therapy provided via a strong volunteer network. We also offer a Music and Memory Program for Dementia patients. This not-for-profit program trains caregivers and volunteers to help people in nursing homes and other care organizations, including hospice, who suffer from a wide range of cognitive and physical challenges to find renewed meaning and connection in their lives through the gift of personalized music. Because our programs are volunteer based, and even unique (Music and Memory), we are not duplicating existing services. We also have a demonstrated commitment to serving all in need, regardless of payer."

Department's Evaluation

Wesley proposes to provide Medicare and Medicaid hospice services to the residents of Pierce County through its existing King County agency. For this reason, all policies and procedures for the hospice agency are already in place.

The Admission Policy (Admission Criteria) describes the criteria for admission and the procedure Wesley would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination

Both the Patient Rights and Responsibilities Policy and the Nondiscrimination for Admission and Services document also include language to ensure all patients will be admitted for treatment without discrimination.

The Charity Care Policy includes nondiscrimination language and outlines the documentation necessary to obtain charity care and includes the process used by the agency to determination qualification for charity care.

Given that Wesley is providing hospice services to the residents in Pierce County under the Governor's proclamation, Wesley provided its existing payer mix and projected payer mix for Pierce County. The existing payer mix shows approximately 96% of its patients are Medicare and none for Medicaid. In response to screening, Wesley clarified that the agency has not been marketed to the public for Pierce County residents. Rather, the agency's availability has been marketed to existing agencies and other providers to serve patients whose care needs would otherwise not be met or delayed. No Medicaid patients

have been referred to Wesley. This explanation of the zero percentage of Medicaid patients currently experienced for Pierce County is logical.

If this project is approved, Wesley anticipates its combined Medicare and Medicaid revenues for the existing hospice agency will be approximately 99% of its total revenues—74% Medicare and 25% Medicaid. The financial data provided in the application shows revenues for both Medicare and Medicaid patients and includes deductions from revenue for charity care.

During public comment, AccentCare and Providence expressed concerns suggesting Wesley may not be available to provide hospice services for pediatric patients. In rebuttal, Wesley confirmed it would provide pediatric hospice services if requested and acknowledged it submitted a revised Admission Policy within its screening responses that deleted the age limitation of 18 years and older. Wesley also noted that the percentage of pediatric hospice patients is small, therefore, Wesley does not intend to establish a dedicated pediatric hospice program with separate policies and procedures and dedicated pediatric staff. Information provided in the application, screening response, and rebuttal demonstrate that Wesley intends to be available and accessible to all residents of the service area regardless of age.

In its public comment, Continuum states that Wesley is a ‘*niche*’ provider and cannot meet the needs of the Pierce County hospice patients because of its size. Providence provided public comment asserting that Wesley’s application lacks specificity regarding its intended availability to underserved groups in Pierce County.

In rebuttal to Continuum’s comments about being a niche provider, Wesley acknowledges that serving patients with conditions such as dementia and Parkinson’s is a niche area for Wesley and one of the special populations identified in the application. Wesley provided statements and referred to documentation in the application to support its availability to underserved groups, including ethnic and minority groups, LGBTQIA²⁷, people of color, and patients valuing different cultures with various aging beliefs and rituals surrounding death and dying. Wesley provided discussion regarding its plan to serve these underserved patients, including its multicultural staffing of the hospice agency. The information provided demonstrates Wesley’s intent to be available and accessible to all residents of Pierce County.

WAC 246-310-290(13)

Consistent with WAC 246-310-290(13), the applicant provided statements within the application confirming that the new agency would provide Medicare and Medicaid hospice services to Pierce County in its entirety.

Based on the information above the department concludes that Wesley’s application demonstrates all residents of the service area will be accepted for services, regardless of the ability to pay, age, and diagnosis. The department concludes that **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.

²⁷ lesbian, gay, bisexual, transgender, queer, intersex, asexual.

- (b) The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.
 - (c) The special needs and circumstances of osteopathic hospitals and non-allopathic services.
- (4) The project will not have an adverse effect on health professional schools and training programs. The assessment of the conformance of a project with this criterion shall include consideration of:
- (a) The effect of the means proposed for the delivery of health services on the clinical needs of health professional training programs in the area in which the services are to be provided.
 - (b) If proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools serving the area will have access to the services for training purposes.
- (5) The project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization or proposed health maintenance organization and the services proposed are not available from nonhealth maintenance organization providers or other health maintenance organizations in a reasonable and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.

Department Evaluation

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

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

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

- Continuum Care of Snohomish LLC
- The Pennant Group
- AccentCare, Inc.
- Wesley Homes Corporation

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

- Providence Health & Services - Washington
- Bristol Hospice, LLC

(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 projects of this type and size. Therefore, using its experience and expertise the department evaluates if an applicant's pro forma income statements reasonably project the proposed project is meeting its immediate and long-range capital and operating costs by the end of the third complete year of operation.

To evaluate this sub-criterion, the department reviews the assumptions provided by an applicant, projected revenue and expense (income) statements, and projected balance sheets. The assumptions are the foundation for the projected statements. The income statement is a financial statement that reports a company's financial performance over a specific period—either historical or projected. Projected financial performance is assessed by giving a summary of how the business expects its revenues to cover its expenses

for both operating and non-operating activities. It also projects the net profit or loss incurred over a specific accounting period.²⁸

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

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

The department received comments which questioned all six applicants' projected utilization in relation to duplication of services and whether the applicants can generate new unmet need by outreach to the unserved and underserved Pierce County population. This and similar rationale for denial of applicants that stems from the assumption that the published numeric method is incorrect or not representative of future need have been reviewed. However, the department stands by the hospice numeric methodology as published and reviewed by the hospice community. As such, comments that suggest denial of applicants based solely on this premise or similar assumptions will not further be analyzed in this evaluation.

Continuum Care of Snohomish LLC

Continuum Snohomish is currently providing Pierce County residents with hospice services under the COVID-19 State of Emergency, Proclamation 20-36.10 and Snohomish County hospice services under a past CN approval. However, it does not have CN approval to continue Pierce hospice services once the Emergency Proclamation is rescinded.²⁹ One of its members also own another hospice agency already CN-approved and licensed to operate in King County.

Continuum Snohomish provided the following assumptions used to determine the projected number of patients and visits for the continued Pierce County hospice operations.

“ALOS: Continuum assumed the 2022 ALOS would be 57.0 based on current experience. For each subsequent year, the Washington State average from the CN Program’s methodology has been assumed (62.12).

Admissions: Continuum will provide hospice care to any Pierce County resident that is eligible and is requesting services. The unmet ADC in Pierce County, per the CN Program’s methodology is 111 in 2023, increasing to 165 in 2025. We have assumed a relatively modest share of that unmet need. In addition, this application details our commitment and intent to serve the traditionally underserved.” [source: Application, pdf 14]

“Please note that Continuum’s census for King County is ‘zeroed out’ beginning in 2023 in anticipation of the beginning of operations of Continuum’s sister agency, Continuum Care of King, under that entity’s separate license and certificate of need. Additionally, Continuum Care of Snohomish began serving King

²⁸ One purpose behind the income statement is to allow key decision makers to evaluate the company's current situation and make changes as needed. Creditors use these statements to make a decision on loans it might make to the company. Stock investors use these statements to determine whether the company represents a good investment.

²⁹ Scheduled to end October 31, 2022.

early in the PHE, but does not have a CN to continue operation in that county following PHE expiration; Table 2 assumes, consistent with other parts of Continuum’s application, that the PHE will expire by the end of 2022, and as such that Continuum will not be serving patients in King County during its initial operating period in Snohomish County under this CN.

To calculate Continuum’s market share of unmet need, we projected unmet need out to 2025 based on the current methodology. The annual increase in utilization was assumed to be constant. As noted, in the methodology submitted in Exhibit 4 of the application, the 2021 unmet ADC is 58.21; increasing to 110.45 by 2023 (the projection year) as estimated in Table 3.” [source: April 28, 2022, screening response, pdfs 6-7]

Based on these assumptions, Continuum Snohomish provided the following projections for Pierce County utilization of the hospice agency. [source: April 28, 2022, screening response, pdfs 5-6 and 8]

**Department’s Table 7
Continuum’s Projected Utilization for Pierce County Operations**

	2022 (Partial Year)	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Admissions	42	130	231	316
Market Share of Pierce County Unmet Admits	7.8%	20.0%	28.8%	33.0.%
Total Days	2,394	8,076	14,350	19,630
Average Length of Stay	57.00	62.12	62.12	62.12
Average Daily Census	6.56	22.13	39.32	53.78

If this project is approved, the new service area would be operated as an expansion of an existing agency. Although it would purchase administrative services from its affiliate, Affinity Health Management, it is not a subsidiary or under the control of any parent entity. Nor does Continuum Snohomish have any other applications pending a decision with the CN program. Therefore, Continuum Snohomish appropriately provided projected financial statements for this service area expansion project alone and in combination with its Snohomish County operations. This allows the department to review the new proposed services in relation to its potential impacts on the applicant’s already established and approved operations.

Continuum Snohomish also provided the several tables, statements, and assumptions used to project its pro forma financials. The information is shown on the following page.

Applicant's Tables

Revenue Rates:

Level of Care	2022 Medicare Rates	2022 Medicaid Rates
1-60 days	\$224.38	\$224.38
61+	\$177.32	\$177.32
Cont HC (per hr)	\$68.10	\$68.10
Respite	\$518.92	\$518.92
GIP	\$1174.31	\$1174.31
R&B Rate	\$284.36	
Service Intensity Add On	\$68.1	

*R&B Rate is based on the Average Medicaid Rate for Pierce County SNF Rates

* SIA Amounts in Financial are assumed to be .013% of Routine Medicare Revenue Only

Level of Care

Level of Care	Percent of Total Days
General Inpatient Care	0.14%
Inpatient Respite Care	0.01%
Routine Home Care	99.85%
Continuous Home Care	0.00%

Please note that Medicare and other insurances pay per diem (daily rate or based on 1 calendar day) for the levels of care. Continuum used Excel to round the level of care days to full days, which may vary slightly from the Total Days when calculated from Average Length of Stay times the Average Daily Census due to that full-day rounding.

Line Item	Assumption
Rounding	For reporting of numbers, Continuum used hundredth place rounding function in excel. So when manually calculating using numbers reflective to the hundredths (i.e. 0.0X) place, there may be immaterial differences in the results due to this rounding. The pro forma financials have been hand keyed. As such, there are some rounding in both census (patient days and ADC) as well as the estimated dollars.
Contractual Adjustments	Approximately 3.5% of total gross revenue.
Charity Care	Assume 100% Self Pay
Bad Debt	2% of total operating revenue reduced by charity care.

[source: April 28, 2022, screening response, Attachment 1]

Applicant's Tables continued

Line Item	Assumption
Salaries and Benefits	Based on FTE and staffing, benefits are assumed to be 21% of salaries.
Medical Director	Medical Director costs assumed at \$1,375 per ADC per Year, the medical director agreement is based upon hours worked and, it has been assumed that this will increase proportionately with the increase in census. We consider this a conservative assumption due to efficiencies of scale by the Medical Director as they become more efficient as census increases. Please note that the new medical director agreement does not change the compensation assumption.
Contracted Services	For PT/OT/SP/RT/Nurse/dietician/IV services; assumed to be \$0.06/per patient day (PPD). Continuum has not previously experienced contracting for Nurse services as we utilize part time staff; however, we have contracts in place for contingency.
Pharmacy	Assumed to be \$6.70/PPD
DME	Assumed to be \$8.90/PPD
Medical Supplies	Assumed to be \$4.52/PPD
Other Direct Expenses	Assumed to be \$5.09 per patient per month (includes ambulance, chemotherapy, imaging, lab, radiation, transport)
General Inpatient Costs	Assumed GIP expense at 80% of the GIP rate, or \$939.45 PPD. Due to the census rounding, even a 0.5 patient day difference equates to about \$450 difference in the total costs.
Inpatient Respite Costs	Pass thru cost. Assumed no Respite costs prior to 2023 for Pierce.
5% room and board expense for Medicaid patients in nursing homes receiving routine care	3% of routine patient days are assumed for room and board pass through for 2022, 5% for 2023 & 2024, and 7% for 2025. Room and Board rate assumed to be \$284.36 and is based on the State of Washington, DSHS/Aging and Disability Services Administration Current Rate Report Run Date: Jan 19, 2022, using Pierce County average nursing home Medicaid rate. Assumes Medicaid reimburses 95% of the rate. Assume no increase in the rate. See the response to Question 42 for additional detail.

[source: April 28, 2022, screening response, Attachment 1]

Applicant's Tables continued

Line Item	Assumption
Mileage	Assumed \$81.47 X ADC X 12 Months
Administrative & Facility Costs	Non direct clinical staff including but not limited to Bereavement Coordinator, Volunteer Coordinator, Clinical Director, Clinical Manager, Office Manager, Administrator/Executive Director, Intake, Team Coordinator, and Marketing. Benefits are estimated at 21% of salary.
Advertising	Assumed to be \$21.70 per patient per month.
Auto (cars, gas, pking, tolls)+ Admin Mileage	Assumed to be \$21.10 per patient per month
Amortization	No Amortization costs applicable to Pierce
Bank Service Charges	Assumed to be \$0.09 per patient per month.
Payroll Services & Recruiting	Assumed to be \$96.60 per patient per month. This includes all Payroll Processing fees, Recruiting such as job boards, recruiting services, and recruiting incentives.
Background Screening	Assumed to be \$23.31 per patient per month
Business licenses and permits	Assumed to be \$6.62 per patient per month
Computer / Internet	Assumed to be \$3.81 per patient per month
Dues/Subscriptions	Assumed to be \$4.85 per patient per month
Insurance	Based upon current experiences in Snohomish County with State Workers Compensation and other insurance policies (such as General & Professional, E&O, etc). Please note that Professional Liability coverage includes Medical Director. The Worker's Comp rates are based on Employee Hours by Job Classification.
Contracted Administrative services	Continuum will use Affinity Health Management (vendor) to provide accounting and other overhead services. The agreement included in Exhibit 8 details the fee schedule. The costs are allocated between

[source: April 28, 2022, screening response, Attachment 1]

Applicant's Tables continued

Line Item	Assumption
	Pierce and Snohomish based on census. See Question 46.
Legal, Professional Services	Assumed to be \$30.68 per patient per month. In 2022, an additional \$40,000 has been assumed for certificate of need related expenses for Pierce only
Meals and entertainment	Assumed to be \$6.30 per patient per month.
Office Expenses & Supplies	Assumed to be \$62.75 per patient per month.
Rent & Operating Costs Allocation	Rent is an allocation of 1,000 square feet in Snohomish. Meeting space and administrative offices are inclusive of the apportionment. While most of Pierce's administrative staff will work remote, the shared resources will utilize Snohomish office space. Specific detail by month and year is included with these assumptions.
Repairs, Maintenance, Janitorial	Pierce is apportioned based on Square Footage of 1,000 or .1883 of total leased space. Assumed costs are janitorial at (\$50 per week/52 weeks) and Repairs/Maintenance of (.11 per patient per month)
Software	Assumed licensure fees of \$45/month per user (user determined by ADC/2.4) Annual Fee of \$12,000 for Software is apportioned in the Allocated Regional Office Expense. See Question 50 for additional detail.
Taxes (Includes B&O and Permits)	Assumed to be .018 X Total Revenue
Phone	Assumed to be \$51.85 per patient per month
Travel	Assumed to be \$7.34 per patient per month
Allocated Regional Office	Regional Office includes (2022 – Intake, Office Mgr, Clinical Director, Administrator, Team Coordinator, Bereavement Coordinator & Nurse Practitioner) (2023 Includes Intake, Clinical Director, Administrator, Bereavement Coordinator, & Nurse Practitioner) (2024 & 2025 include Intake, Clinical Director and Administrator) All Salaries include 21% for Benefits. The \$12,000 Software Cost is also included. This total is apportioned to Pierce based on % Admissions by year.

[source: April 28, 2022, screening response, Attachment 1]

Line Item	Assumption
Miscellaneous	Estimated 1% of indirect costs (Advertising, Auto and mileage, amortization, Bank charges, Payroll Services & recruiting, Background Screening, Business Licenses and Permits, Computer & Internet, Dues & Subscriptions, Insurance, contracted admin services, Legal & Professional, meals and entertainment, office Expenses & Supplies, Rent & Operating Costs Allocation, Repairs/Maintenance/Janitorial, software, Taxes, Phone, and Travel) to cover unplanned expenses, and atypical expenses, such as but not limited to After Hours maintenance fees, additional fees and expenses related to COVID, overages on utilities, increases in or new taxes and licensing fees, Meals/Snacks, seminar, etc.

“Other includes Self Pay. We have assumed that 100% of this Payor Category will be Charity Care which is reflected in the Pro-Forma.” [source: April 28, 2022, screening response, pdf 11]

Applicant’s Table

Payer	Percentage of Gross Revenue	Percentage of Patients
Medicare/Medicare Advantage	88.6%	88.6%
Medicaid	3.9%	3.9%
Commercial/VA/TriCare	5.9%	5.9%
Self-Pay	1.6%	1.6%
Total	100.0%	100.0%

Source: Applicant-

[source: April 28, 2022, screening response, pdf 11]

Applicant’s Table

Payer	Percentage of Gross Revenue	Percentage of Patients
Medicare/Medicare Advantage	93.55%	93.55%
Medicaid	0.55%	0.55%
Commercial/VA/TriCare	5.88%	5.88%
Self-Pay/Other	0.02%	0.02%
Total	100.00%	100.00%

Source: Applicant

[source: April 28, 2022, screening response, pdf 12]

Additional assumptions in estimating its payer mix are listed under the review of WAC 246-310-210(2) and will not be repeated here.

Because revenues and some expenses are calculated relative to assumed patient days and sometimes assumed patient days by level of care, Continuum Snohomish provided its assumed patient days by level of care summarized in the following table. [source: April 28, 2022, screening response, Attachment 1]

**Department's Table 8
Continuum Snohomish's Assumed Patient Days' Detail
Pierce County Only**

	2022 (Partial Year)	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Admits	42	130	231	316
ALOS	57.00	62.12	62.12	62.12
ADC	6.56	22.13	39.31	53.78
Total Days	2,394	8,076	14,350	19,630

GIP	3	11	20	27
IRC	0	1	1	2
RHC	2,390	8,063	14,328	19,600
CHC	0	0	0	0
Total Days	2,393	8,075	14,349	19,629

**Department's Table 9
Continuum Snohomish's Assumed Patient Days' Detail
Snohomish and King Counties (King only in 2022)**

	2022 (Partial Year)	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Admits	816	501	576	662
ALOS	57.00	62.12	62.12	62.12
ADC	127.43	85.27	98.03	112.67
Total Days	46,512	31,122	35,781	41,123

GIP	65	44	50	58
IRC	5	3	4	4
RHC	46,442	31,075	35,727	41,062
CHC	0	0	0	0
Total Days	46,512	31,122	35,781	41,124

“Continuum will use its existing site in Everett for its proposed expansion into Pierce County. Included in Exhibit 9 is a copy of the executed lease agreement for the Snohomish County office as well as confirmation that Continuum will be allowed to extend the lease through 2026. The additional years assume (based on the renewal notice in Exhibit 9), 3% escalation each year following the end of the lease. The rent expense has been allocated to the Pierce County operations on a square footage basis. An estimated 1,000 SF is assumed to be used for the Pierce County operations and the rent and operating expenses are allocated proportionately.” [source: Application, pdf 25]

“The landlord has previously indicated that the operating expense for the lease would not increase annually in excess of 6%. Included in Attachment 4 is a letter from the landlord documenting this information. During the March 24, 2022 TA call, CN Program staff had indicated that this documentation would be a sufficient response.” [source: April 28, 2022, screening response, pdf 29]

“FTE that are included above are in Pierce’s financial, all other positions allocated are included in the Regional Allocation that includes positions indicated with ‘allocated’. Volunteer Coordinator – in year 2022 is actually performed by the Social Worker.” [source: April 28, 2022, screening response, pdf 16]

“Also please make a note that staffing will decrease from 2022 to 2023 since Continuum Care of King will be operating and staffing that was servicing King County will transition over to Continuum Care of King.” [source: April 28, 2022, screening response, pdf 17]

“The clinical director will cover both the Snohomish and Pierce County operations. Pierce County will, however, have its own clinical manager. This position was listed in Table 9. The Clinical Director is allocated in the line item ‘Regional Office allocation’.

As noted in response to Question 28, there will only be one clinical director for the entire agency and that person is already in place. This position is allocated to Pierce through the regional office line item. Continuum will recruit a clinical manager or designate a clinical manager for Pierce County and that person is expected to be in place by January 2023.” [source: April 28, 2022, screening response, pdf 19]

“Historically any signing bonuses were included in recruitment. In the pro forma financials, Signing Bonuses are included in the Payroll Service & Recruiting line item and is based on the 2021 experience.” [source: April 28, 2022, screening response, pdf 25]

“The medical director’s insurance is included in the insurance line item. Medical director is added to Continuum’s existing insurance policy. The \$1,375 per ADC is the medical director compensation only.

The assumption is \$21.10 per patient day. This is based on an average for 12 months of existing Snohomish operations. This was listed on the assumptions page as Administrative Mileage and Travel.” [source: April 28, 2022, screening response, pdf 28]

“The line item administrative mileage and travel in the assumptions is the same as the line item on the pro forma entitled: Autos (cars, gas, parking, tolls)+ Admin Miles.” [source: April 28, 2022, screening response, pdf 30]

“The revised historical financials for 2021 do not include a separate postage and delivery line item. These expenses are included in the office expenses and supplies line item.” [source: April 28, 2022, screening response, pdf 31]

“Yes, the 2021 historical financials include both full year Snohomish and partial year Pierce data. Please note that in preparing this response, Continuum has updated the 2021 financials to make the line items consistent with the line items in the pro forma financials. Revised historical financials for 2021 are included in Attachment 6.” [source: April 28, 2022, screening response, pdf 31]

“Please note that the historical financials separately break out legal and professional fees. The historical financials also include a recruitment line item. For the pro forma, these costs are included in the Payroll Service & Recruiting line item.” [source: April 28, 2022, screening response, pdf 31]

“As was agreed during the March 14, 2022 TA, due to the small 2021 census for Pierce County, no separate financials are required for 2021. This makes item a above not relevant any longer. The Pierce County financials (revenue and expenses) are included in Snohomish for 2021 and Pierce County financial information is also included in the 2021 balance sheet for Snohomish; and again, this was agreed to during the March 14 TA. In addition, as requested, the following financial information is found in Attachment 1 (pro forma financials) and Attachment 6 (historical financials):

- 1) 2021 historical revenue and expense statement and balance sheet for the Snohomish operations.
- 2) Pierce County revenue and expense statement and balance sheet for 2022-2025 (2022 being the intervening year and 2022-2025 being the project years).
- 3) Snohomish County revenue and expense statement and balance sheet for 2022-2025.
- 4) Combined Pierce and Snohomish revenue and expense and balance sheet for 2022-2025.
- 5) Revised financial assumptions for the project.” [source: April 28, 2022, screening response, pdf 33]

“Please note that there is rounding to the nearest whole number which may impact summaries though are immaterial for accounting purposes” [source: April 28, 2022, screening response, Attachment 1]

When asked to detail its formula for calculating the R&B Expense the applicant provided the following explanation and tables. [source: April 28, 2022, screening response, pdfs 25-27]

“Table 13 provides the requested information for Pierce County: The exact formula is: Routine Patient Days (row A) * percentage of patient days assumed (row B) = estimated days for R&B expense (row C). The estimated patient days (row C) * rate (row d) * percentage of rate (row E) = R&B expense (row F).”

Applicant’s Tables

Table 13					
Formula for Estimating the Room and Board Expense for Pierce County					
		2022	2023	2024	2025
A	Routine Patient Days	2,390	8,063	14,328	19,600
B	Percentage of Patient Days assumed	3%	5%	5%	7%
C	Estimated Days for R&B Expense	71.70 (A*B)	403.15 (A*B)	716.40 (A*B)	1,372.00 (A*B)
D	Rate	\$284.36	284.36	284.36	284.36
E	Percentage of Rate	5%	5%	5%	5%
F	R&B Expense	\$1,019 (C*D*E)	\$5,732 (C*D*E)	\$10,186 (C*D*E)	\$19,507 (C*D*E)

Source: Applicant

The calculations and detail for Snohomish County are as follows:

Table 14
Formula for Estimating the Room and Board Expense for Snohomish County

		2022	2023	2024	2025
A	Routine Patient Days	46,442	31,075	35,727	41,062
B	Percentage of Patient Days assumed	3%	5%	5%	7%
C	Estimated Days for R&B Expense	1,393.26 (A*B)	1,553.75 (A*B)	1,786.35 (A*B)	2,874.34 (A*B)
D	Rate	\$300.64	\$300.64	\$300.64	\$300.64
E	Percentage of Rate	5%	5%	5%	5%
F	R&B Expense	\$20,943 (C*D*E)	\$23,356 (C*D*E)	\$26,852 (C*D*E)	\$43,207 (C*D*E)

Source: Applicant, rates for 2022 were assumed to be the same for King/Snohomish

The entire agency, as depicted in the pro forma financials, is a sum of the Pierce and Snohomish information.

[source: April 28, 2022, screening response, pdfs 26-27]

When asked to detail its formula for calculating the *Administrative Employees* expense the applicant provided the following response and table. [source: April 28, 2022, screening response, pdf 27]

“The exact formula used for Pierce County administrative employees is the FTE * the annual salary. Table 15 provides updated data and replaces the information provided on page 31 of the application. This information is consistent with the information provided in Q26.” [source: April 28, 2022, screening response, pdf 27]

Applicant’s Table

Table 15
Pierce County Proposed Administrative Staffing

Position	2022 FTE	2023 FTE	2024 FTE	2025 FTE	Salary	2022 Salary Expense	2023 Salary Expense	2024 Salary Expense	2025 Salary Expense
Clinical Manager	Managed under allocated clinical director	1.00	1.00	1.00	125,500		125,500	125,500	125,500
Office Manager	Regional allocation	0.75	1.00	1.00	80,000		60,000	80,000	80,000
Team Coordinator	Regional allocation	0.25	1.00	1.00	60,000		15,000	60,000	60,000
Marketing	0.50	1.00	1.00	1.75	100,000	50,000	100,000	100,000	175,000
Volunteer Coordinator	0.00*	0.25	1.00	1	70,000		17,500	70,000	70,000
Bereavement Coordinator	Regional allocation	Regional allocation	0.5	1	90,000			45,000	90,000
Total	0.50	3.25	5.50	6.75		50,000	318,000	480,500	600,500

Source: Applicant

* Volunteer Coordinator – in year 2022 is actually performed by the Social Worker.

Continuum Snohomish provided the following detailed assumption of its *Contracted Administrative Services* expense. [source: April 28, 2022, screening response, pdfs 28-29]

“As noted in Exhibit 8, the agreement is between Affinity Hospice Management LLC and Continuum of Snohomish. The total costs for the agreement are included in Attachment B. The costs are allocated between the Pierce and Snohomish operations based on the proportion of the census attributed to each county (see Table 16).”

Applicant’s Table

Metric	2023		2024		2025	
	Pierce	Snohomish	Pierce	Snohomish	Pierce	Snohomish
Admissions	231	501	316	576	413	662
% of Total Admissions	20.6%	79.4%	28.6%	71.4%	32.3%	67.7%
Annual Fees (Schedule B, p. 135)	\$90,000		\$87,000		\$84,000	
Allocation	\$18,542	\$71,458	\$24,903	\$62,097	\$27,141	\$56,859

Source: Applicant

[source: April 28, 2022, screening response, pdf 29]

When asked to detail its formula for calculating the *Software* expense the applicant provided the following response and table. [source: April 28, 2022, screening response, pdf 30]

“The assumption has been revised. The annual \$12,000 has been included only in the Snohomish pro forma. And this amount has been allocated to Pierce in the allocated regional office line item. The formula included in the revised pro forma line item is detailed in Table 17.”

Applicant’s Table

	2022	2023	2024	2025
Monthly fee per user	45	45	45	45
ADC	6.56	22.13	39.31	53.78
User definition	ADC/2.407	ADC/2.407	ADC/2.407	ADC/2.407
Estimated number of users	1.0	16.3	22.4	29.3
Total	1,471	4,959	8,845	12,101
Pro Forma	1,471	4,963	8,819	12,063
% Difference due to rounding	0.00%	0.08%	-0.29%	-0.31%

Source: Applicant

[source: April 28, 2022, screening response, pdf 30]

Following is a summary of the pro forma revenue and expense statement for Continuum Snohomish’s proposed Pierce County operations. In the summary, “*Net Revenue*” represents revenue minus contractual adjustments, charity care, and bad debt; while “*Total Expenses*” represents all anticipated operational costs, leaving “*Net Profit / (Loss)*” to represent the difference between revenues and expenses for Continuum Snohomish’s Pierce County operations. [source: April 28, 2022, screening response, Attachment 1]

Department’s Table 10
Continuum Snohomish’s Pierce County
Revenue and Expense Statement Summary

	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Net Revenue	\$1,591,578	\$2,828,366	\$3,868,977
Total Expenses	\$1,571,605	\$2,631,029	\$3,478,049
Net Profit / (Loss)	\$19,973	\$197,337	\$390,928

Continuum Snohomish also provided projected balance sheets for the proposed Pierce County operations. A three-year summary is shown in the following table. [source: April 28, 2022, screening response, Attachment 1]

Department’s Table 11
Continuum Snohomish’s Pierce County
Balance Statement Summary

ASSETS	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Current Assets	\$645,063	\$920,734	\$1,374,992
Property and Equipment	\$0	\$0	\$0
Other Assets	\$0	\$0	\$0
Total Assets	\$645,063	\$920,734	\$1,374,992

LIABILITIES	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Current Liabilities	\$125,543	\$204,268	\$267,801
Long-Term Debt	\$0	\$0	\$0
Equity	\$519,520	\$716,466	\$1,107,192
Total Liabilities, Long-Term Debt, and Equity	\$645,063	\$920,734	\$1,374,993

Since this project is a service area expansion of an existing operational hospice agency, Continuum Snohomish provided its Pierce County forecasts combined with its other service areas. Following is a summary of the pro forma revenue and expense statement for Continuum Snohomish’s combined operations. In the summary, “*Net Revenue*” represents revenue minus contractual adjustments, charity care, and bad debt; while “*Total Expenses*” represents all anticipated operational costs, leaving “*Net Profit / (Loss)*” to represent the difference between revenues and expenses for Continuum Snohomish’s combined operations. [source: April 28, 2022, screening response, Attachment 1]

Department's Table 12
Continuum Snohomish's Combined Operations'
Revenue and Expense Statement Summary

	CY 2022	CY 2023	CY 2024	CY 2025
Net Revenue	\$9,899,093	\$7,900,226	\$10,081,045	\$12,204,981
Total Expenses	\$8,285,268	\$7,074,250	\$8,920,365	\$10,605,087
Net Profit / (Loss)	\$1,613,825	\$825,976	\$1,160,680	\$1,599,894

Continuum Snohomish also provided projected balance sheets for the proposed combined operations. A three-year summary is shown in the following table. [source: April 28, 2022, screening response, Attachment 1]

Department's Table 13
Continuum Snohomish's Combined Operations'
Balance Statement Summary

ASSETS	CY 2022	CY 2023	CY 2024	CY 2025
Current Assets	\$3,510,584	\$4,739,973	\$6,033,950	\$7,761,803
Property and Equipment	\$87,040	\$79,787	\$72,533	\$65,280
Other Assets	\$4,650	\$4,650	\$4,650	\$4,650
Total Assets	\$3,602,274	\$4,824,410	\$6,111,133	\$7,831,733

LIABILITIES	CY 2022	CY 2023	CY 2024	CY 2025
Current Liabilities	\$643,692	\$542,173	\$668,607	\$789,516
Long-Term Debt	\$0	\$0	\$0	\$0
Equity	\$2,958,582	\$4,282,237	\$5,442,525	\$7,042,216
Total Liabilities, Long-Term Debt, and Equity	\$3,602,274	\$4,824,410	\$6,111,132	\$7,831,732

Continuum Snohomish provided the additional following information regarding the finances of the proposed Pierce County services.

“No audited financial statements exist for Continuum. Historical financial information for Continuum’s operations from March 2020 through November 2021 are included in Exhibit 6.” [source: Application, pdf 30]

“Continuum is providing in Attachment 2 a letter from Chase Bank (dated March 22, 2022). This demonstrates that Continuum Care of Snohomish LLC has had average balances in excess of \$500,000 for the last six months.” [source: April 28, 2022, screening response, pdf 14]

Public Comment

The department received comments in opposition to Continuum Snohomish’s project. Some comments are from other applicants competing in this review for Pierce County hospice approval, others are existing providers of hospice services to Pierce County residents, and another is a set of concerned citizens. Following are comments in opposition of Continuum Snohomish’s project related to this sub-criterion.

Wesley Homes Hospice, LLC – Oppose [source: pdf 4]

“III. ANALYSIS OF COMPETING APPLICATIONS

Wesley has reviewed each of the other applications submitted in this concurrent review cycle and, below, have noted discrepancies that call into question the Department’s ability to determine their compliance with the required CN criteria. These issues include, but are not limited to:

...

Continuum Hospice of Snohomish County (Continuum): *Discrepancies between Continuum’s assumptions, specifically the staffing percentage as a percentage of gross revenue for their Pierce County operations vs. their Snohomish County operations calls into question the validity of their Pierce County pro forma.”*

Sarah W. Cameron, MPH, Chief, Strategy and Planning, Providence Home and Community Care – Oppose
[source: pdfs 12-13]

“A. Continuum has failed to submit, as required by the Department, audited financial statements either for itself or for its owners, who are co-applicants under applicable law.

The CN application was submitted by Continuum. The application states: ‘The members of Continuum are The Stern Family 2019 Trust (90% ownership) and Samuel Stern (10% ownership).’ Under the Department’s CN regulations, the term ‘applicant’ includes ‘any person or individual with a ten percent or greater financial interest in a partnership or corporation or other comparable legal entity engaging in any undertaking subject to [certificate of need] review.’ Accordingly, there are three applicants with respect to Continuum’s CN application: (1) Continuum, (2) The Stern Family 2019 Trust, and (3) Samuel Stern.

In its hospice application form, the Department requires an applicant to ‘provide the most recent audited financial statements’ for ‘the applicant.’ Continuum has failed to comply with this requirement. In its application, Continuum states: ‘No audited financial statements exist for Continuum. Historical financial information for Continuum’s operations from March 2020 through November 2021 are included in Exhibit 6.’ This response does not satisfy the Department’s requirement for the reasons set forth below.

First, Continuum provides no explanation for why audited financial statements have not been provided for Samuel Stern and The Stern Family 2019 Trust, both of whom are applicants. It would clearly be unfair to the other applicants in the concurrent review, and constitute disparate treatment, if Mr. Stern and The Stern Family 2019 Trust are relieved of the requirement to provide audited financial statements.

Second, Continuum’s attempt to satisfy the requirement by submitting ‘historical financial information for Continuum’s operations from March 2020 through November 2021’ is not sufficient. The information provided by Continuum consists of a four-page revenue and expense statement preceded by a cover sheet titled: ‘Historical Continuum Care of Snohomish Financials (2021).’ The revenue and expense statement does not contain any notes or explanations with respect to the information set forth in the statement. Most importantly, the ‘Financials’ provided by Continuum in its application consist solely of the revenue and expense statement: Continuum has not provided a balance sheet or a cash flow statement. In its screening responses, Continuum submitted a new exhibit titled ‘Historical Financials.’ The new ‘Historical Financials’ consist of two documents: (1) a two-page document identified as ‘Draft P & L 2021’ and (2) a one-page ‘Balance Sheet.’ The documents do not contain any notes or explanations.

As noted above, the Department has, on occasion, permitted an applicant to submit unaudited financial statements if it does not, as a matter of practice, maintain audited statements. However, the perfunctory information submitted by Continuum as a putative surrogate for audited statements falls short of being an adequate substitute for audited statements based upon the Department’s past policy and practice. This is

particularly true given that, as noted above, Continuum has submitted a 'Draft P & L' (i.e., revenue and expense statement) for 2021. A 'draft' historical revenue and expense statement is not an acceptable substitute for audited financial statements.

In sum, the Department requires CN applicants to provide complete and adequate information in order to enable it to render a fully-informed decision on their applications: 'A person proposing an undertaking subject to review shall submit a certificate of need application in such form and manner and containing such information as the Department has prescribed and published as necessary to such a certificate of need application. The Department's hospice application form is crafted to obtain the necessary information. Continuum, Samuel Stern, and The Stern Family 2019 Trust, each of whom is an applicant, have failed to comply with the Department's informational requirements. They cannot be treated differently than the other applicants. In the absence of the required information, the Department cannot properly evaluate whether Continuum's application satisfies the financial feasibility criteria set forth in WAC 246-310-220.'

Lee Johnson, Treasurer, Symbol Healthcare INC. – Oppose [source: pdf 4]

“ii) Continuum

- (1) Continuum's screening response Table 8 projected payer mix by revenue and by patient are identical. The Department, correctly so, has challenged other applicants on the likelihood of these being the same. As a result, Continuum has not met the financial feasibility criterion.
- (2) Continuum does not show the bi-annual (varies based on census) state license costs in the pro forma or elsewhere. As a result, Continuum has not met the financial feasibility criterion.
- (3) Continuum's medical director (MD) rate is \$250 per hour. This hourly rate is excessive and unreasonable, and compared to the other applicants it is the second highest by more than \$50 per hour. Financial feasibility is not met."

Group of Individuals Represented by Linda Hood [source: pdf 15]

“Continuum did not provide assumptions or a method for generating its projected volumes and revenues. It revised its projections in screening, simply basing its volumes on one third of its incorrect calculation of unmet need, having assumed that three new hospice agencies are needed after the projection year, 2023. It also based its revised volumes on a concern that higher projections 'could comprise (sic) the application during any superiority evaluation.' In doing so, it ignored two new hospice agencies and the hospice rule's definition of hospice 'capacity.' The only basis it provided to support its proposed market share was, 'our volumes in other Washington Counties proves that our outreach and engagement works.'”

We note for the record that Continuum's response to screening Q 13 appears written to give the impression it is currently serving Pierce hospice patients; yet, providing conflicting information, Continuum leadership has testified under oath that it is not serving Pierce County patients.

...

The following table, labeled 'Six Applicants' Projected Market Shares' shows the market shares 'adjusted' for the corrected Unmet Need shown in the table above. That 'adjusted' share is compared to the middle column that shows the market share each applicant estimated by virtue of its 2025 volumes compared to its stated, incorrect market share assumption in its projection method.'

Commenter's Table

Six Applicants' Projected Market Shares Compared to Correctly "Adjusted" Shares			
Applicant	Year 3 Proposed Admissions	Applicant's Own Market Share Estimate	"Adjusted" Market Share
Bristol	206	4.39% of total need in Year 3	33.5%
Continuum	316	33%	51.5%
Pennant	318.9	60% and 65% for 2025 and 2026	51.9%
Providence	294	22.5% in 2023	47.9%
Seasons	201	23%	32.7%
Wesley	200	33%	32.5%

As the tables above show, a large portion of 2025 'unmet need' in Pierce County is 'met' by the Department's increasing 'assumed annual adjustments' of Providence and Envision's capacities - like those made on page 14 of this year's Hospice Need Method. None of the six applicants correctly calculated unmet need after 2023 and only one mentioned both Providence and Envision as existing agencies. None addressed how they would meet their volume and financial projections if two or three new agencies are approved when there is need for fewer. We believe that it is unrealistic to assume that the three existing hospices' volumes will remain flat through 2026 and a reasonable annual growth assumption for MultiCare, Virginia Mason Franciscan and Kaiser will show that, at most, there is only need for one additional hospice in Pierce County before then. Without providing accurate assumptions and reasoned basis for their projected volumes and annual growth, each of the six applicants fails to demonstrate credible financial feasibility if more than one Certificate of Need is approved for Pierce County. And none of them correctly or accurately address the question asked in screening about their volumes' likelihood of creating unnecessary duplication of existing capacity."

Envision Hospice of Washington, LLC – Oppose [source: pdfs 5-7]

"Continuum's application provides valuable information about whether 'new unduplicated need', generated by curing disparity caused by low income, discrimination and cultural issues should be included as 'new need' that is not covered in the State methodology as applied to Pierce County. This analysis is included in Exhibit 3 (Page 18 of the Continuum CoN). In comparing hospice utilization by race with hospice utilization by race for all of Washington State, and the United States as a whole, there was no major disparity in any racial group other than individuals identifying themselves as White that could be quantified as 'new, non-duplicative hospice admissions.' In comparing the utilization in the population cohort identified as White, Pierce County hospice utilization was 8% lower than the statewide average hospice utilization, and 13% lower than the national hospice utilization rate.

Therefore, special outreach to the Hispanic, Black, Asian and North American Native population cohorts within Pierce County will not increase the lower overall hospice utilization in Pierce County...

...

Applicants were asked to show how their hospice volume did not show unnecessary duplication. Continuum submitted an analysis of utilization by racial category (see Exhibit 3) that showed that the only major utilization level that caused underutilization was for the White population cohort. This indicates that 'curing' underutilization in Pierce County is reducing barriers to care. This curing is in part caused by widespread low income, underinsurance, abject disconnection to medical and community support systems,

and other insurmountable social and/or cultural challenges. Yet, none of the applicants (except Continuum) identified target populations and none of the applicants even mentioned outreach strategies, agreements or contracts with community agencies and most importantly budgetary support of outreach strategies. As a result, no special population admits for low-income population and otherwise challenged cohorts were identified and/or included in the volume projections...”

Russell Hilliard, PhD, LCSW, LCAT, MT-BC, CHRC, CHC, Senior VP, Market Expansion Initiatives, AccentCare, Inc. – Oppose [source: pdf 11]

“Continuum fails to meet the audit requirement, stating on page 30 of the CN application, ‘No audited financial statements exist for Continuum.’”

In the rebuttal phase of this review Continuum Snohomish provided the following statements.

Continuum Care of Snohomish LLC General Rebuttal Comment [source: pdf 2]

“Our data suggests that we are the only CN applicant in this cycle that has secured a CN elsewhere in Washington, commenced it early, and far exceeded our estimated volumes: Continuum Snohomish received CN approval in late summer of 2019 and our Q1 2020 opening coincided with the Governor’s pandemic stay at home order. Despite challenges in accessing the PPE needed to enter homes, by the end of June 2020, our census was approaching 20. By the summer of 2021 our census was 130 and today our census regularly exceeds 230; more than three times the third full year census we had conservatively estimated in the CN application.

As our CEO stated at the public hearing, Continuum accomplished this success at a challenging time, and despite the fact that a number of other agencies approved at around the same time are still not operational today. We did so by standardizing workflows and work processes to ensure that every referral received is timely responded to; and we do not say ‘no.’ Hospice needs cannot wait. As a result, more than 85% of our patients see a nurse within 24 hours of initial referral; well above the Puget Sound regional average.”

Continuum Care of Snohomish LLC Rebuttal to Wesley Homes’ Comment [source: pdf 13]

“i. Continuum’s staffing is consistent with its assumptions.

While providing no data, Wesley commented that Continuum’s staffing percentage as a percentage of gross revenue was not consistent between its Pierce and Snohomish financials and that this called into question the validity of the Pierce County pro forma.

In reviewing the financial statements provided in screening, Continuum is unable to replicate Wesley’s concern and therefore, cannot respond to this comment.”

Continuum Care of Snohomish LLC Rebuttal to Providence’s Comment [source: pdf 10]

“i. As note above in response to Accent/Seasons, Continuum meets all financial feasibility criteria as audited financial statements are not needed to determine the financial feasibility of the project.

Please see the response to Accent/Seasons comments regarding audited financial statements.

ii. The revenue and expense statements provided in screening as well as the 2021 balance sheet are responsive.

Continuum has fully and satisfactorily responded to the Program’s Screening questions, as was confirmed in a March 14, 2022, Technical Assistance call. During the call, it was agreed that due to low volume in Pierce, Continuum could instead submit 2021 financials (revenue and expense statement as well as a balance sheet) for its Snohomish operations that included the low/ small Pierce County volumes. This historical information was submitted in Attachment 6 of the screening response and is in full compliance with the requirements determined by the department during the TA meeting.”

“i. Our Pro Formas are correct, our application addresses all financial feasibility criterion, and the Program is able to determine the Program’s financial feasibility

a. Payer mix

Pennant notes that in the payer mix table included in our screening response, gross revenue per payer and patients by payer are identical. This is correct and is due to the fact that the gross charges or revenue must be the same for all patients, regardless of payer. And, because the ALOS and level of care are assumed to be the same for all admissions, there is no difference between gross revenue by payer and patients/admissions by payer. The CN Program has previously approved applications with identical revenue and patient payer mix assumptions.

b. State licensing fees

Pennant attempts to argue that because Continuum has not separately called out the state licensing fees that they are somehow not included. This is inaccurate. Fees are paid based on the number of FTEs. These costs are included in the Shared Services Agreement (licensing is encompassed in ‘monitors and administers compliance standards for local, state, and federal regulators’ and ‘administration’ services). The share assigned to the Pierce County pro forma is assumed to increase as staffing increases. This provides for the costs of any licensing fees.

c. Medical director (MD) Compensation

Pennant attempts to take an hourly rate for the medical director and somehow suggest that the medical director fees to be paid are too high. In previous applications in which competing parties have commented on the number of hours proposed to be worked by a medical director as well as the fees to be paid (too low, too high), the Program concluded the following:

Medical Director

In public comment, Envision examines the rates for which each applicant expects its medical directors to charge the hospice agency. Envision notes that Continuum’s medical director hour per day rate is lower than all other applicants. In response to this comment Continuum states that its budgeted Medical Director amount is in line with that of its members’ other Washington state agency; and has resulted in ‘high quality results and ratings.’ Based on this rebuttal the department does not find Envision’s critique compelling.

The department concludes that none of the concerns provided in public comment regarding utilization, revenues, expenses and projected statements result in denial of this project. All costs in the pro forma Revenue and Statement Statements can be substantiated by assumptions provided in the application materials. Based on the information reviewed in the application, the department concludes the immediate and long-range operating costs of this project can be met. This sub - criterion is met.

Because of these supposedly higher medical director fees, Pennant attempts to argue that Continuum fails cost containment. Providing the medical director with a competitive rate in no way represents waste or a failure to contain costs. It is the realistic cost of providing these required services in Washington State.”

Continuum Care of Snohomish LLC Rebuttal to Linda Hood's Comment [source: pdf 16]

“ii. Continuum’s application fully meets all CN review criteria (Need, Financial Feasibility, and Structure and Process of Care)

In its public comment, Hood et. al attempted to argue that there is no need for additional agencies because of the recent two approvals and that there is only need for 1 or no agencies after 2023. This argument is similar to the one put forth by Envision but without any specific detail. Please see the response to the comments submitted by Envision on this issue.

Continuum’s application meets or exceeds all financial feasibility requirements including assumptions for its volumes. Continuum has provided services to Pierce County residents and to permanently do so on the expiration of the PHE upon CN approval. Finally, because Hood et. al appears to have relied upon data similar to that submitted by Envision, their calculation of market share is not correct. Continuum’s calculated market share of 33% is consistent with the screening response.”

Continuum Care of Snohomish LLC Rebuttal to Envision’s Comment [source: pdf 15]

“ii. Continuum’s utilization assumptions are valid and supported by the Department’s Need Methodology.

Envision attempts to argue that Continuum’s proposed utilization somehow ignore the approval of new agencies (there was only one at the time that the methodology was published, and the Program accounted for Providence’s new program). Continuum outlined in its application, the needs of several underserved populations. And, in fact, Continuum now has a documented track record in Washington State in which it has demonstrated that it is able to achieve its utilization projections.”

Continuum Care of Snohomish LLC Rebuttal to AccentCare’s Comment [source: pdfs 5-6]

“Continuum has provided copies of all required financial information. The Program previously indicated that audited financial statements were not needed to determine the financial feasibility of the project.

Seasons (and Providence) commented that Continuum’s lack of audited financial statements was somehow a deficiency. At page 30 of the application, Continuum noted in its response that no audited financials were available and that that limited historical financial information was available due to the recent establishment of the agency. This was recognized by the Program in its screening Question 25:

Question 25. The department understands that no audited financial statements exist for Continuum. However, if the project ends up having a capital cost, start-up costs, or losses in initial years and is reliant on Continuum’s reserves the department now requests a confirmation from a third party which substantiates Continuum’s financial status. This could be in the form of a recent (dated) letter from a bank confirming available funds. Make sure the amount available is at least as much as is committed to the project, that the confirmation is recent, and that it does not include account numbers or information.

Continuum’s response is included below:

As was discussed during the March 24, 2022, TA call, Continuum is providing in Attachment 2 a letter from Chase Bank (dated March 22, 2022). This demonstrates that Continuum Care of Snohomish LLC has had average balances in excess of \$500,000 for the last six months. During the March 24, 2022, TA call, it was confirmed that this letter is a sufficient response to this question.

Continuum also notes for the record that in the 2021 Pierce County evaluations, the issue of a lack of audited financial statements for Continuum as well as other applicants was addressed. Here, the Program found:

It has been the department's position that when audited financial statements are available this is an effective tool to gauge the availability of resources and to review the financial health of an applicant. However, in the absence of such documents, the department does not require additional burden and cost of applicants that may have organizational operations more modest than that of some other applicants.

Providence additionally stated of the letter Continuum provided that 'this account balance is simply a snapshot in time and says nothing about Mr. Stern's current and future financial commitments and the ability of the current balance to cover them.' The department notes that Continuum did submit its projected pro forma balance sheet through the projection period which does indicate the applicant's, Continuum's projected assets and liabilities.

Continuum is confident that the Program will conclude that the documentation submitted with our application and screening response demonstrate that it has the financial resources needed to expand services to Pierce County."

Following is rebuttal comment that was also received from a group of Washington State citizens.

Group of Individuals Represented by Linda Hood Rebuttal – Oppose [source: pdfs 2 and 12]

"We agree with Providence that Continuum has not provided the required audited or even unaudited financial statements for the applicants. This is a basis for denial.

...

Just as we note above regarding Pennant, the same comment applies to four other applicants., not including Providence. (Providence provides no assumptions or calculations at all to support the volumes for which it plans to hire three nurses. it must be denied on that basis alone.) That is, that the Department cannot supply those applicants with post 2023 capacity assumptions for the three long standing Pierce hospice agencies. Our public comment anticipated that Kaiser, VMFH or MultiCare might provide their own public comment testifying to their expected capacities in 2024-2026 but none did. Accordingly, since no applicant provided any such assumption, nor basis for any such assumption, about the capacity of those three agencies after 2023, no applicant has provided any calculations that credibly projects unmet planning area need after that year. The conservative model we used in public comment generated the possible need for one additional hospice in Pierce County. But we also stated our conservative assumption of zero growth potential capacity of Kaiser, VMFH and MultiCare.

As we noted in public comment, a more realistic assumption about those three hospice's capacities after 2023 would also result in zero agency need after 2023. But no actual applicant made any such assumption and thus all have failed to credibly project unmet need, failed to demonstrate financial feasibility and all have failed to explain they will not be unnecessarily duplicating existing capacity. On that basis, none can be approved."

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Continuum Snohomish based its projected utilization of its hospice agency's service area expansion on these specific factors:

- Admissions assumed to be 42 patients or 7.8% of unmet Pierce County need for its initial months in partial year 2022. With incremental increases through full year three to approximately 316 admissions or 33.0% of the anticipated Pierce County unmet need.³⁰

³⁰ Calculated by using the department's hospice need methodology and extrapolating it to 2025.

- Average length of stay for the last few months of its partial year 2022 to be 57.0 days based on its experience. For subsequent full years an average length of stay of 62.12 days based on the Washington State average and the department’s methodology.
- Average daily census starting at 6.56 for its initial months in partial year 2022; increasing to 53.78 in full year 2025.

Comment was received which questioned the validity of this applicant’s utilization forecasts, primarily due to the commenter’s assertion that the department’s need methodology does not correctly calculate unmet need. This is discussed in more detail in an earlier section³¹ of this evaluation and will not be repeated here.

Additional comment was received which questioned Continuum Snohomish’s utilization estimates by rejecting its needs analysis of underserved populations. This comment was discussed in the need section³² of this evaluation, was found not convincing, and will not be repeated here.

Based on the department’s assertion that its methodology³³ is accurate and that Continuum Snohomish’s needs analysis is logical, meaning its utilization assumptions are also reasonable.

Pro Forma Financial Statements

The applicant provided pro forma financial statements, including revenue and expense statements and balance sheets. These financial statements allow the department to evaluate the financial viability of the proposed service area expansion. Given that this agency is already operating in Snohomish, King, and Pierce counties independently from any parent corporation, Continuum Snohomish provided historical, intervening, and projection years for both its existing operations³⁴ as well as its proposed Pierce County operations.

Several competing applicants, a group of concerned citizens, and an existing Pierce County hospice provider, submitted comments related to perceived issues with Continuum Snohomish’s financial statements and/or assumptions. Following is analysis which discusses these comments relative to the information provided by Continuum Snohomish.

Staffing Assumption

One commenter stated in summary, that by assuming its staff based on a percentage of gross revenue makes the validity of financial projections questionable. The department’s understanding of Continuum Snohomish’s staffing costs and assumed FTEs is that they are based on several factors: first, using a staffing to patient ADC ratio³⁵ which informs FTE counts by type, then multiplying that by assumed salaries by FTE type. Each of the salary expense amounts on this applicant’s revenue and expense statements were confirmed by the department’s calculations with a reasonable rounding threshold.

Audited Financial Statements

Comment was received which questioned the true applicant, this topic is discussed and comment dismissed in the earlier Applicant section of this evaluation. Commenters also expressed concerns that Continuum Snohomish did not provide its audited financial statements. However, the main purpose of requesting

³¹ WAC 246-310-210(1)

³² WAC 246-310-210(1)

³³ The November 10, 2021, hospice numeric need methodology was available for a 17-day community review period prior to its final publication.

³⁴ Snohomish, King (2022 only), and Pierce counties.

³⁵ This ratio is confirmed by Continuum Snohomish’s operational experience.

audited financial statements in the application is to allow the department to review the financial health of the entity that is providing the funding for the project. While Continuum Snohomish is providing the funding for this project, no historical audited financial statements are available for this entity. As has been department's practice, if no audited financials are available, the department is satisfied with a letter from a third party to demonstrate adequate available funds or financing. Continuum Snohomish provided such documentation.

Historical Financial Statements

One commenter expressed doubt in Continuum Snohomish's historical financial documentation. In summary, questioning its lack of notes or explanations, lack of historical balance sheet and cash flow, as well as a potentially misleading header *Draft P&L 2021*. The department acknowledges that for long-standing established operations it is common to have more detailed financials for this review. However, Continuum Snohomish only received its Snohomish County hospice certificate of need on August 4, 2019; and became operational in mid-2020. [source: Progress Report Files for CN#1801] As stated in the opening of this sub-criterion's section, historical financial statements sometimes help the department identify trends, understand some assumptions, and gauge an applicant's financial performance. Based on Continuum Snohomish's relatively new operations the statements provided are sufficient to aid the department in this determination.

Payer Mix

An applicant competing in this review questioned Continuum Snohomish's payer mix during public comment. Continuum Snohomish provided rebuttal explaining its payer mix. The department further reviewed the assumptions on which the assumed payer mix was based and found it to be reasonable which is detailed earlier³⁶ in this evaluation.

State Licensing Costs

An applicant competing in this review remarked that Continuum Snohomish's projections do not include a required expense of state licensure. Continuum Snohomish provided rebuttal explaining its plan for this cost. Since it is proposing the expansion of an existing operational agency it clarified that its Pierce County operation's share for this cost is internally calculated relative to Pierce County FTEs, accounted for within the line item for *Contracted Administrative Services*. This is a reasonable explanation.

Lease

This project proposes the expansion of an existing agency's service area to include Pierce County hospice services. The Pierce County operations would co-locate with Continuum Snohomish's existing Snohomish County services in an office in Everett within Snohomish County. Although Pierce and Snohomish counties do not share a border they are within the same region of the State. Continuum Snohomish provided an executed copy of the lease agreement and renewal confirmation dated January 26, 2022, signed by a representative of the landlord for the office space. The lease initially commenced February 1, 2019 and has a term of 63 months (terminating June 30, 2024). Continuum Snohomish included signed and executed first and second amendments to the lease which expanded the rented space and increased the cost of rent. Since this project's third full year is 2025 and the executed lease and amendments expire June 30, 2024, the additional renewal confirmation is necessary. In response to screening the applicant provided a letter signed by a representative of the landlord, dated March 31, 2022, confirming details of potential annual increases for costs associated with the lease agreement. Continuum Snohomish also provided detailed month by month historical costs associated with the lease so that increases could be confirmed. In combination, the documents confirm all costs associated with the agreement's initial term and optional

³⁶ WAC 246-310-210(2)

renewal. Documentation provided substantiates all lease costs identified in the pro forma revenue and expense statement. [sources: Application, Exhibit 9 and April 28, 2022, screening response, Attachments 4 and 5]

Medical Director

The applicant provided an executed and signed *Medical Director Services Agreement* which states the medical director is to be compensated at \$250 hourly and includes an effective date of February 1, 2022. The agreement's initial term is for one calendar year and renews annually unless terminated. Further, the agreement substantiates costs identified in the pro forma revenue and expense statement associated with this expense. [source: April 28, 2022, screening response, Attachment 7]

An applicant competing in this review questioned Continuum Snohomish's medical director hourly wage during public comment. Stating it is *excessive and unreasonable*. Continuum Snohomish provided rebuttal describing its medical director rate to be *competitive*. Being that there is a known shortage and competitive demand skilled medical professionals it is reasonable that Continuum Snohomish offer a competitive wage for a key professional at its agency.

The department notes that Table 16 provided by the applicant in its April screening response which detailed the assumption for *Contracted Administrative Services* contains previously assumed admissions for Pierce County however the table's calculations use the correct, updated Pierce County assumed admission counts.

Based on the information provided, public comment, and rebuttal comment, department concludes that the financial information provided reasonably projects the revenues and expenses presented by the applicant. As a result, the department concludes that Continuum Snohomish's Pierce County hospice project, **meets this sub-criterion**.

Providence Health & Services-Washington dba Providence Hospice of Seattle

This project proposes expansion of its existing King County hospice to serve Pierce County. To determine its projected number of admissions and patient days for its proposed Pierce County operations, Providence provided the following information and assumptions. [source: Application, pdf 21-28]

"As set forth in Table 4 above, the utilization forecast for 2022-2025 used to drive the pro forma revenue and expense projections for Providence Hospice and the Pierce County project is comprised of four components:

- A. Total Number of Admissions ("Unduplicated Patients Served")*
- B. Total Number of Patient Days*
- C. Average Daily Census ("ADC")*
- D. Average Length of Stay (days) per patient*

If our requested project is approved, we anticipate beginning services in Pierce County on January 1, 2023. Therefore, the first full year of operations will be 2023 and the third full year of operations will be 2025. Forecasts through 2025 with and without the project are provided in Table 4. The step-by-step methodology and assumptions used to develop the utilization forecasts for each pro forma statement are presented below:

Providence Hospice of Seattle, Without Project (Existing Operations, "Without")

Step 1. *Total number of patient days (component B) is calculated using 2% year-over-year growth, rounded to the nearest whole number. This assumption is based on conservative, internal budgeting standards. As an example, the formula for the 2022 total number of patient days is:*

$$\begin{aligned} & (2\% \text{ YOY Growth} \times 2021 \text{ Total Patient Days}) + 2021 \text{ Total Patient Days} \\ & = 2022 \text{ Total Number of Patient Days} \end{aligned}$$

$$\text{or } (0.02 \times 218,060) + 218,060 = 222,421$$

Step 2. Average length of stay (“ALOS”) (component D) is set to the Washington statewide average of 62.12 as shown in the Department of Health 2021-2022 Hospice Numeric Need Methodology. The ALOS of 62.12 is listed in Table 4.

Step 3. The average daily census per year (component C) is calculated as total number of patient days (from step 1) divided by the number of days in the year, rounded to the nearest whole number. As an example, the formula for the 2022 average daily census is:

$$\begin{aligned} & \text{Total Number of Patient Days} / \# \text{ of Days in the Year} \\ & = \text{Average Daily Census Per Year} \\ & \text{or } 222,421 / 365 = 609 \end{aligned}$$

Step 4. The total number of unduplicated patients served (component A) is calculated as total number of patient days in that year (from step 1) divided by the ALOS per patient (from step 2), rounded to the closest whole number. As an example, the formula for the 2022 Total Number of Unduplicated Patients Served is:

$$\begin{aligned} & ((2\% \text{ YOY Growth} \times 2021 \text{ Total Patient Days}) + 2021 \text{ Total Patient Days}) / \text{ALOS} \\ & = \text{Total Number of Unduplicated Patients Served} \\ & \text{or } ((0.02 \times 218,060) + 218,060) / 62.12 = 3,581 \end{aligned}$$

The Project (Pierce County, “The Project”)

Step 1. The average daily census (component C) is set at 50 ADC by the end of the third full year of operation (2025), in-line with and supported by the unmet need identified in the Department of Health 2021-2022 Hospice Numeric Need Methodology. Our annual ADC assumption aligns with our internal benchmarked RN staffing ratio in King County of 12.5 ADC per RN. Years 1 through 3 of the pro forma include a straight line ramp up phase.

Step 2. Total number of patient days (component B) is calculated as total targeted ADC multiplied by the number of days in the year. As an example, the formula for the 2022 Total Hospice Days is:

$$\begin{aligned} & \text{Average Daily Census} \times \# \text{ of Days in the Year} \\ & = \text{Total number of patient days} \\ & \text{or } 25 \times 365 = 9,125 \end{aligned}$$

Step 3. ALOS (component D) for The Project is set to the Washington statewide average of 62.12 as shown in the Department of Health 2021-2022 Hospice Numeric Need Methodology.

Step 4. The number of unduplicated patients served (component A) was calculated as total number of patient days in that year (from step 2) divided by the ALOS per patient (from step 3), rounded to the nearest whole number. As an example, the formula for the 2022 Total Number of Unduplicated Patients Served is:’

$$\begin{aligned} & (\text{Average Daily Census} \times \# \text{ of Days in the Year}) / \text{WA State Average ALOS} \\ & = \text{Total Number of Unduplicated Patients Served} \\ & \text{or } (25 \times 365) / 62.12 = 147 \end{aligned}$$

Providence Hospice of Seattle, WITH project

Step 1. Total number of patient days (component B) is calculated as the sum of total number of patient days for “Providence Hospice of Seattle (without project)” and total number of patient days for “The Project.”

Step 2. The number of unduplicated patients served (component A) is calculated as the sum of total number of unduplicated patients served for “Providence Hospice of Seattle (without project)” and total number of unduplicated patients served for “The Project.”

Step 3. ALOS (component D) is set to the Washington statewide average of 62.12 as shown in the Department of Health 2021-2022 Hospice Numeric Need Methodology.

Step 4. The average daily census (component C) is calculated as total number of patient days (from step 1) divided by the number of days in the year, rounded to the nearest whole number.”

Using the assumptions described above, Providence provided the following table. [source: March 31, 2022, screening response, pdf 7]

Applicant’s Table

KING COUNTY	Actual	Forecast 2022-2025			
Providence Hospice of Seattle (without project)	2021	2022	2023	2024³	2025
Total Number of Admissions ("Unduplicated Patients Served") ¹	2,955	3,581	3,652	3,725	3,800
Total Number of Patient Days	218,020	222,421	226,869	231,406	236,034
Average Daily Census ("ADC")	597	609	622	632	647
Average Length of Stay (Days)	73.74	62.12	62.12	62.12	62.12
PIERCE COUNTY	Actual	Forecast 2022-2025			
The Project (Pierce County)	2021²	2022	2023	2024³	2025
Total Number of Admissions ("Unduplicated Patients Served") ¹	2	147	147	224	294
Total Number of Patient Days	40	9,125	9,125	13,908	18,250
Average Daily Census ("ADC")	1	25	25	38	50
Average Length of Stay (Days)	73.74	62.12	62.12	62.12	62.12
COMBINED AGENCY	Actual	Forecast 2022-2025			
Providence Hospice of Seattle (WITH project)	2021²	2022	2023	2024³	2025
Total Number of Admissions ("Unduplicated Patients Served") ¹	2,957	3,728	3,799	3,949	4,094
Total Number of Patient Days	218,060	231,546	235,994	245,314	254,284
Average Daily Census ("ADC")	597	634	647	670	697
Average Length of Stay (Days)	73.74	62.12	62.12	62.12	62.12

Source: Providence Hospice of Seattle

¹ For the purposes of this table, Total Number of Admissions is defined as Total Number of Unduplicated Patients Served.

² Based on execution of CN #1914 awarded October 29, 2021 and first patient admitted December 2, 2021.

³ 2024 is leap year and has 366 days.

Providence provided several tables outlining their financial assumptions for the project. The tables are below: [source: Screening responses, Exhibit 14]

Applicant's Tables

A	B	C	D
Category/Item	General Assumptions (Forecast Years 2022-2025)	Assumptions for Pierce County (If Different)	Additional Notes
Averaged Daily Census ("ADC")	Calculated as Total Patient Days / number of days in the year.		2020 and 2024 both have 366 days.
Patient Days	2% annual growth from full year 2021 level. Each year's forecasted level is rounded to the nearest whole day before it is used as the basis for the next year's growth.	Targeted ADC X number of days in the year. ADC set at 50 ADC by the end of the third full year of operation (2025), in-line with and supported by the unmet need identified in the Department of Health 2021-2022 Hospice Numeric Need Methodology, and aligned with Providence Hospice's internal benchmarked RN staffing ratio of 12.5 ADC per RN.	
GROSS PATIENT REVENUE (GPR)			
Medicare	Total Gross Patient Revenue ("GRP") is volume based, calculated as 2021 actual full-year GSR divided by 2021 patient days X projected patient days in each future year (rounded to the nearest whole dollar). Each component of GSR is then calculated using the 2021 payor mix (based on percentage of gross revenue). Percentages are rounded to one decimal place. Payor mix ratios used to project future GSR are as follows: Medicare - 82.3%, Medicaid - 9.4%, Commercial - 4.3%, Other - 3.5%, and Self Pay - 0.5%.		
Medicaid			
Commercial			
Other			Other GPR includes Tricare, VA and other government.
Self Pay			

A	B	C	D
Category/Item	General Assumptions (Forecast Years 2022-2025)	Assumptions for Pierce County (If Different)	Additional Notes
TOTAL CONTRACTUAL ALLOWANCES	Total Contractual Allowances are calculated by applying the discount rate based on most recent experience (full year 2021). The discount is calculated by dividing each year's revenue deduction by the corresponding year's GPR for each category (rounded to the nearest whole %). Average discount rates applied to each category are as follows: Medicare - 27%, Medicaid - 9%, Commercial - 9%, Other - 23%, and Self Pay - 7%.		Net Patient Revenue for Self Pay/Charity is calculated by subtracting self pay revenue deductions, charity care, and bad debt from self pay gross patient revenue.
Bad Debt	0.53% of total GSR based on average experience in 2018-2021		Due to impact of COVID pandemic on this indicator, 2020 was excluded from the average as an anomaly.
Charity Care	0.59% of total GSR based on average of rate experienced in 2018-2021		Due to impact of COVID pandemic on this indicator, 2020 was excluded from the average as an anomaly.
Other Operating Revenue	\$3.16 /day - based on 2018-2021 average	No assumed additional Other Operating Revenue for Pierce County	"Other Operating Revenue" includes contributions received from our affiliate, Providence Hospice of Seattle Foundation, and CARES Act grant funding. Due to impact of COVID pandemic on this indicator, 2020 was excluded from the average as an anomaly.

A	B	C	D	
Category/Item	General Assumptions (Forecast Years 2022-2025)	Assumptions for Pierce County (If Different)	Additional Notes	
SALARIES & BENEFITS				
Registered Nurse (RN) / LPN	Total FTE count was calculated as the number of FTEs needed to support patient days volume based on 2021 actual staffing mix. Salaries are calculated as FTEs by discipline (based on 2021 actual staffing mix) x average hourly wage rate by discipline experienced in 2021 x 2,080 hours (full-time equivalent annual hours). Hourly wage rates applied are as follows: RN/LPN - 54.81, Hospice Aide - 22.73, Administrative and Clerical - 22.95, Chaplain/Clergy - 40.59, OT - 52.13, MSW - 46.11, Management/Supervisor - 62.94, Medical Director/Physicians - 117.81, Other - 43.93, and Agency - 80.37.			
Hospice Aide				
Administrative and Clerical			Includes Administrative, Business, and Clerical FTEs.	
Chaplain/Clergy				
Occupational Therapist (OT)				
Medical Social Worker (MSW)				
Management/Supervisor				
Medical Director/Physicians				
Other				Other Salaries are associated with various needed roles including admission coordinators, bereavement counselors, trainers, and clinical program counselors.
Agency		Calculated using 2021 annualized average hourly rate of \$80.37 x 2,080 full-time hours x estimated agency FTE need each year to support forecasted volumes (FTE assumption 7.1, 7.3, 7.4, and 7.6 for 2022, 2023, 2024, and 2025, respectively).	Agency FTE assumptions for 2023 - 2025 are 0.3, 0.4, and 0.6, respectively.	Agency represents contract labor, including massage and music therapists, physical therapists, and dietitians.
Employee Benefits	28% of total employed comp (excludes contract labor) based on the average of 2018-2021 rounded to the nearest whole %.		Agency (contract labor) is excluded from the employee benefits calculation.	

Applicant's Table

A	B	C	D
Category/Item	General Assumptions (Forecast Years 2022-2025)	Assumptions for Pierce County (If Different)	Additional Notes
PROFESSIONAL FEES			
Legal and Professional	\$1.14 / patient day based on average rate from 2018-2021	Start-up costs of \$2,720 (see start-up cost detail) included prior to first year of operation (2022).	
SUPPLIES			
Medical Supplies	\$12.82 / patient day based on actual 2021 rate	Start-up costs of \$584 (see start-up cost detail) included prior to first year of operation (2022).	
Non-Medical Supplies	\$0.21 / patient day based on historical average 2018-2021		
Pharmacy Supplies	\$6.82 / patient day based on historical average 2018-2021		
Office Supplies	\$0.12 / patient day based on historical average 2018-2021	Start-up costs of \$200 (see start-up cost detail) included prior to first year of operation (2022).	
Other Supplies	\$0.05 / patient day based on historical average 2018-2021		Includes minor desktop software, food supplies, etc.
PURCHASED SERVICES			
Print and Publications	\$0.19 / patient day based on historical average 2018-2021	Start-up costs of \$1,125 (see start-up cost detail) included prior to first year of operation (2022).	
Advertising and Marketing	\$0.01 / patient day based on historical average 2018-2021	Start-up costs of \$750 (see start-up cost detail) included prior to first year of operation (2022).	
Telephone and Wireless	\$0.72 / patient day based on historical average 2018-2021		
Translation Services	\$0.42 / patient day based on historical average 2018-2021		
Maintenance Services	\$0.01 / patient day based on historical average 2018-2021		
Nursing Home	\$18.45 / patient day based on historical average 2018-2021		
General Inpatient (GIP)	\$3.81 / patient day based on historical average 2018-2021		
Respite	\$0.20 / patient day based on historical average 2018-2021		
Other Purchased Services	\$3.49 / patient day based on historical average 2018-2021	Start-up costs for Epic set-up of \$16,000 (see start-up cost detail) included prior to first year of operation (2022).	Includes utilities and other purchased healthcare services such as cardiology, x-ray services, records management, answering services, and internal catering.
OTHER EXPENSES			
Mileage	\$2.16 / patient day based on historical average 2018-2021		
Travel	\$0.24 / patient day based on historical average 2018-2021		
Training & Education	\$0.21 / patient day based on historical average 2018-2021		
Equipment (PC, Printers, etc.)	\$0.82 / patient day based on historical average 2018-2021	Start-up costs of \$2,500 (see start-up cost detail) included prior to first year of operation (2022).	
Dues and Memberships	\$0.02 / patient day based on historical average 2018-2021		
Lease Expense	Based on internal lease allocation schedule in Exhibit # 18.	Based on allocation of current rent schedule for 500 of the total 17,919 rentable square feet to the project (2.8% of total rentable square feet rounded to 1 decimal place).	Existing agency ("As Is") and Combined agency lease expense is the same based on internal lease allocation rate sheet. If the Project is approved, total lease expense will be allocated to As Is and The Project in the amounts shown in Table 14 of this application.
Licensing	\$0.03 / patient day based on historical average 2018-2021	Licensing fees for the project represent annual license renewal payments for RNs (\$120), Hospice Aids (\$85), MSWs (\$116), OTs (\$166), and Physicians/Medical Directors (\$956 for 2 years allocated at a rate of \$478 per year) multiplied by the FTE count for each category.	
Other Miscellaneous Expenses	\$0.57 / patient day based on historical average 2018-2021		Includes taxes, postage, meetings, and minor recruitment expenses
Depreciation	Estimated to remain constant in the forecasted years in line with the assumption that capital expenditures will be incurred at the same rate as items depreciate.	No depreciation is allocated to the Project as there are no capital expenditures for the Project.	
Allocated System Expense	Estimated at 7% of Net Operating Revenue (NOR).		

Providence also provided the following 'key' explaining the data in the tables above.

A = Expense or revenue line item.

B = General assumptions for AS IS (without project) and for The Project (unless otherwise noted in column C)

C = Additional assumptions that apply to The Project (Pierce County) only. For example: agency start-up costs.

D = Additional notes to explain column B assumptions.

Source: Providence Hospice of Seattle

The table below is a summary of the projected revenue and expense statement for Providence's Pierce County operations that begin in year 2022. [source: screening responses, Exhibit 14]

Department's Table 14
Providence Pierce County Operation
Revenue and Expense Statement for Years 2022 through 2025

	CY 2022 Projected	CY 2023 (Full Year 1)	CY 2024 (Full Year 2)	CY 2025 (Full Year 3)
Net Revenue	\$2,053,703	\$2,053,703	\$3,130,180	\$4,107,404
Total Expenses	\$1,497,185	\$1,473,447	\$2,259,234	\$2,999,338
Net Profit / (Loss)	\$556,518	\$580,256	\$870,946	\$1,108,066

Providence also provided a summary of the King County current operations combined with the projected Pierce County operations. The information is summarized in the table below: [source: screening responses, Exhibit 14]

Department's Table 15
Providence King County and Pierce County Combined
Revenue and Expense Statement for Years 2022 through 2025

	CY 2022 Projected	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Net Revenue	\$52,815,349	\$53,830,488	\$55,942,412	\$57,975,851
Total Expenses ³⁷	\$38,521,256	\$39,209,507	\$40,672,894	\$42,096,939
Net Profit / (Loss)	\$10,592,201	\$10,848,029	\$11,348,731	\$11,815,784

Providence provided the following clarifications and assumptions used for the projected balance sheets provided for Providence Hospice of Seattle with the Pierce County operations. [source: screening responses, Exhibit 15]

“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.”

³⁷ The department’s calculated value for total expenses for combined King and Pierce County operations differs from the applicant’s because the applicant appears to have inadvertently omitted the Pierce County ‘Other Expense’ item from the combined income statement, therefore Net Profit also differs from the applicant’s projections.

Applicant's Table

A	B	C	D
Category/Item	General Assumptions (Forecast Years 2022-2025)	Assumptions for Pierce County (If Different)	Additional Notes
BALANCE SHEET			
Cash	Cash is centrally managed at parent organization, with operating cash held at the entity level assumed to be 2% of Total Gross Patient Revenue.		
Accounts Receivable ("AR"), Net	Assumed to equal 9.5% of Total Gross Patient Revenue based on 2021 actual level and in-line with historical levels, net of Allowance for Doubtful Accounts and Allowance for Contractual Adjustments.		
Allowance for Doubtful Accounts	Assumed to equal 10.5% of AR based on historical levels experienced.		
Allowance for Contractual Adjustments	Assumed to equal 11.1% of AR based on 2021 levels.		
Fixed Assets	Fixed assets increase by an amount equal to depreciation to maintain net levels.		
Other Assets	No "Other Assets" are held at the entity level.		
Accounts Payable & Accrued Expenses	Assumed to equal 1.4% of Total Net Operating Expenses based on 2021 levels.		
Accrued Compensation	Assumed to equal 6.0% of Total Net Operating Expenses based on 2021 levels.		
Long-Term Liabilities	No "Long-Term Liabilities" are held at the entity level.		
Net Assets	All excess earnings are assumed to be dividend to parent organization. Excess earnings are assumed to be those that are above the amount needed to maintain operating cash at a level of 2% of total gross patient revenue, fund cash expenditures, and fund increases in net working capital.		

Providence also provided the following 'key' explaining the data in the balance sheet.

A = Expense or revenue line item.

B = General assumptions for AS IS (without project) and for The Project (unless otherwise noted in column C)

C = Additional assumptions that apply to The Project (Pierce County) only. For example: agency start-up costs.

D = Additional notes to explain column B assumptions.

Source: Providence Hospice of Seattle

The projected balance sheets are summarized in the table below. [source: screening responses, Exhibit 15]

Department's Table 16
Providence King County with Pierce County Operations
Balance Sheet for Year 2022 through 2025

ASSETS	CY 2022 Projected	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Current Assets	\$7,249,025	\$7,388,806	\$7,667,327	\$7,936,173
Property and Equipment	\$3,761,822	\$3,761,822	\$3,766,640	\$3,771,458
Other Assets	\$0	\$0	\$0	\$0
Total Assets	\$11,010,847	\$11,150,628	\$11,433,967	\$11,707,631

LIABILITIES	CY 2022 Projected	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Current Liabilities	\$2,627,558	\$2,674,497	\$2,774,318	\$2,871,752
Long-Term Debt	\$0	\$0	\$0	\$0
Equity	\$8,383,289	\$8,476,131	\$8,659,649	\$8,835,879
Total Liabilities, Long-Term Debt, and Equity	\$11,010,847	\$11,150,628	\$11,433,967	\$11,707,631

Public Comment

Envision Hospice of Washington-Oppose

"For the Providence Pierce County de novo, there are no assumptions on Need for new patients in Pierce County. Providence instead selects a desired, target patient day total for the Average Daily Census of 50 hospice patients and divides the patient days by the statewide length of stay to obtain unduplicated hospice admissions for the third full year of operation. For the first two years it divines a starting Average Daily

Census by dividing the annual total of patient days for each year by the ALOS to get unduplicated admissions for each year. Its back up rationale does not use any market-based assumptions but instead says that it is consistent with the State hospice methodology. There are obvious problems as it relates to both Need and Financial feasibility.

- The key assumption is that unduplicated admissions that are generated by population growth will just somehow show up at the new agency. Yet this new growth will somehow happen without any outreach or marketing action by the agency other than updating the website and sending letters to physicians (Page 155). Providence states that its marketing plan is simply “sending a letter to 500 physicians”. Providence’s commitment to outreach should be questioned by the Department as it is extremely limited and may not pass the Departments muster.*
- The unduplicated admissions identified in the State Need methodology for Pierce County include proxy admits owed to Providence and obviously duplicated by 100%. Providence also totally ignores the approval of Envision – therefore, utilization allocation will be dramatically diluted. Dilution of the utilization should determine a denial of the Providence’s application.*
- In comparing the previously approved Providence Pierce volume with this proposed need methodology it is not a tautology – always true or always false. Instead, this new proposal represents a contradiction because the volume projected in the previously approved project is unavailable in the current proposed project – the only solution to this contradiction as it relates to feasibility is denial of the existing approved application or denial of the proposed application.*
- While Providence notes a variety of patient sources associated with Providence King County operations, it provides no assumptions on the unmet need for each patient source and why and what percentage of these patients would select the Providence hospice in Pierce County. The lack of assumptions should also determine a denial of the Providence’s application.”*

The Pennant Group/Symbol-Oppose

“Providence shows the bi-annual state license fees in their pro formas for each year rather than for every other year. WAC 246-335-990 states, "(3) Renewal license. A licensee shall submit to the department a twenty-four-month renewal fee for home care, home health and hospice agencies, based on the number of full-time equivalents (FTEs)". As a result, Providence has not met the financial feasibility criterion.”

Providence Response to Envision Hospice of Washington

“In its public comments, Envision argues that Providence Hospice does not provide assumptions with respect to its patient volume projections. It couples this argument with an extended discussion of how Providence Hospice’s volume projections purportedly fail to demonstrate need for our hospice agency under Envision’s proposed Proxy Volume Methodology. As discussed above, any public comments made by Envision that are premised upon Envision’s use of its theoretical Proxy Volume Methodology are irrelevant and must be disregarded by the Department since there is no legal authority for the use of the Methodology. Accordingly, we will not address those comments. However, we will address Envision’s comments relating to the assumptions used by Providence Hospice to calculate its patient volume projections. As discussed below, those comments have no merit.

Providence Hospice’s projected utilization statistics for the proposed Pierce County hospice program are reasonably and logically based upon the unmet need established by the Department’s hospice need methodology, and take into account Providence Hospice’s established internal benchmarked staffing ratios that reflect our experience of appropriately staffing the agency to support reasonable growth expectations.

As explained in our application, estimated patient days are calculated by multiplying the expected average daily census (“ADC”) that our experience establishes can appropriately be supported with our staffing

model by the number of days in the year. This is a reasonable and logical calculation, not one that “selects a desired, target patient day total.” Similar to other applicants, our pro forma revenue and expense statement is based on revenue and expense assumptions that are stated as benchmarked dollars per patient day. Thus, we believe it is appropriate to tie our projected utilization statistics to patient days. With projected total patient days reasonably based upon need as determined under the Department’s 2021-2022 Hospice Numeric Need Methodology, the translation of total patient days into the number of patients that can be served is a simple mathematical calculation: total patient days divided by the Washington State average length of stay.

Envision’s assertions that “there are no assumptions on Need for new patients in Pierce County” and that “[Providence Hospice’s] back up rationale does not use any market-based assumptions” are unfounded. Since the need for new hospice agencies is established by the hospice need methodology based upon unmet ADC, our approach of addressing the ADC need directly (by converting that level of service to total patient days, and then translating total patient days to unmet admissions (patients) using the market-sourced Washington State average length of stay) is reasonable, appropriate, and logical. Accordingly, Envision’s assertions have no merit and should be disregarded by the Department”

Providence Response to The Pennant Group/Symbol

“Pennant asserts that hospice license fees are to be paid bi-annually under WAC 246-335-990(3), but that Providence Hospice “shows the bi-annual state license fees in their pro formas for each year rather than for every other year.” Pennant’s argument is incorrect.

Ongoing expenses, including state licensing fees, are paid and expensed in the appropriate period. The hospice agency licensing fees are included in the “Licensing” line item of Providence Hospice’s pro forma expense statement for the King County hospice agency. The expenses shown in the “Licensing” line item in our Pierce County pro forma expense statement are related to annual licensing costs for clinical staff. No additional hospice agency licensing fees will be required for the Pierce County hospice program since it is an expansion of services by Providence Hospice into a new county, not a new hospice agency. Thus, Pennant’s comment has no merit.”

Department Evaluation

Utilization Assumptions

An applicant’s utilization assumptions are the foundation for the financial review under this sub-criterion. Providence based its projected utilization of the Pierce County operations on the results of the need methodology for Pierce County and Providence’s assumed staff-to-patient ratios, stating:

“The average daily census (component C) is set at 50 ADC by the end of the third full year of operation (2025), in-line with and supported by the unmet need identified in the Department of Health 2021-2022 Hospice Numeric Need Methodology. Our annual ADC assumption aligns with our internal benchmarked RN staffing ratio in King County of 12.5 ADC per RN. Years 1 through 3 of the pro forma include a straight line ramp up phase..” [source: Application, pdf 27]

The applicant clarified and expanded on this assumption in its screening responses:

“As stated above in our response to Screening Question #1, the application and the projection models used in the application assume, for the sake of presentation and evaluation, that Providence Hospice is not currently providing hospice services in Pierce County. We believe that this is a reasonable and appropriate approach to addressing the uncertainties created by the pending appeals of the Department’s 2021 Evaluation.

That being said, actual utilization statistics relating to hospice services provided by Providence Hospice in Pierce County in 2021 were included in the information reported for the “Combined Agency” in Table 4 of our CN application, but the actual utilization data was not separated between King County and Pierce County. In revised Table 4 (see below), we have separated the actual utilization statistics for King County and Pierce County, as well as included the “Combined Agency” total that was included in Table 4 of our application.

For 2022, Providence Hospice has continued to provide hospice services in Pierce County, but actual utilization statistics that have been audited and validated, and that would be sufficient for modeling, are not yet available. Therefore, in revised Table 4, we have included a forecast for 2022 that is consistent with our 2021 application, which included a forecasted ADC of 25 in the first full year of operation. We believe using forecasted data for 2022 is appropriate given the fact that 2022 has just begun, and adequate actual data is not yet available.

Our revisions to 2021 and 2022 do not impact the information that we provided in our application for the 2023 - 2025 forecast. We believe it is conservative and reasonable to continue to model 2023 with an ADC of 25, representing the expected volume for the first year of a new agency.” [source: screening responses, pdf 5-6]

Envision criticized Providence’s volume projections by asserting that the projected patient days are not based on market assumptions and also notes that the projections in this application do not account for the recently approved application for Envision as well as stating that the volumes projected in this application are duplicative of assumed volumes for the already-approved Providence Pierce operations that are built into the department’s need methodology. The importance of this allegation is that the patient volume depended-upon by Providence in this application are already assumed to be served by the approved project that is counted in the methodology. In other words, Envision claims Providence is seeking to serve the same patients it is already assumed to be treating and this application does not identify any unmet need.

Providence is simultaneously stating that it has built its assumptions on the non-existence of its approved and operational Pierce operations and that there is unmet need even though the methodology already assumes approval of the previous year’s Providence project. Providence attempts to rebut these arguments, stating *“Since the need for new hospice agencies is established by the hospice need methodology based upon unmet ADC, our approach of addressing the ADC need directly (by converting that level of service to total patient days, and then translating total patient days to unmet admissions (patients) using the market-sourced Washington State average length of stay) is reasonable, appropriate, and logical.”*

As noted in the need section of this application, the department concludes that Providence may not simply assume that its already operating hospice agency does not exist. As a consequence, the patients relied upon in this application are already served and no additional patient volume can be supported. Because the department rejects Providence’s assertion that this project can be approved while the prior CN remains in force, the projected patient volumes cannot be supported.

Pro Forma Financial Statements

The applicant provided pro forma financial statements, including the Revenue and Expense Statements and Balance Sheets to allow the department to evaluate the financial viability of the both the Pierce County hospice services and the King County agency with Pierce County services.

The Pennant Group’s comments focus on one expense item – licensing fees. Providence’s rebuttal to Pennant’s interpretation of what license fees ought to be included in the pro forma financial statements is persuasive, and the department concludes that Providence has appropriately represented that expense

Providence’s projected revenue and expenses statements, summarized in Table 14 above for Pierce County-only operations, show profitability in all three projection years. Providence provided a statement showing its projected King County operations without the addition of Pierce County and a combined King and Pierce County statement. The combined statement summarized in Table 15 above also shows profitability in all three projection years. The arithmetic error identified by the department in the calculation of total expenses is easily identifiable as a simple error of omission that does not significantly affect the projected profitability of this project.

The pro forma balance sheet provided for Providence’s proposed Pierce County operations shows financial stability in all three projection years. The balance sheet demonstrates that the Providence is a financially healthy company that is able to support the expansion of hospice services.

Because the department concludes that Providence has not demonstrated need for this project, and because the utilization projections for this project duplicate patients already allocated in the need methodology and based on the information reviewed in the application and public comment, the department concludes the immediate and long-range operating costs of this project cannot be met. **This sub-criterion is not met.**

AccentCare, Inc.

The applicant provided the assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice agency. The assumptions are restated below: [source: Application, pdf 44 and 64; Exhibit 16]

“The forecast below for Pierce County is consistent with most recent need methodology produced by the Department of Health. The Financial forecast uses Seasons Hospice & Palliative Care of Oregon as a proxy, having similar programs and services as the proposed project, and a location with multiple hospice providers and similar population size and demographics as Pierce County. Demographic data comparing Pierce County with Multnomah County, Oregon and the Oregon Service Area is provided in Exhibit 16.

Seasons Pierce County admissions and patient days are similar to other Seasons Hospice programs and their start-up experience nationwide. (See Exhibit 16 for the start-up utilization of new hospice programs over the past 10 years which have Administrative Services Agreements with Seasons Healthcare Management, LLC.) The Financial forecast and visit estimates use Seasons Hospice & Palliative Care of Oregon as a proxy, having similar programs and services as the proposed project and a location with similar population size and demographics as Pierce County. Demographic data comparing Pierce County with Multnomah County and the Oregon Service Area is provided in Exhibit 16.”

Exhibit 16 referenced above and provided in the application is a table comparing Pierce County in Washington State with the following three Oregon counties: Multnomah, Clackamas, and Washington. The table provides extensive comparison data with highlighted sections. Below is an excerpt of the table showing the highlighted areas. In its screening responses, AccentCare also provided additional charts (not included here) that identified the startup experience for various locations, highlighting Portland, Oregon.

Applicant's Table

Fact	Fact Note	Multnomah County, Oregon	Clackamas County, Oregon	Washington County, Oregon	Oregon	Value Note for Oregon	Pierce County, Washington
Population Estimates, July 1 2021, (V2021)		NA	NA	NA	4,246,155		NA
Population estimates base, April 1, 2020, (V2021)		NA	NA	NA	4,237,256		NA
Population, percent change - April 1, 2020 (estimates base) to July 1, 2021, (V2021)		NA	NA	NA	0.20%		NA
Population, Census, April 1, 2020		815,428	421,401	600,372	4,237,256		921,130
Population, Census, April 1, 2010		735,334	375,992	529,710	3,831,074		795,225
Persons under 5 years, percent		5.10%	5.20%	5.80%	5.40%		6.60%
Persons under 18 years, percent		18.40%	21.20%	22.50%	20.50%		23.30%
Persons 65 years and over, percent		13.90%	18.80%	13.90%	18.20%		14.20%
Female persons, percent		50.50%	50.70%	50.50%	50.40%		50.10%
White alone, percent		79.00%	88.90%	79.60%	86.70%		74.30%
Black or African American alone, percent	(a)	6.00%	1.20%	2.50%	2.20%		7.70%
American Indian and Alaska Native alone, percent	(a)	1.40%	1.10%	1.10%	1.80%		1.80%
Asian alone, percent	(a)	8.10%	4.90%	11.70%	4.90%		7.10%
Native Hawaiian and Other Pacific Islander alone, percent	(a)	0.70%	0.30%	0.50%	0.50%		1.80%
Two or More Races, percent		4.70%	3.70%	4.50%	4.00%		7.40%
Hispanic or Latino, percent	(b)	12.00%	9.00%	17.10%	13.40%		11.40%
White alone, not Hispanic or Latino, percent		69.10%	81.10%	64.60%	75.10%		65.70%
Veterans, 2015-2019		37,495	26,384	31,391	283,045		86,002
Foreign born persons, percent, 2015-2019		13.80%	8.20%	17.70%	9.90%		9.80%

Based on the assumptions above, AccentCare, Inc. provided its projected utilization shown in the table below: [source: Application, pdf44]

Applicant's Table
Seasons Pierce County Forecast, First Three Years

Pierce County	Partial Year 7/23-12/23	Year 1 CY 2024	Year 2 CY 2025	Year 3 CY 2026
Total number of admissions	58	153	201	249
Patient Days	2,338	8,392	12,481	15,467
Average Length of Stay	40.00	55.00	62.12	62.12
Average Daily Census	13	23	34	42

AccentCare, Inc. also provided the following summary of the basis for the assumptions used to project the pro forma statements for its Pierce County agency. The assumptions are restated below: [source: Application, Exhibit 18]

“REVENUES

Patient Care Revenues:

Revenues are forecast on the basis of the Applicant's historical experience in other services area. Charges are set to be generally consistent with expected Medicare reimbursement by level of service.

In order to reflect patient care services rendered, charges assessed to charity care patients and to bad debts are initially recorded as private pay revenue. The allowances for charity care and bad debts are deducted from the gross revenues projected for the private pay payor group.

All payor groups are projected to access the four categories of patient care routine, continuous care, respite, and GIP in the same distribution.

Non-Operating Revenues:

Non-Operating revenues are billings for physician services outside of the Medicare hospice benefit. The amount shown is based on the experience of the Seasons-Affiliated program Seasons Hospice and Palliative Care of Oregon.

Net Patient Service Revenues:

Net Patient service revenues by payor are computed as follow:

Medicare:

Medicare Net patient service revenues are forecast on the basis of the October 2022 Medicare rates applicable to the Applicant’s proposed service area. For purposes of computing the blended routine care rate, it is assumed that 52 percent of the routine patient days delivered at the proposed hospice will be reimbursed at the rate applicable to days 1 – 60. The balance of the projected patient days will be reimbursed at the rate applicable to days 61 and beyond. This mix of routine days is based on the experience of SHCM with start-up programs.

Medicare Managed Care:

It is assumed that managed care providers will negotiate and average discount of 5 percent below the published Medicare rates.

Medicaid:

It is assumed that net reimbursement for Medicaid patients will be approximately 10 percent lower than published rates for Medicare patients.

Applicant’s Table

Payor	Percentage of Charges Collected
Healthy Options	80
Private Pay *	12
Third Party Insurance	95
Other **	75

* A portion of the write-off from Private Pay Charges is attributable to Charity Care.

** Other payors include relatively small payors such as VA, Worker’s Comp and Tri-Care

Expenses

Advertising:

Advertising costs are bases on the 2020 experience of Seasons Hospice and Palliative Care of Oregon, which was \$15,669. No inflation adjustment has been made to this amount. Advertising costs are treated as fixed and do not respond to changes in clinical volume. An advertising budget of \$2,000 is also included in the pre-opening expenditures of the Applicant.

Depreciation and Amortization:

Depreciation and Amortization is computed on the basis of the capital assets to be acquired in connection with this project. Depreciation is forecast on a straight-line basis with useful lives provided by the Northwestern University Kellogg Business School.

Dues and Subscriptions

The Applicant has projected the cost of dues and subscriptions based on its experience with other start-up programs. It is assumed that this line item is not sensitive to increases in clinical volume. No inflation adjustment is made to this amount.

Education and Training

The budget for this line item is based upon the 2020 expenses at of Seasons Hospice and Palliative Care of Oregon for Conferences and Training, which was \$1,544 and its expenses for Employee Relations which was \$3,042. Conferences and Training Costs are treated as fixed costs and do not respond to changes in clinical volume. Employee Relations Costs are treated as variable.

Based on the 21,843 patient days delivered at Seasons Hospice and Palliative Care of Oregon in 2020, the \$3,042 expense for Employee Relations coverts to a per diem cost of Approximately \$0.139 per diem. (\$3,042 / 21,843 = \$0.139)

Total Education and Training costs are computed as follows:

Applicant's Table

Projection of Education and Training Expense	Initial Six Months	Year 1	Year 2	Year 3
<i>Fixed Costs</i>				
Conferences and Training	\$ 778	\$1,544	\$1,544	\$ 1,544
<i>Variable Costs</i>				
Patient Days	2,338	8,392	12,481	15,467
Per Diem Employee Relations Expense	\$0.139	\$0.139	\$0.139	\$0.139
Projected Employee Relations Expense	\$ 326	\$ 1,169	\$1,738	\$ 2,154
<i>Total Education and Training Expense</i>	\$ 1,104	\$ 2,713	\$ 3,282	\$ 3,698

No inflation adjustment has been made to this amount. This budget does not reflect salary costs of professional clinical mangers who will be employed by the Applicant in connection with this project. Those costs are captioned under Salaries and Wages, Payroll Taxes and Employee benefits.

Employee Benefits

Employee benefits are projected to equal 15 percent of salaries and wages. This percentage does not include provision for Employer FICA contributions, which are forecast under the caption of Payroll Taxes.

Information Technology Computers

The budget for this line item reflects the acquisition of the costs of purchasing computer hardware, cell phones, computer monitors, desk phones and applicable charges for internet connections and telecom charges. Such charges will be incurred as staffing levels require. For this reason, the largest expense is in year one. Internet and telecom charges are fixed, others are incremental. The schedule of acquisitions and expenses is shown below.

Applicant's Table

Telecommunications and EMR	Six Months Ending				Six Months Ending				
	Calendar Year				Calendar Year				
	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	
Toshiba Protégé x20W-D, Lap Top	\$ 1,400	6	1	3	2	\$ 8,400	\$ 1,400	\$ 4,200	\$ 2,800
Samsung S8 Cell Phone	\$ 700	6	1	3	2	\$ 4,200	\$ 700	\$ 2,100	\$ 1,400
Lenovo Think Center M7 10Q Computer	\$ 700	4	1	1	1	\$ 2,800	\$ 700	\$ 700	\$ 700
Monitor	\$ 150	6	1	3	2	\$ 900	\$ 150	\$ 450	\$ 300
Desk Phone	\$ 300	6	1	3	2	\$ 1,800	\$ 300	\$ 900	\$ 600
Internet Charges	\$ 8,400	1	1	1	1	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400
Telecom Charges	\$ 3,600	1	1	1	1	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Total						\$ 30,100	\$ 15,250	\$ 20,350	\$ 17,800

Insurance

The insurance expense of \$12,500 is based on the experience of other Seasons-affiliated organizations. This expense is not forecast to be sensitive to increases in clinical volume.

Interest

There is no long or short-term debt forecast in connection with this projector its operations.

Legal and Professional

Legal and Professional fees are based upon the \$11,786 in printing costs and \$4,794 in Outside services expensed at of Seasons Hospice and Palliative Care of Oregon in 2020. Outside services are treated as 100 percent fixed. 80 percent of the printing expense of \$11,786 is treated as fixed – or \$9,429. The balance of \$2,357 is considered to be variable and computes to a per diem amount of \$0.108 per diem ($\$2,357 / 21,843 = \0.108).

The Table below shows the computations that result in the expense projection for Legal and Professional Fees shown in the pro forma Income and Expense projections:

Applicant's Table

Projection of Legal and Professional Expense	Initial Six Months	Year 1	Year 2	Year 3
<i>Fixed Costs</i>				
Printing	\$ 4,753	\$ 9,429	\$ 9,429	\$ 9,429
Outside Services	\$ 2,417	\$ 4,794	\$ 4,794	\$ 4,794
<i>Variable Costs</i>				
Patient Days	2,338	8,392	12,481	15,467
Printing Cost Per Diem Expense	\$ 0.108	\$ 0.108	\$ 0.108	\$ 0.108
Variable Printing Cost Expense	\$ 252	\$ 906	\$ 1,347	\$ 1,669
<i>Total Education and Training Expense</i>	\$ 7,422	\$ 15,128	\$ 15,570	\$ 15,892

Licenses and Fees

Licenses and Fees include a \$5,000 annual provision for state and local licenses. In addition to this amount, the following computer software and licensing fees are projected in connection with the office computer equipment to be acquired in connection with the project.

Applicant's Table

Licenses		Six Months	Calendar Year				Six Months	Calendar Year			
		Ending	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	Ending	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Windows 385 & Related	\$ 540	4	1	1	1	\$ 2,180	\$ 540	\$ 540	\$ 540	\$ 540	
EMR Costs Operating	3,500	1	1	1	1	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	
EMR Costs Incremental	\$ 2,500	3	4	5	6	\$ 7,500	\$ 10,000	\$ 12,500	\$ 15,000	\$ 15,000	
Total						\$ 13,180	\$ 14,040	\$ 16,540	\$ 19,040		

These costs added to the \$5,000 annual license allowance referenced above result in the projections that appear in the pro forma income and expense statement.

Medical Supplies

“Medical Supplies are forecast on the basis of the experience of Seasons Hospice and Palliative Care of Oregon in 2020. These expenses include Clinical Supplies of \$34,663, DME Expense of \$121,889,

Pharmacy Costs of \$169,033, and Open Access of \$1,014. These amounts sum to \$326,599. Application of the 21,843 patient days delivered at of Seasons Hospice and Palliative Care of Oregon in 2020 results in a per diem expense of \$14.95.

The table below shows the computations used to develop the Supply Expense projection for the Pro Forma Statement of Income and Expense:

Applicant's Table

Projection of Supply Expenses	Initial Six Months	Year 1	Year 2	Year 3
<i>Variable Costs</i>				
Patient Days	2,338	8,392	12,481	15,467
Supply Cost Per Diem	\$ 14.95	\$ 14.95	\$ 14.95	\$ 14.95
<i>Projected Supply Cost</i>	\$ 34,958	\$ 125,478	\$ 186,617	\$ 231,264

Payroll Taxes

Payroll Taxes are projected to equal 6.5 percent of Salaries and Wages.

Postage

Postage is based on an estimated per-diem expense of \$0.10 per patient day of care.

Purchased Services

Purchased services consist of the fees paid to hospitals and nursing homes that provide inpatient services on a subcontracted basis to the Applicant's projected hospice inpatients. It is assumed that these facilities will be paid an amount to 85 percent of the GIP charges. The computations used to project the costs of purchased services appear in the table below.

Applicant's Table

Projection of Purchased Services Expense		Initial Six Months	Year 1	Year 2	Year 3
GIP Days		35.07	125.88	187.22	232.01
Projected GIP Per Diem Charge		\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Projected GIP Per Diem Contract Payment	85%	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020
<i>Total Purchased Services</i>		\$ 35,771	\$ 128,398	\$ 190,959	\$ 236,645

Rental \ Lease

The amount shown under rental and lease expense represents the costs of leasing the office space from which the proposed hospice will conduct its operations. The lease amounts are documented in the Appendices to this application.

The rental amount is inclusive of utilities and property taxes.

Repairs and Maintenance

The Applicant estimates that repairs and maintenance will be relatively minor expenditures in its early years of operations but has included a budget of \$3,500 per year to cover unexpected costs of this type.

Salaries and Wages

Salaries and wages are detailed In Tables 22 and 23 of this application. Staffing levels are based on the projected daily census of the proposed hospice and Seasons staffing model.

Salary expense for the pre-opening period includes provisions for pre-opening hiring of staff to permit orientation and training before clinical operations commence.

Supplies

The Supply line item refers to general office supplies. This line item is assumed to be variable with respect to clinical volume. An allowance of \$1.00 per diem is made for this line item.

Telephones\Pager

The expenses included in this line item include the Information Systems and Call Center expenses at of Seasons Hospice and Palliative Care of Oregon in 2020. These expenses totaled \$78,453 and are assumed to be fixed with respect to the clinical volume changes forecast in this application.

Service Fees

Service Fees consist of the management fee paid by the Applicant to Seasons. This fee is fixed at \$60,000 per year.

Washington State B&O Taxes

This tax is computed as 1.5 percent of Revenues.

Travel, Patient Care and Other

The expenses included in this line item include the following line items form [sic] the 2020 Income and expenses statement of Seasons Hospice and Palliative Care of Oregon.

Room and Board	\$22,747
Other Direct Expense	\$369,007
Travel:	\$ 886
Other Operating Expense:	\$14,313
Total:	\$406,953

These costs include not only travel, but payments to Nursing Homes for resident patients as well as other operating costs. For budgeting purposes, the following assumptions were made concerning the sensitivity of these expenses to clinical volume:

Applicant's Table

Line Item	Amount	Percent Fixed	Percent Variable	Amount Fixed	Amount Variable
Room and Board	\$ 22,747	0 %	100 %	\$0	\$ 22,747
Other Direct Expenses	\$ 369,007	0 %	100 %	\$0	\$ 369,007
Travel	\$ 886	70 %	30 %	\$ 620	\$ 266
Other Operating Expenses	\$ 14,313	100%	0 %	\$ 14,313	\$ 0
Total	\$ 406,953			\$ 14,933	\$ 392,020
Seasons Oregon Patient Days 2020					21,843
Variable Per Diem Expense Travel and Other					\$ 17.95

The detail of the forecast for this line item is presented below:

Applicant's Table

Projection of Legal and Professional Expense	Initial Six Months	Year 1	Year 2	Year 3
<i>Fixed Costs</i>				
Travel	\$ 310	\$ 620	\$ 620	\$ 620
Other Operating Costs	\$ 7,215	\$ 14,313	\$ 14,313	\$ 14,313
<i>Variable Costs</i>				
Patient Days	2,338	8,392	12,481	15,467
Variable Per Diem Costs Travel and Other	\$ 17.95	\$ 17.95	\$ 17.95	\$ 17.95
Variable Travel and Other Cost Projection	\$ 41,900	\$ 150,613	\$ 223,998	\$ 277,589
Total Education and Training Expense	\$ 49,488	\$ 165,546	\$ 238,932	\$ 292,522

Contributions to Foundation

These amounts reflect the commitment of the Applicant to provide funding for identified special programs as discussed in the application."

In addition to the assumptions identified above, the applicant also provided its worksheets and mathematical calculations used to project the pro forma statements for its Pierce County agency. The worksheets are extensive and provide the line-by-line calculation of each revenue source and mathematical calculations. [source: Application, Exhibit 18]

AccentCare, Inc. also provided its projected payer mix for the new hospice agency, explained why it is reasonable for Pierce County, and provided its assumptions used to determine the payer mix. [source: Application, pdf 74 and Exhibit 8; March 31, 2022, screening responses, pdf 10]

Applicant's Table
Seasons Pierce County's Percentage of Gross Revenue and Patient Days by Payor

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

Payer Mix

“The payor mix is based on the experience of the applicant in other service areas. Hospice services are overwhelmingly accessed by elderly patients who are Medicare beneficiaries. The 91 percent Medicare payor distribution reflects this fact. The Applicant has projected that Medicare recipients will, in the majority of cases, adopt a Medicare supplement program. In the pro formas, these payors are assumed to negotiate reductions in net payments with providers. To this extent, the assumption that Medicare Managed Care payors will make up the bulk of this results in a somewhat lower net reimbursement.”

If this project is approved, the new hospice agency in Pierce County would be operated under the parent, AccentCare, Inc. To assist in this evaluation, the applicant provided pro forma financial statements for the Pierce County hospice agency alone which is summarized in Table 18 below:

Department's Table 17
Seasons Pierce County
Revenue and Expense Statement for Projected Years 2023 through 2026

	Six Months Year 2023	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Net Revenue	\$498,738	\$1,790,177	\$2,662,438	\$3,299,408
Total Expenses	\$867,582	\$2,179,501	\$2,554,187	\$2,942,159
Net Profit / (Loss)	(\$368,844)	(\$389,324)	\$108,251	\$357,249

The ‘Net Revenue’ line item is gross revenue minus deductions for contractual allowances, bad debt, and charity care; it also excludes non-operating revenue. Total expenses include all expenses associated with the operations of the Pierce County agency.

Further, the applicant provided pro forma financial statements for AccentCare, Inc. that includes both hospice applications submitted by AccentCare during this 2021 concurrent review cycle.³⁸ The combined information is summarized in the tables below: [source: Application, Exhibit 18 and screening response, Attachment 3]

³⁸ During this 2021 hospice review cycle, AccentCare, Inc submitted applications for Pierce and Spokane counties.

Department's Table 18
AccentCare, Inc. with Pierce and Spokane Counties
Revenue and Expense Statement for Years 2023 through 2026 (in 1,000s)

	Full Year 2023	Full Year 2024	Full Year 2025	Full Year 2026
Net Revenue	\$1,862,357	\$2,043,483	\$2,243,476	\$2,461,698
Minus Total Expenses	\$1,825,619	\$1,965,930	\$2,124,541	\$2,302,496
Net Profit / (Loss)	\$36,738	\$77,553	\$118,935	\$159,202
Plus 2 Washington Hospice Projects	(\$810)	(\$859)	(\$138)	\$660
Net Profit / (Loss)	35,928,000	76,694,000	118,797,000	159,862,000

For the combined summary above, 'Net Revenue' is gross revenue minus deductions for contractual allowances, bad debt, and charity care. 'Total Expenses' include all expenses associated with the operations of the parent, AccentCare, Inc./Seasons.

AccentCare also provided projected balance sheets for the proposed Pierce County hospice agency alone. A summary is shown in the table below. [source: Application, Exhibit 15]

Department's Table 19
Seasons Pierce County
Balance Sheet for Projection Years 2023 through 2026

ASSETS	Six Months Year 2023	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Current Assets	\$1,353,614	\$1,068,770	\$1,211,125	\$1,604,357
Property and Equipment	\$99,828	\$99,828	\$99,828	\$99,828
Minus Depreciation	\$5,525	\$16,486	\$27,446	\$38,407
Total Assets	\$1,447,917	\$1,152,112	\$1,283,507	\$1,665,778

LIABILITIES	Six Months Year 2023	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Current Liabilities	\$59,149	\$152,668	\$175,812	\$200,833
Long-Term Debt	\$0	\$0	\$	\$
Equity	\$1,388,768	\$999,443	\$1,107,695	\$1,464,945
Total Liabilities, Long-Term Debt, and Equity	\$1,447,917	\$1,152,111	\$1,283,507	\$1,665,778

AccentCare, Inc. also provided projected balance sheets that includes each of the hospice applications submitted by AccentCare during this 2021 concurrent review cycle.³⁹ The combined information is summarized in the table below: [source: March 31, 2022, screening responses, Attachment 3]

³⁹ AccentCare submitted applications for Spokane and Pierce counties.

Department's Table 20
AccentCare, Inc.
Combined Balance Sheet Years 2023 through 2026 (in 1,000s)

ASSETS	Full Year Year 2023	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Current Assets	\$414,469	\$527,970	\$683,417	\$885,210
Property and Equipment	\$27,776	\$18,670	\$11,621	\$1,381
Other Assets	\$2,038,091	\$2,038,090	\$2,038,092	\$2,038,091
Total Assets	\$2,480,336	\$2,584,730	\$2,733,130	\$2,924,682

LIABILITIES	Full Year Year 2023	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Current Liabilities	\$286,068	\$313,736	\$343,901	\$368,094
Long-Term Debt	\$1,213,713	\$1,204,979	\$1,196,245	\$1,196,245
Other Long Term Liabilities	\$173,434	\$173,434	\$173,434	\$173,434
Equity	\$807,122	\$892,582	\$1,019,549	\$1,186,910
Total Liabilities, Long-Term Debt, and Equity	\$2,480,337	\$2,584,731	\$2,733,129	\$2,924,683

AccentCare provided a copy of the executed lease for the proposed agency in Exhibit 4 of the application and the third amendment to the lease in Attachment 4 of their screening responses. The lease agreement is between Seasons Hospice and Palliative Care of Pierce County, LLC, and 3W TMOB Partners LLC and M7M Tacoma Investments IV LLC. The lease was originally executed on February 28, 2020, and amended on January 27, 2021, and March 14, 2022. The lease extends until December 31, 2026, with provision for one two-year extension. All costs can be substantiated and are consistent with the lease amounts in the pro forma income statements.

Continuum Public Comment – Oppose

“Continuum was unable, and we believe that the Department will likewise be unable, to assess the conformance of the Seasons application to the Financial Feasibility and Structure and Process of Care standards. This is due to discrepancies between contracted services listed as to-be provided and the lack of expenses associated with these services outlined in its Pro Forma financial statements and supporting documents.

Documentation:

On page 34 of its application, in the section labeled “Services Provided by Contracted Professionals,” Seasons states that:

“Most of the contracted services are therapy services: physical, respiratory, speech, massage, art and occupational therapy. Other contracted services are acupuncture and other palliative care services. Seasons Pierce County also contracts for a medical director and physician services.”

Seasons’ pro forma Revenue and Expenses appears in “Table 22” on page 66 of its application. Seasons indicates that occupational therapy is included in the line labeled “Salaries and Wages (DNS, RN, OT, clerical, etc.).” However, other services including respiratory therapy, massage therapy, acupuncture, and art therapy are unaccounted for in the pro forma financials.

Additionally, in “Table 27” on page 78 of the application, in the section “Structure and Process of Care,” Seasons lists the full-time equivalents (FTEs) associated with contract positions, as shown in the table below:

Table omitted

Respiratory therapists, massage therapists, acupuncturists, art therapy, and other contract services Seasons listed do not appear to be accounted for here either.

The “Work Papers” provided on pages 551-555 of the application, submitted as supporting documentation for the pro forma assumptions, also fail to account for any expenses related to respiratory therapy, massage therapy, art therapy, or acupuncture.

These expenses are also not accounted for under “Purchased Services (Utilities, Other). Purchased services are described by Seasons on page 561 of the application as “Purchased Services consist of the fees paid to hospitals and nursing homes that provide inpatient services on a subcontracted basis to the Applicant’s projected hospice inpatients. It is assumed that these facilities will be pad an amount to 85 percent of the Medicare GIP per diem rate.”

Pennant/Puget Sound Public Comment - Oppose

- (1) “Seasons states that “The Applicant has projected that Medicare recipients will, in the majority of cases, adopt a Medicare supplement program. In the pro formas, these payors are assumed to negotiate reductions in net payments with providers. To this extent, the assumption that Medicare Managed Care payors will make up the bulk of this results in a somewhat lower net reimbursement”. This is incorrect. Hospice is reimbursed by Medicare, not Medicare Managed Care payors. The Medicare rates are not reduced, other than the standard 2% sequestration rate. Seasons’s revenue calculations cannot be relied upon. As a result, Seasons has not met the financial feasibility criterion.*
- (2) Seasons shows a pre-opening rent expense of \$59,334. This is an excessive expense that is included in the \$2.3 million dollar loss Seasons claims it will incur in 2023 and 2024 with its two proposed hospice projects in Spokane and Pierce Counties. Seasons’s Pierce project is not financially feasible.*
- (3) Seasons shows total capital and startup costs of \$244,388. These costs are excessive. Seasons’s project is not financially feasible.*
- (4) Season states, “Licenses and Fees include a \$5,000 annual provision for state and local licenses”. This is not the correct way to calculate the state license fees, as the bi-annual fee is based on the number of FTE’s. Seasons does not line item its initial or bi-annual state license fees. Financial feasibility is not met.*
- (5) Seasons does not show the accreditation costs in the pro formas or elsewhere. The average cost of accreditation is \$10,000. Financial feasibility is not met.”*

Wesley Homes Public Comment - Oppose

“AccentCare/Seasons Hospice (Seasons): Inconsistencies exist between the contracted services to be provided and the expenses associated with these contracted services in Season’s financials.”

AccentCare Rebuttal to Continuum

“Seasons’ staffing projections are based on its experience in other markets and its history of establishing new hospice programs. Respiratory therapy, massage therapy, art therapy and acupuncture are not on staff, but are made available as needed. The expense line item for these patient services, Travel (patient care, other), appears in Table 22 on page 66 of the application and in Exhibit 18, Worksheet 8, page 548 of the application. The total Other Direct Expense at Seasons Hospice and Palliative Care of Oregon in 2020 was \$369,000. Based on this expense, a per diem cost of \$17.95 was computed and applied to develop the budget for the Pierce County project. The resulting expense projections for this line item in the Pierce

County financial projections are \$49,48 for the partial year 2023, \$165,546 for 2024, \$238,932 for 2025, and \$292,522 for 2026. These amounts will fully accommodate any expenditures for the contract staff referenced in the Continuum critique.”

AccentCare Rebuttal to Pennant

“The assumptions used to project the payer mix in Table 25 on page 75 are explained in the Screening Response.

The payor mix shown in Table 25 on page 75 is based on the information in Exhibit 18, although it combines Medicare (at 27.3% of patient days) and Medicare Managed Care (63.7% of patient days) as shown in Exhibit 18, Workpaper 3, page 534, for a combined 91.0%. The percent of Gross Revenue shown in Table 25 is calculated from revenues shown in Exhibit 18, page 534.

The payor mix is based on the experience of the applicant in other service areas. Hospice services are overwhelmingly accessed by elderly patients who are Medicare beneficiaries. The 91% Medicare payor distribution reflects this fact. While Medicare Managed Care programs do not at present cover hospice services, Seasons wishes to give effect to the possibility that this will not always be the case. To this end, in its financial projections, Seasons Hospice & Palliative Care of Pierce County Washington, LLC (Seasons Pierce County) has projected that Medicare recipients will, in the majority of cases, adopt a Medicare supplement program. In the proformas, these payors are assumed to negotiate reductions in net payments with providers. To this extent the assumption that Medicare Managed Care payors will make up the bulk of this results in a somewhat lower net reimbursement. Therefore, if Pennant is correct, and Medicare Managed Care providers remain excluded from participation in hospice reimbursement, Seasons Pierce County’s performance will be even better than projected. Using lower rates that show the project is financially feasible is a conservative approach and intended to ensure even better success for the project.

.....

Not all costs in the financial statements are separately itemized. The non-salary costs in the administrative cost centers are based on Seasons Hospice and Palliative Care of Oregon and include accreditation costs, as all Seasons programs are externally accredited. These administrative costs form the basis of the forecasts for this project and thus make adequate provision for these costs.

.....

The \$5,000 provision exceeds the initial fee referenced by Pennant. Licensing fees for operation [sic] hospices cannot exceed \$4,335. The provision in the Accent Care pro-formas also exceeds this amount, and provides a cushion for possible rate hikes in the future.”

AccentCare Rebuttal to Wesley Homes

“The inconsistencies that Wesley Hospice are referring to are unclear. Seasons’ staffing projections are based on its experience in other markets and its history of establishing new hospice programs. Please refer to the response to Continuum’s comment above.

Department Evaluation

Utilization Assumptions

An applicant’s utilization assumptions are the foundation for the financial review under this sub-criterion. The applicant does not currently operate a hospice agency in Washington State, so it based its projected utilization of the proposed service area expansion on specific factors:

- Average length of stay of 62.12 days in years 2025 and 2026 based on the department’s numeric methodology, shorter lengths of stay for the first two years.

- An extensive comparison of Pierce County, Washington with three Oregon counties (Multnomah, Clackamas, and Washington). Based on this comparison, market share and referral rates were based on affiliate experience in Oregon.
- Based on the factors above, the three-year average daily census calculates to 13 in partial year 1 (2023) and full years one, two, and three were estimated at 23, 34, and 42, respectively.

After reviewing the material provided, the department concludes that applicant's utilization assumptions are reasonable.

Pro Forma Financial Statements

As stated earlier, since AccentCare has two hospice applications currently in process, they provided extensive financial statements, with varied scenarios anticipating a mixture of potential approvals. These various statements were helpful for the department to determine potential impacts of one project on existing operations as well as on other potential approvals or denials.

The department first examined the financial feasibility of the Pierce County project alone. AccentCare provided extensive assumptions used to prepare the proposed agency's pro forma Revenue and Expense Statement. As summarized in Table 17, the new agency is expected to operate at a net loss in partial year one (2023) and full year one (2024) becoming profitable by the end of full year two (2025) and remaining profitable in full year three (2026)

Given that AccentCare submitted one other application during the 2021 hospice concurrent review cycles, a review of its pro forma Revenue and Expense Statement showing AccentCare with both approvals was reviewed and summarized in Table 18. As noted in the summary, for current year 2022, the parent is expecting to end the year with more than a \$20.3 million loss. The reason for the loss is not identified in the application. Further, if both Washington State projects are approved during this review cycle, the two agencies are expected to operate at a cumulative combined loss of \$2.3 million for projection years 2023 and 2024. However, the operational loss in these first two years of operation is not expected to affect the overall financial health of the parent. The summary does show projected profitability for AccentCare from 2025 forward.

Focusing on the Pierce County balance sheets summarized in Table 20 shows that the new agency is anticipated to be financially stable. The combined balance sheet summarized in Table 20 shows that AccentCare is a financially healthy company. The balance sheets provided in the review demonstrate the proposed Pierce County project is a very small part of a larger corporation with many assets, liabilities, debt, and equity. The balance sheets demonstrate that the applicant is financially healthy company that is able to support a relatively small project and investment of capital.

Lease

Since the Pierce County hospice operations would be located within leased office space in Pierce County an executed lease was provided in the application. To ensure that the costs associated with this project could be clearly reviewed, AccentCare, Inc. provided a copy of the draft lease agreement and a table connecting the costs in the agreement with those identified in the pro forma Revenue and Expense Statement. All costs can be substantiated.

Medical Director Agreement

AccentCare, Inc. provided a copy of an executed Medical Director Agreement with Balakrishnan Natarajan, MD. The agreement identifies the roles and responsibilities of both the hospice agency and its medical director, and projected Revenue and Expense Statements identify all costs associated with this

agreement as a “*Physician Leadership (Medical Director)*” line item. The applicant provided a table connecting the annual amounts to those identified in the pro forma Revenue and Expense Statement.

Revenue Items

Pennant claimed that AccentCare’s projections were built using Medicare and Medicaid Advantage plans, which reimburse less than traditional Medicare, while Hospice is paid at full Medicare and Medicaid rates, rendering AccentCare’s projected revenue too low and unreliable. AccentCare responded that its payer mix is based on other areas and is consistent with their current operations. AccentCare also asserted that many of its patients are managed care (Medicare/Medicaid Advantage) patients and also noted that if their revenue was understated, its projected financial performance would be more favorable. The department concludes that AccentCare, as an established provider of hospice services in many states, is aware of its payer mix and the department further concludes that it reasonably rebutted Pennant’s claim in this area.

Expense Items

Continuum identified questions about whether AccentCare had properly accounted for the costs of contracted professionals such as physical, respiratory, speech, massage, art, and occupational therapists. Continuum noted that those expenses were not specifically identified in ‘salaries and wages,’ or ‘purchased services.’ AccentCare rebutted this information by explaining how its ‘other direct expense’ line item was projected and that it included these costs. The department reviewed this explanation and found no information to contradict it. Although it might be preferable to record these purchased services as a subset of ‘professional fees’ or ‘purchased services,’ AccentCare’s rebuttal is sufficiently credible to counter Continuum’s questions.

Pennant questioned AccentCare’s projected licensing expenses and pre-operating expenses. AccentCare provided an explanation of the items included in its licensing fee expense item, identified where, in the application and screening materials, the pre-opening expenses were identified, and further explaining its revenue assumptions. The department finds that AccentCare’s explanations and the underlying information in its application and screening materials are sufficient to address Pennant’s concerns.

Wesley Homes provided an undocumented assertion of inconsistencies related to contracted services but provided no explanation. AccentCare refers the reader to its comments in response to Continuum’s comments. The department concludes that Wesley’s criticism is insufficiently detailed to offer assistance in reviewing this application and that AccentCare’s rebuttal to Continuum is adequate to address this issue.

After reviewing the information provided, the department concludes that the AccentCare, Inc. project **meets this sub-criterion.**

Bristol Hospice, LLC

Bristol’s application proposes to establish a new agency in Thurston County to serve the residents of Pierce County. If approved, the new agency is expected to be Medicare and Medicaid certified on July 1, 2023. Based on that timeline, year 2023 is a partial year of operation, and 2024 – 2026 are full years one and three, respectively.

The applicant provided the following assumptions used to determine the projected number of patients and visits for the new agency. [source: March 31, 2022, screening response, pdf 2, pdf 5, and Exhibit 12]

“See attached new model for startup and services that runs through 2026. The updated figures are 1.11% in 2023 2.54% in 2024, 3.36% in 2025 and 4.39% in 2026. This is based on a consistent gradual growth rate that results in a stabilized ADC of 35 in 2026. The Washington department of health hospice numeric need study posted November 10, 2021 shown in exhibit 8 outlined that Piece [sic] county showed a need

of 111 ADC in 2023. Thus this growth rate is feasible within the need and is also a very stable feasible growth for a new agency to stabilize while not disrupting the market. Bristol has had many new hospice startups in other areas grow in a similar way. Further the department did approve one hospice in the last round that would account for 36 ADC. There is still a lot of room for more agencies shown in the need study for the county. This new model replaces the table shown in the application in section A 2 with the table shown in the exhibit 8.

See updated forecast and updated market share assumptions as updated exhibit 7 and 12 with march 2022 date. The assumptions in the model are derived using experience of other Bristol Hospice Startup operations using historical results to drive approach. We also ensured that the total ADC is within the need shown by the state.”

To clarify how projections years 2024 and 2025 were determined, Bristol provided the following clarification. [source: March 31, 2022, screening response, pdf 5]

“The exhibit [Exhibit 7] has been updated to go through 2026. The last two pages of the need study posted by the state in November 2021 as exhibit 8 show population growth up through 2025. These figures provided by the state were used for those years. For 2026 we used a Compounded Annual Growth Rate (CAGR) calculation to show the annualized growth rate based upon historical years. See an updated Exhibit that shows the CAGR formula and estimate for 2026 population figures.”

Bristol provided the following tables in its revised Exhibit 7 referenced above.

Applicant Tables

Projected Patients	Projected Patients	Average Population (2018-2020)			
		2020	2021 Projected Population	2022 Projected Population	2023 Projected Population
Ages 0-64	534	756,339	769,918	774,696	779,475
Ages 65+	3,115	130,688	142,422	148,729	155,037
		Potential Volume		Potential Volume	
Ages 0-64			544	547	550
Ages 65+			3,395	3,545	3,695
Total Admissions			3,938	4,092	4,246
Bristol Admissions % of Total Admissions					1.11%
Bristol Admissions					47
Bristol Patient Days					2,920
Bristol ADC					8
Projected Patients/Avg Population 0-64	0.000706033				
Projected Patients/Avg Population65+	0.023835394				

Applicant Table

Projected Patients	2024 Projected Population			Compound Growth Rate for Projected Population from 2021-2025 (RRI Formula)	
	2024 Projected Population	2025 Projected Population	2026 Projected Population		
Ages 0-64	784,253	789,032	792,911	5	0.004917 3,879.37
Ages 65+	161,344	167,652	173,211	5	0.033157 5,558.84
	Potential Volume		Potential Volume		
Ages 0-64	554	557	560	5	0.004917 2.74
Ages 65+	3,846	3,996	4,129	5	0.033157 132.50
Total Admissions	4,399	4,553	4,688		
Bristol Admissions % of Total Admissions	2.54%	3.36%	4.39%		
Bristol Admissions	112	153	206		
Bristol Patient Days	6,935	9,490	12,775		
Bristol ADC	19	26	35		
Projected Patients/Avg Population 0-64					
Projected Patients/Avg Population65+					

Within its revised Exhibit 12, Bristol provided the following projections and the basis for the projections. [source: March 31, 2022, screening response, Exhibit 12]

Applicant Table

Bristol Hospice Pierce, L.L.C. Proforma						
	Oct 2022 to July 2023	July 2023-Dec 2023	2024	2025	2026	Assumptions
Admissions	\$ -	24	112	153	206	Admissions from our projection provided in Exhibit 7
ADC	\$ -	8	19	26	35	Patient days divided by 365 days (a full year)
Patient Days	\$ -	1,460	6,935	9,490	12,775	Admissions multiplied by an average length of stay of 62.12 days this is the ALOS used in the departments need study dated November 10 2021
Avg. Daily Rate	\$ -	\$197	\$197	\$197	\$197	This is the average 2021 daily rate of the current providers in Pierce County back up is in tab two of Exhibit 7

Bristol provided its assumptions for its projected Revenue and Expense Statement embedded within the statement. Below is the information provided. [source: March 31, 2022, screening response, Exhibit 12]

Applicant Table

Bristol Hospice Pierce, L.L.C. Proforma						
	Oct 2022 to July 2023	July 2023-Dec 2023	2024	2025	2026	Assumptions
Admissions	\$ -	24	112	153	206	Admissions from our projection provided in Exhibit 7
ADC	\$ -	8	19	26	35	Patient days divided by 365 days (a full year)
Patient Days	\$ -	1,460	6,935	9,490	12,775	Admissions multiplied by an average length of stay of 62.12 days this is the ALOS used in the departments need study dated November 10 2021
Avg. Daily Rate	\$ -	\$197	\$197	\$197	\$197	This is the average 2021 daily rate of the current providers in Pierce County back up is in tab two of Exhibit 7
Revenue	\$ -	\$287,620.00	\$1,366,195.00	\$1,869,530.00	\$2,516,675.00	
Medicare, Medicare HMO	\$ -	\$ 281,867.60	\$ 1,338,871.10	\$ 1,832,139.40	\$ 2,466,341.50	Assumed this as 98% of revenue
Medicaid Routine	\$ -	\$ 2,876.20	\$ 13,661.95	\$ 18,695.30	\$ 25,166.75	Assumed this as 1% of revenue as most of our patients are eligible for the Medicare benefit.
Third Party Insurance	\$ -	\$ 2,876.20	\$ 13,661.95	\$ 18,695.30	\$ 25,166.75	Assumed this as 1% of revenue as Hospice is not part of the Medicare advantage benefit and thus most patients will be billed to Medicare directly.
Total Hospice Revenue	\$ -	\$ 287,620.00	\$ 1,366,195.00	\$ 1,869,530.00	\$ 2,516,675.00	
Room and Board Revenue	\$ -	\$ 78,856.50	\$ 374,568.37	\$ 512,567.24	\$ 689,994.36	95% of the Average Medicaid Room and Board reimbursement as calculated from the Dept of Aging and Disability Services report Dated 3-1-2022. See third tab on updated exhibit 7.
Total Revenue	\$ -	\$ 366,476.50	\$ 1,740,763.40	\$ 2,382,097.20	\$ 3,206,669.40	
Deductions From Revenue						
Charity Care	\$ -	\$ 5,752.40	\$ 27,323.90	\$ 37,390.60	\$ 50,333.50	Using Bristol historical averages from other operations we usually receive roughly 2% of our admissions that do not have a valid payer and do not have the ability to pay for services. Per our charity care policy we will accept these patients and write off the revenue for this service.
Room and Board Expense	\$ -	\$ 83,006.84	\$ 394,282.49	\$ 539,544.46	\$ 726,309.85	Using historical averages and looking at the referral source mix in Pierce County we expect that 20% of our census will reside in Skilled nursing facilities and thus we will bill Medicaid for R&B and reimburse the SNF 95% of the Room and Board Rate.
Bed Debt	\$ -	\$ 2,876.20	\$ 13,661.95	\$ 18,695.30	\$ 25,166.75	Assumed this as 1% of net hospice revenue based on Bristol historical averages
Contractual Allowances	\$ -	\$ -	\$ -	\$ -	\$ -	Bristol does not book revenue higher than we expect to get paid so we do not have any contractual allowances.
Net revenue	\$ -	\$ 274,841.06	\$ 1,305,495.03	\$ 1,786,466.88	\$ 2,404,859.26	
Expenses						
Advertising	\$ 500.00	\$ 1,500.00	\$ 4,500.00	\$ 7,000.00	\$ 7,000.00	Based on our typical startup historical averages we have assumed \$500 in the startup phase \$1,500 for the half year and ramping up to \$7,000 in a full year of operation.
B & O Taxes	\$ -	\$ 4,314.30	\$ 20,492.93	\$ 28,042.95	\$ 37,750.13	Assumed 1.5% of Revenue. This is based on research on this expense and using what we have paid in our Thurston and Snohomish locations.
Depreciation and Amortization	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	Based off a 36 month flat line depreciate for \$30,000 of capital expense starting the first full calendar year after project is completed.
Dues and Subscriptions Licenses and Fees	\$ 4,000.00	\$ 2,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	Assumed to be 4,000 per year based on what we have experienced in Thurston and Snohomish
Education and Training	\$ 200.00	\$ 750.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	As part of the corporate overhead allocation the staff will have access to Relias an online training system, this additional amount of 1,500 year is for local in-services that is based on historical experience.
Employee Benefits	\$ 13,320.54	\$ 21,219.63	\$ 67,914.13	\$ 79,733.19	\$ 94,929.12	Assumed to be 9% of wages as we provide a robust set of healthcare benefits and 401k match. This is higher than industry averages but we work to invest in our employees.
Equipment Rental (DME)	\$ 975.00	\$ 9,490.00	\$ 45,077.50	\$ 61,685.00	\$ 83,037.50	Assumed to be \$6.50 per patient day based on our national pricing and experience. A bit for initial patients on startup

Applicant Table

Bristol Hospice Pierce, L.L.C. Proforma

	Oct 2022 to July 2023	July 2023-Dec 2023	2024	2025	2026	Assumptions
Information Technology/Computers	\$ -	\$ 730.00	\$ 3,467.50	\$ 4,745.00	\$ 6,387.50	Assumed to be \$0.50 per patient day based upon the technology we know we will use in the program from our national contracts included in the startup capital cost for first period
Insurance	\$ 5,000.00	\$ 6,600.00	\$ 13,200.00	\$ 13,200.00	\$ 13,200.00	Assumed to be \$1,100 per month insurance policy pro rata assigned to this startup.
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	No interest charge to the program as we will fund all the needs for the company with cash on hand from the parent company.
Legal/Professional	\$ -	\$ -	\$ -	\$ -	\$ -	Legal and professional is included in the overhead allocation as we share the cost of our internal legal dept and professional support across all locations so these companies have a cost advantage we can put into direct care instead of overhead.
Medical Director	\$ 3,000.00	\$ 7,300.00	\$ 34,675.00	\$ 47,450.00	\$ 63,875.00	Medical Director is paid at 300 dollars per hour per the contract in section 3.3. Hours needed is based off a PPD of 5 dollars per patient day that we run in other markets at this same hourly rate for medical services. Thus we have budgeted 5 dollars here and you can see the FTE expected in the Employee Detail Tab
Medical Supplies	\$ 2,000.00	\$ 5,241.40	\$ 24,896.65	\$ 34,069.10	\$ 45,862.25	Assumed to be 3.59 per patient day based on a high quality formulary that covers all the supplies needed for hospice care.
Payroll Taxes	\$ 13,764.56	\$ 21,926.95	\$ 70,177.93	\$ 82,390.96	\$ 98,093.42	Assumed to be 9.3% of wages based upon Washington and federal tax rates
Postage	\$ 250.00	\$ 248.20	\$ 1,178.95	\$ 1,613.30	\$ 2,171.75	Assumed to be \$0.17 per patient day after initial startup and 250 dollars for the startup phase based on our historical averages. We do not send a lot of things out in the mail to run our business.
Utilities	\$ 1,800.00	\$ 1,200.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$200 dollars a month per sublease agreement.
Rental/Lease	\$ 7,200.00	\$ 4,800.00	\$ 9,600.00	\$ 9,600.00	\$ 9,600.00	\$800 dollars a month per sub lease agreement.
Repairs and Maintenance	\$ 200.00	\$ 292.00	\$ 1,387.00	\$ 1,898.00	\$ 2,555.00	Assumed to be \$0.20 per patient day and is for random work done in the leased space. It is based on historical averages we do not have a lot of equipment to replace over time.
Salaries and Wages	\$ 148,006.01	\$ 235,773.65	\$ 754,601.42	\$ 885,924.30	\$ 1,054,768.00	This amount ties back to our Employee Detail table in Exhibit 7. Note medical director costs are broken out above.
Supplies	\$ 140.00	\$ 73.00	\$ 346.75	\$ 474.50	\$ 638.75	Assumed to be \$0.05 per patient day based on misc. office supplies the office will need and is based on company averages
Telephone	\$ 1,500.00	\$ 1,357.80	\$ 6,449.55	\$ 8,825.70	\$ 11,880.75	Assumed to be \$0.93 per patient day to provide our staff with an iPad and phone to conduct their work. We provide quality equipment to help our staff provide the best care.
Travel (patient care, other "mileage")	\$ 2,000.00	\$ 5,110.00	\$ 24,272.50	\$ 33,215.00	\$ 44,712.50	Assumed to be \$3.50 per patient day based on mileage expenses and averages for similar market sizes in other markets.
Pharmacy	\$ 1,000.00	\$ 9,490.00	\$ 45,077.50	\$ 61,685.00	\$ 83,037.50	Assumed to be \$6.50 per patient day based on a robust formulary through optimum pharmacy and expected patient diagnosis and acuity from similar markets
Overhead Allocation	\$ 10,000.00	\$ 9,679.80	\$ 45,979.05	\$ 62,918.70	\$ 84,698.25	Assumed to be \$6.63 per patient day - Includes: HR, Legal, Billing, Finance Services, Online training system, IT help desk, Regional Leadership support, and Software. For the startup period this is estimated to be \$10,000
Total General Expenses	\$ 214,856.11	\$ 349,096.72	\$ 1,191,194.35	\$ 1,442,370.69	\$ 1,762,097.42	
Profit/(loss)	\$ (214,856.11)	\$ (74,255.66)	\$ 114,300.67	\$ 344,096.18	\$ 642,761.84	

Because of the small print shown in the tables above, the department created a summary of the information, which is shown in the table below.

Department's Table 21
Bristol Pierce Projected Revenue and Expense Statement Summary⁴⁰

	Startup	Partial Year 2023-Inc.	Full Year 1 2024	Full Year 2 2025	Full Year 3 2026
Net Revenue	\$0	\$274,842	\$1,305,495	\$1,786,466	\$2,404,859
Total Expenses	\$214,857	\$349,097	\$1,191,197	\$1,442,371	\$1,762,099
Net Profit / (Loss)	(\$214,857)	(\$74,255)	\$114,298	\$344,095	\$642,760

Net revenues include all gross revenue, minus any deductions for charity care, bad debt, and room and board expenses. Total expenses include staff salaries and benefits, and all costs associated with the Pierce County operations.

Bristol provided the following additional clarifications related to its 'room and board' expense in the projected Revenue and Expense Statement. [source: March 31, 2022, screening response, pdf 33]

⁴⁰ All amounts are rounded to nearest dollar.

“Room and Board Expense

This revenue pertains to Medicaid patients residing in skilled nursing facilities (“SNF”). Instead of paying the SNF for these patients the state of WA will pay Bristol 95% of the Medicaid rate for that specific SNF. Bristol, in turn, will pay the SNF 100% of the Medicaid rate and then will bill Medicare for their hospice services. This keeps the SNF whole in terms of revenue but Bristol will show a small loss as we receive less from the state than we will pay. For example, if the SNF was being paid \$100 per day by the state for a Medicaid patient and that patient signs up for hospice services the SNF will now receive \$0 from the state. The state will pay Bristol \$95 per day and Bristol will pay the SNF \$100 per day. We estimate that between 20% of our total average revenue will come from patients in SNF’s.”

Bristol also noted that it *“does not book revenue higher than we expect to get paid so we do not have any contractual allowances.”* [source: March 31, 2022, screening response, Exhibit 12, pdf 44]

Bristol provided a copy of the executed Medical Director Agreement between Bristol Hospice-Pierce, LLC and Sabine VonPreyss, MD. The agreement was executed on October 25, 2019, and identifies roles and responsibilities for each entity. The agreement also identifies compensation to Dr. VonPreyss at \$300/hour.

Bristol provided a copy of the ‘First Amendment to Lease’ for the site at 4106 - 6th Avenue Southeast in Lacey, within Thurston County. The lease is between Lacey Professional Plaza, LLC (landlord) and Bristol Hospice, LLC (tenant). The amendment was executed on January 31, 2022, and references a Lease Agreement executed on August 17, 2021. The agreement identifies roles and responsibilities for each entity. The amendment extends the initial lease from September 1, 2024, to December 31, 2024. The amendment also references a three-year extension beginning January 1, 2025, through December 31, 2027.

Bristol also provided a copy of the ‘Sublease Agreement Between Bristol Hospice-Pierce, LLC and Bristol Hospice-Thurston.’ This sublease identifies the sublandlord to be Bristol Hospice-Thurston and the subtenant to be Bristol Hospice-Pierce, LLC. The lease was executed on January 28, 2022, and is effective as of January 1, 2023, and expires on December 31, 2025. The lease includes an option to extend the agreement for two years, expiring on December 31, 2027. Rent is identified at \$800/month, and calculates to \$9,600 annual, which is consistent with the Rent/Lease’ line item in the pro forma Revenue and Expense Statement.

Bristol provided a copy of its pro forma Balance Sheet for Bristol Hospice Pierce. The balance sheet is summarized below. [source: March 31, 2022, screening response, pdf 46]

**Department's Table 22
Bristol Hospice-Pierce Pro Forma Balance Statement Summary**

ASSETS	2023 (Partial Year)	CY 2024 (Year 1)	CY 2025 (Year 2)	CY 2026 (Year 3)
Current Assets	\$139,071	\$254,455	\$299,483	\$958,888
Property and Equipment	\$30,000	\$20,000	\$10,000	\$0
Other Assets	\$0	\$0	\$0	\$0
Total Assets	\$169,071	\$274,455	\$309,483	\$958,888

LIABILITIES	2023 (Partial Year)	CY 2024 (Year 1)	CY 2025 (Year 2)	CY 2026 (Year 3)
Current Liabilities	\$458,183	\$449,266	\$140,198	\$146,841
Long-Term Debt	\$0	\$0	\$0	\$0
Equity	(\$289,112)	(\$174,811)	\$169,285	\$812,047
Total Liabilities, Long-Term Debt, and Equity	\$169,071	\$274,455	\$309,483	\$958,888

The new Thurston County agency serving Pierce County patients will be operated under the applicant, Bristol Hospice, LLC. To ensure a thorough review of this project, Bristol Hospice provided the following three additional financial statements:

- Projected Revenue and Expense Statement for applicant, Bristol Hospice, with this project,
- Projected Balance Sheet for applicant, Bristol Hospice, with this project; and
- Year 2020 Historical Balance Sheet for applicant, Bristol Hospice.

The year 2020 historical balance sheet is reviewed and addressed in sub-section (3) of this financial feasibility criterion. Below is the pro forma Revenue and Expense Summary. [source: March 31, 2022, screening response, Exhibit 12, pdf 44]

**Department's Table 23
Bristol Hospice, LLC with Pierce County Operations
Projected Revenue and Expense Statement Summary⁴¹**

	Startup	Partial Year 2023-Inc.	Full Year 1 2024	Full Year 2 2025	Full Year 3 2026
Net Revenue	\$204,214,553	\$155,513,766	\$313,283,689	\$315,862,156	\$317,473,697
Total Expenses	\$203,447,605	\$154,663,321	\$310,175,546	\$312,245,280	\$313,552,267
Net Profit / (Loss)	\$766,948	\$850,445	\$3,108,143	\$3,616,876	\$3,921,430

Similar to the Bristol Hospice-Pierce only financial summary, net revenues include all gross revenue, minus any deductions for charity care, bad debt, and room and board expenses, include the Pierce County hospice operations. Total expenses include staff salaries and benefits, and all other expenses, including the Pierce County operations.

⁴¹ All amounts are rounded to nearest dollar.

Department's Table 24
Bristol Hospice, LLC with Pierce County Operations
Pierce Pro Forma Balance Statement Summary

ASSETS	2023 (Partial Year)	CY 2024 (Year 1)	CY 2025 (Year 2)	CY 2026 (Year 3)
Current Assets	\$200,515,478	\$207,770,106	\$214,315,692	\$220,858,956
Property and Equipment	\$1,535,488	\$1,612,262	\$1,692,876	\$1,777,519
Other Assets	\$398,996,222	\$695,396,222	\$391,796,222	\$388,196,222
Total Assets	\$601,047,188	\$904,778,590	\$607,804,790	\$610,832,697

LIABILITIES	2023 (Partial Year)	CY 2024 (Year 1)	CY 2025 (Year 2)	CY 2026 (Year 3)
Current Liabilities	\$48,406,110	\$51,380,257	\$54,547,724	\$57,921,076
Long-Term Debt	\$340,571,332	\$339,921,332	\$339,271,332	\$338,621,332
Equity	\$212,069,746	\$213,477,001	\$213,985,734	\$214,290,289
Total Liabilities, Long-Term Debt, and Equity	\$601,047,188	\$604,778,590	\$607,804,790	\$610,832,697

Continuum Public Comment [source: pdf 6]

“Bristol’s financials include a number of inaccurate assumptions and errors. These assumptions make it impossible for the Department to determine the financial feasibility of its project. It also makes it difficult, if not impossible, to verify that Bristol’s services will be available to all residents of the service area.

To calculate revenue in its pro forma, instead of using the actual 2020 payment rate schedules published in the Federal Register for Washington State, Bristol used reimbursement data from “July 2020 through June 2021” (page 31 of 56 of Response to screening). Bristol also used this data to calculate a blended “daily rate” based on 2020 and 2021 reimbursement rates for other hospices whose level of care mix, ALOS, payer mix, etc. do not necessarily align with Bristol’s Pierce County assumptions. This method of using both old reimbursement rates and other hospice’s past revenue does not allow the Department to assess the financial feasibility of the project or compare it to the other applicant’s financials, which are based on standard assumptions.

There is also a discrepancy between Bristol’s assertion on patients to be served and payer mix. On page 31 of 56 of Bristol’s Screening Response, it states that “20 percent of our census will reside in Skilled Nursing Facilities. A significant percentage of nursing home patients have Medicaid as a payer, so a payer mix forecasting only 1% Medicaid suggest that Bristol either has an error in its payer mix or assumption or, conversely that nursing home patients with Medicaid will not have access to Bristol’s hospice services.

Finally, in both its application and screening response, Bristol made several errors, including:

- It did not conform with the Program-defined definitions of “Capital” and Start-Up” resulting in supplies being depreciated (screening response, application page 17).*
- While for purposes of depreciation, supplies were “counted” as a capital expense, on the capital expenditure table on page 17, they were not included.*
- Bristol did not adequately list or account for start-up costs and failed to provide an adequate answer to the Department’s questions regarding these costs.*

- *Duplicate expenses were listed on the pro forma. For example, “Online training system” is listed on both lines “Education and training” and also on the “Overhead Allocation” line item on pages 31 and 32 of the screening response.”*

Pennant Public Comment [source: pdfs 3-4]

- *Bristol does not show the initial (\$3,283) or bi-annual (varies based on census) state license costs in the pro forma or elsewhere. As a result, Bristol has not met the financial feasibility criterion.*
- *Bristol does not show the accreditation costs in the pro forma or elsewhere, which are approximately \$10,000 for ACHC or CHAP. As a result, Bristol has not met the financial feasibility criterion.*
- *Bristol’s medical director (MD) rate is \$300 per hour. This hourly rate is excessive and unreasonable, and compared to the second highest applicant, it is the highest by more than \$50 per hour. Financial feasibility is not met.*
- *Bristol’s lease does not extend to the end of 2026, as it expires December 31, 2025. The lease rates for the 3rd full year, 2026, cannot be calculated. As a result, Bristol has not met the financial feasibility criterion.”*
- *Bristol’s lease does not extend to the end of 2026, the third full year. The site control requirement is not met, and the Department must reject Bristol’s application.*

AccentCare/Seasons Public Comment [source: pdf 9]

“Screening Question 6. The assumptions used to project the utilization for Pierce County hospice services in years 2023, 2024, and 2025 provided in the table on page 11 are explained in Exhibit 7. The market share percentages are 2.6%, 3.6%, and 4.5% of total admissions in years one through three, respectively. Provide the assumptions used to determine the market share and an explanation of why they are considered reasonable.

While Bristol states in its response that the growth rate is feasible because “Bristol has had many new hospice startups in other areas grow in a similar way,” it does not provide the detail with respect to its historical growth patterns to demonstrate its ability to achieve the forecast. Therefore, there is no documented basis or assurance as to the financial feasibility of the project.”

Bristol Rebuttal Comment

None

Department’s Evaluation

Utilization Assumptions

An applicant’s utilization assumptions are the foundation for the financial review under this sub-criterion. The utilization begins with a projected number of patients broken down by payer source of Medicare, Medicaid, and other. As noted in the need section of this evaluation, three entities submitted comments regarding perceived inconsistencies between Bristol’s projected 1% Medicaid payer source and its assertion that it expects 20% of its patients would reside in a nursing home. Bristol did not provide rebuttal statements to reconcile the two assertions.

With Bristol’s lack of rebuttal to clarify the projections and the percentage, the department must conclude that both payer mix assertions cannot be correct. Therefore, either the Medicaid percentage is understated, or Bristol’s projected nursing home patients could not reach 20% of its admissions and is overstated. As a result, the department cannot conclude that Bristol’s utilization assumptions are reasonable.

Since an applicant’s utilization assumptions are the foundation for the financial review under this sub-criterion, the department will not continue with its financial review of the application under this sub-criterion, which includes an evaluation of information submitted by the applicant and public comments.

In summary, based on the information available, the department cannot complete the review of the immediate and long-range operating costs of this project. **This sub-criterion is not met.**

The Pennant Group, Inc.

Through its subsidiaries Pennant currently owns and operates several in-home services agencies in Washington State. For this project, Pennant proposes to provide hospice services to the residents of Pierce County from a new hospice agency in Pierce County. [source: March 29, 2022, screening response, pdf 5]

Pennant provided the following assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice services. [source: March 29, 2022, screening response, pdf 9]

“We based our assumptions on what we have learned in the last two years with Pennant’s two hospice startups in Snohomish and Thurston Counties, as well as our hospice startups in California and Texas. All these startups started or operated at an early stage during the COVID-19 pandemic. This created unique insight into the needs, trends, and opportunities that must be considered when planning for and/or operating a startup hospice agency during the ongoing global pandemic. The market share numbers are conservative and consider the potential challenges surrounding staffing, COVID-19, and restrictions at skilled nursing facility, assisted living facility, hospitals, adult family homes and the like.

The assumed market share is also conservatively based on our experience with growth trends for acquired hospice agencies across Pennant in multiple states, including Washington, Oregon, California, Arizona, Idaho, Utah, Texas, and Montana. While acquisitions and startups are different in many ways, the ability of our local teams to build relationships in their respective communities and to grow market share are similar.”

Pennant provided the following statements to confirm its projected market share is reasonable. [source: March 29, 2022, screening response, pdf 9]

*“Our assumed market share percentages are percentages of one third of the total market share per year, because there is a need for three agencies. The Assumptions and Calcs spreadsheet at **Exhibit 10** shows this. As an example, the unmet need in Pierce County in 2023 is 111. $111/3=37$. We project an ADC of 50% of 37 for 2023, which is an ADC of 18.”*

Applicant Table

Projection Year-PIERCE	2023	2024	2025	2026
unmet patient days	13446	16629	19812	22995
unmet patient days % per year	50%	55%	60%	65%
Patient Days	6723	9146	11887	14947
Annual admissions - Unduplicated Patients with ALOS of 62.12	108	147	191	241
Monthly Unduplicated Patient admissions	9	12	16	20
Average Daily Census (ADC)	18	25	33	41

If this project is approved, the Pierce County service area of the hospice agency would be operated in combination with its proposed King County operations. The department requested Pennant provide pro

forma financial statements for Pierce County operations alone, and the proposed combined King/Pierce operations. Additionally, Pennant submitted a total four CN applications in the 2021-2022 hospice review cycles.⁴² Pennant was required to provide a variety of combined financial statements to demonstrate financial health with varied scenarios anticipating a mixture of potential approvals. The various financial statements were helpful for the department to determine potential impacts of one project on existing operations as well as on other potential approvals or denials. Embedded in the financial statements are the assumptions used by Pennant to determine its calculations.

The information below shows the Pierce County-only statements provided by Pennant and the assumptions used to determine the amounts shown in the statements. [source: March 29, 2022, screening response, Revised Exhibit 10]

Applicant Table

Assumptions and Projections

Assumes 1/1/23 start date					2023	2024	2025	2026
	2023	2024	2025	2026	50%	55%	60%	65%
Patient Days	6723	9146	11887	14947	Projected service for 50% in 2023, 55% in 2024, 60% in 2025, 65% in 2026			
Annual admissions - Unduplicated Patients with ALOS of 62.12	108	147	191	241				
Monthly Unduplicated Patient admissions	9	12	16	20				
Average Daily Census (ADC)	18	25	33	41				

National Hospice and Palliative Care Organization (NHPCO) 2017 Facts and Figures updated as of April 2018

Table 10: Level of Care by Percentage of Days of Care

Percentage of Days of Care	DOC %
Routine Home Care (RHC)	98.0%
Inpatient Respite Care (IRC)	1.5%
Continuous Home Care (CHC)	0.2%
General InPatient Care (GIP)	0.3%

CMS WA percentages of care PIERCE County- Days of Care (DOC)

	2023	2024	2025	2026	
Routine Home Care (RHC)	6,588	8,963	11,649	14,648	Level of Care Percentage x Projected service of unmet days

Applicant Table cont'd

Inpatient Respite Care (IRC)	101	137	178	224	Level of Care Percentage x Projected service of unmet days
Continuous Home Care (CHC)	13	18	24	30	Level of Care Percentage x Projected service of unmet days
General InPatient Care (GIP)	20	27	36	45	Level of Care Percentage x Projected service of unmet days
Total Days of Care	6,723	9,146	11,887	14,947	

Referral resources based on

Cornerstone averages	# of Referrals by Source				Avg referral %
Physician Referral	3.0	4.0	5.2	6.6	32.9%
Clinic Referral	3.3	4.5	5.8	7.3	36.5%
Transfer from Hospital	1.1	1.5	1.9	2.4	12.2%
Transfer from SNF	1.5	2.0	2.7	3.3	16.7%
All other	0.2	0.2	0.3	0.3	1.7%
Subtotal Referrals	9.0	12.3	15.9	20.1	

⁴² The Pennant Group submitted applications for the following four counties: King, Pierce, Skagit, and Snohomish.

Per Diem Rates - 2022

PIERCE County	Days 1-60	Days > 60		
Routine Home Care	\$ 235.19	\$ 185.86	\$ 196.65	Blended rate of 30% Tier 1 and 70% Tier 2 based on Cornerstone averages, includes 2% sequestration Per Hour, minimum 8 hours required
Inpatient Respite	\$ 547.80		Per Day	
Continuous Home Care	\$ 67.24		Per Hour	
General InPatient	\$ 1,235.25		Per Day	

REVENUE

Gross revenue by type of care	2023	2024	2025	2026	
PIERCE County					
Routine Home Care	1,295,596	1,762,534	2,290,812	2,880,433	Days of Care x Per Diem Rates
Inpatient Respite	55,241	75,150	97,675	122,815	Days of Care x Per Diem Rates
Continuous Home Care	7,233	9,839	12,788	16,080	Days of Care x Per Diem Rates: Assumes one 8 hour shift per each unmet day
General InPatient	24,913	33,892	44,050	55,388	Days of Care x Per Diem Rates
Gross revenue subtotal	1,382,983	1,881,415	2,445,326	3,074,716	

Payor Mix	2023	2024	2025	2026	
Medicare	94.6%	94.6%	94.6%	94.6%	Based on total Cornerstone averages
Medicaid	4.0%	4.0%	4.0%	4.0%	Based on total Cornerstone averages
Commercial	1.2%	1.2%	1.2%	1.2%	Based on total Cornerstone averages
self pay	0.2%	0.2%	0.2%	0.2%	Based on total Cornerstone averages
Subtotal	100%	100%	100%	100%	

Gross revenue by Payor Mix	2023	2024	2025	2026	
PIERCE County					
Medicare	1,308,302	1,779,819	2,313,278	2,908,681	Gross revenue by Type of Care x Payor Mix
Medicaid	55,319	75,257	97,813	122,989	Gross revenue by Type of Care x Payor Mix
Commercial	16,596	22,577	29,344	36,897	Gross revenue by Type of Care x Payor Mix
self pay	2,766	3,763	4,891	6,149	Gross revenue by Type of Care x Payor Mix
Gross revenue subtotal	1,382,983	1,881,415	2,445,326	3,074,716	

Adjustments to revenue	2023	2024	2025	2026	
Contractual adjustments					
Medicare Managed Care, Medicaid Managed Care, Private Pay, Third Party Ins	(27,660)	(37,628)	(48,907)	(61,494)	Assumed 2%
Charity Care	(69,149)	(94,071)	(122,266)	(153,736)	Assumed 5%
Provisions for Bad Debt	(13,830)	(18,814)	(24,453)	(30,747)	Assumed 1%
Total Adjustments to Revenue	(110,639)	(150,513)	(195,626)	(245,977)	

Total Net Revenue	1,272,344	1,730,902	2,249,700	2,828,739
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Expenses- Patient Care Costs

Clinical Staff by FTE	2023	2024	2025	2026	Comp/FTE	Note
Registered Nurse	2.8	3.8	4.9	6.1	80,000	1 RN/12 ADC and .8 RN/12 ADC for weekend/night/call rotation
Certified Nursing Assistant	1.8	2.5	3.3	4.1	31,200	1 CNA/10 ADC
Licensed Clinical Social Worker	0.6	0.8	1.1	1.4	71,000	1 LCSW/30 ADC; Also covers Volunteer Coordinator until ADC of 60
Spiritual Care Coordinator	0.6	0.8	1.1	1.4	56,000	1 SCC/30 ADC; Also covers Bereavement Coordinator until ADC of 60
Director of Clinical Services	0.5	0.6	0.8	1.0	110,000	1/DPS/40 ADC includes QAPI
Total	6.3	8.6	11.1	14.0		

Clinical Staffing	2023	2024	2025	2026	Note
Compensation and Benefits					
Registered Nurse	221,025	300,683	390,805	491,393	FTE x Annual Compensation
Certified Nursing Assistant	57,466	78,178	101,609	127,762	FTE x Annual Compensation
Licensed Clinical Social Worker	43,591	59,301	77,076	96,914	FTE x Annual Compensation
Spiritual Care Coordinator	34,382	46,773	60,792	76,439	FTE x Annual Compensation
Director of Clinical Services	50,651	68,906	89,560	112,611	FTE x Annual Compensation
Payroll Taxes & Benefits	122,135	166,152	215,953	271,536	30% of Base Compensation
Total	529,250	719,993	935,795	1,176,654	

Contracted Patient Care	2023	2024	2025	2026	Note
Medical Director	31,496	42,847	55,690	70,023	MD rate of \$190/hr. per contract. Assumption of .75hrs/ADC
Physical Therapist	703	956	1,242	1,562	\$42.38/hr 1.5 hours/20 ADC/Month
Occupational Therapist	651	885	1,151	1,447	\$39.26/hr 1.5 hours/20 ADC/Month
Speech Therapist	589	802	1,042	1,310	\$35.55/hr 1.5 hours/20 ADC/Month
Dietitian	552	751	976	1,227	\$33.29/hr 1.5 hours/20 ADC/Month
Total	33,990	46,241	60,100	75,569	

Direct Patient Care Costs	2023	2024	2025	2026	Note
DME	40,606	55,240	71,797	90,277	\$6.04/PPD based on Cornerstone averages
Pharmacy	47,665	64,843	84,279	105,971	\$7.09/PPD based on Cornerstone averages
General Inpatient Costs	24,913	33,892	44,050	55,388	\$1180.67 per General Inpatient DOC
Medical Supplies	17,412	23,688	30,787	38,712	\$2.59/PPD based on Cornerstone averages
Inpatient Respite	55,241	75,150	97,675	122,815	\$520.36 per Inpatient Respite DOC
Room and Board	3,025	4,116	5,349	6,726	\$.45/PPD based on Cornerstone averages
Mileage	24,202	32,925	42,793	53,808	Estimate 8 miles/DOC reimbursed at \$.45/mile based on existing local agency
Subtotal	213,065	289,854	376,731	473,696	
Total Direct Patient Care Costs	776,305	1,056,088	1,372,626	1,725,919	

Administrative Costs

Administrative Staff by FTE	2023	2024	2025	2026	Annual Comp/FTE	Note
Administrator	0.5	0.5	0.5	0.5	100,000	
Business Office Manager, Medical Records, Scheduling	0.6	0.8	1.1	1.4	50,000	1 BOM/30 ADC
Intake	1.0	1.0	1.0	1.0	52,000	
Community Liaison	0.6	0.8	1.1	1.4	65,000	1 CL/30 ADC
Total	2.7	3.2	3.7	4.2		

Administrative Compensation and Benefits	2023	2024	2025	2026	Note
Administrator	50,000	50,000	50,000	50,000	FTE x Annual Compensation, represents 50% of HH Administrator
Business Office Manager, Medical Records, Scheduling	30,698	41,761	54,279	68,249	FTE x Annual Compensation
Intake	52,000	52,000	52,000	52,000	FTE x Annual Compensation
Community Liaison	39,907	54,290	70,562	88,724	FTE x Annual Compensation
Payroll Taxes & Benefits	51,782	59,415	68,052	77,692	30% of Base Compensation
Total	224,387	257,467	294,893	336,665	

Administration Costs	2023	2024	2025	2026	Note
Advertising	16,723	17,309	22,497	28,287	\$4,000 launch plus 1% of revenue
Allocated Costs	69,149	94,071	122,266	153,736	5% Allocation to Cornerstone Service Center for support; Legal, HR, Accounting, IT, and Clinical
B & O Taxes	20,745	28,221	36,680	46,121	1.5% of Gross Revenue
Dues & Subscriptions	4,500	4,500	4,500	4,500	\$375/month, primarily Medbridge
Education and trainings Information	10,000	10,000	10,000	10,000	\$10,000/year, Continuing education including Clinical education and compliance
Technology/Computer/Software					
Maintenance	15,000	15,000	15,000	15,000	\$1250/month
Insurance	1,200	1,200	1,200	1,200	Liability and property content
Legal and professional	-	-	-	-	Included in Allocated Costs to Cornerstone Service Center
Licenses and Fees	13,883	-	1,856	-	First year Accreditation \$3,100, Survey \$7,500, initial State License \$3,283, bi-annual state lic based on FTE \$1,856 (6-15 FTE)
Postage	6,000	6,000	6,000	6,000	\$500/month
Purchased services	12,000	12,000	12,000	12,000	\$1000/month; bank fees, system access: HCHB, SHP, Workday
Repairs and Maintenance	1,800	1,800	1,800	1,800	\$150/month
Cleaning	2,520	2,520	2,520	2,520	\$210/month
Office supplies	3,000	3,000	3,000	3,000	\$250/month
Equipment lease & maintenance	6,000	6,000	6,000	6,000	\$500/month, copier and postage machines
Building rent or lease	25,455	26,091	26,742	27,544	Lease is 25% of Puget Sound HH lease
Lease NNN or Common Area					
Maintenance charges					No NNN costs
Recruitment	5,000	3,000	3,000	3,000	\$5,000 startup and \$250/month following
Telephones	8,954	10,743	12,767	15,026	\$55/FTE/month + \$250/month for landlines
Travel	6,500	5,000	5,000	5,000	First year \$6,500 support and launch, \$5,000 thereafter
Subtotal	228,429	246,455	292,828	340,734	

Total Administrative Expense	2023	2024	2025	2026	YEAR	MO LEASE	25%	LEASE PER YR
	452,816	503,922	587,721	677,399	2023	\$ 8,485.00	\$ 2,121.25	25,455.00
TOTAL COSTS	1,229,121	1,560,010	1,960,347	2,403,318	2024	\$ 8,697.00	\$ 2,174.25	26,091.00
					2025	\$ 8,914.00	\$ 2,228.50	26,742.00
					2026	\$ 9,181.42	\$ 2,295.36	27,544.26

EBITDA	43,224	170,892	289,353	425,421
EBITDA Margin %	3.4%	9.9%	12.9%	15.0%
Depreciation	1,333	1,333	1,334	-
Amortization	-	-	-	-
EBIT	41,891	169,559	288,019	425,421
Interest Expense	-	-	-	-
Earnings before Taxes	41,891	169,559	288,019	425,421

Below is the applicant's further clarification on some of the assumptions used for the Pierce County operations. [source: March 29, 2022, screening response, pdfs 11, 12, and 16]

Medical Director Costs

The table below connects annual estimated costs identified in the pro forma Revenue and Expense Statement with the Medical Director Agreement.

Applicant's Table

MD	2023	2024	2025	2026
ADC	18	25	33	41
HOURLY RATE	\$190.00	\$190.00	\$190.00	\$190.00
HR PER ADC	0.75	0.75	0.75	0.75
# MONTHS	12	12	12	12
TOTAL	\$31,496	\$42,847	\$55,690	\$70,023

Lease Agreement

"The Pierce County operation will pay 25% of the lease, as shown in the Assumptions and Calcs and the income statement at Exhibit 10. The table below shows the costs:

Applicant's Table

YEAR	MO LEASE	25%	LEASE PER YR
2023	\$ 8,485.00	\$ 2,121.25	25,455.00
2024	\$ 8,697.00	\$ 2,174.25	26,091.00
2025	\$ 8,914.00	\$ 2,228.50	26,742.00
2026	\$ 9,181.42	\$ 2,295.36	27,544.26

"Lease NNN or Common Area Maintenance charges - Pierce will pay 25% of the lease, with no additional NNN costs. Yes, the Pierce County lease costs remain 25% of the total if King is not approved."

Legal and Professional Costs

"Legal and professional are costs that are covered under the 5% Pennant Service Center allocation, which is the 5% shown in the Consulting, Professional, and Operational Support Services Agreement."

Consulting, Professional, and Operational Support Services Agreement

"Each agency pays a flat 5% of its revenue for all the support services, both clinical and administrative, that the Pennant Service Center provides. The 5% can be thought of as acting as a retainer fee, allowing the agency to use all services however and whenever it chooses. Nowhere in Pennant is a ledger kept for the allocation of the costs, as the variance of need and use of services is too nuanced, fluid, and broad. After meeting with Randy Huyck on 2/18/22 on this question, he understood and accepted the explanation given here."

License and Fees Line Item

"Licenses and Fees for 2024 and 2026 - These are bi-annual fees."

Pennant also provided projected balance sheets for the proposed Pierce County hospice agency summarize below. [source: Application, Exhibit 10]

Department's Table 25
Pennant Pierce County Operations
Balance Statement Summary for Years 2023 through 2026

ASSETS	CY 2023 Partial Year	CY 2024 Full Year 1	CY 2025 Full Year 2	CY 2026 Full Year 3
Current Assets	\$85,264	\$274,192	\$586,138	\$1,036,429
Property and Equipment	\$3,667	\$2,334	\$1,000	\$1,000
Other Assets	\$21,864	\$22,023	\$22,186	\$22,386
Total Assets	\$110,795	\$298,549	\$609,324	\$1,059,815

LIABILITIES	CY 2023 Partial Year	CY 2024 Full Year 1	CY 2025 Full Year 2	CY 2026 Full Year 3
Current Liabilities	\$68,904	\$87,099	\$109,855	\$134,926
Long-Term Debt	\$0	\$0	\$0	\$0
Equity	\$41,891	\$211,450	\$499,468	\$924,889
Total Liabilities and Equity	\$110,795	\$298,549	\$609,323	\$1,059,815

As stated in the Applicant Description section of this evaluation, Pennant operates its home health and hospice agencies under an entity know as Cornerstone HealthCare, Inc. Given that the Pierce County agency would be co-located with the proposed King County agency, and Pennant submitted applications for four separate counties (King, Pierce, Skagit, and Spokane), Pennant also provided a combined pro forma Revenue and Expense Statement showing operations of Cornerstone HealthCare, Inc. if all four projects are approved. A summary of that statement is below. [source: Application, Exhibit 10]

Department's Table 26
Pennant's Cornerstone Operations Combined
King, Pierce, Skagit, and Spokane County Operations
Revenue Summary for Years 2022 through 2026

	CY 2022 Current Year	CY 2023 Implementation	CY 2024 Full Year 1	CY 2025 Full Year 2	CY 2026 Full Year 3
Total Net Home Health Revenue	\$136,834,183	\$136,834,183	\$136,834,183	\$136,834,183	\$136,834,183
Total Net Hospice Revenue	\$152,937,081	\$152,937,081	\$152,937,081	\$152,937,081	\$152,937,081
Total Net CN Hospice App Revenue	\$0	\$3,940,522	\$6,040,451	\$8,487,137	\$11,280,580
Total Net Other Revenue	\$21,867,362	\$21,867,362	\$21,867,362	\$21,867,362	\$21,867,362
Total Net Revenue	\$311,638,626	\$315,579,148	\$317,679,077	\$320,125,763	\$322,919,206

Expense Summary for Years 2022 through 2026

	CY 2022 Current Year	CY 2023 Implementation	CY 2024 Full Year 1	CY 2025 Full Year 2	CY 2026 Full Year 3
Total Direct Costs-Home Health	\$79,589,425	\$79,589,425	\$79,589,425	\$79,589,425	\$79,589,425
Total Direct Costs-Hospice	\$70,918,848	\$70,918,848	\$70,918,848	\$70,918,848	\$70,918,848
Total Direct Costs-Palliative	\$313,071	\$313,071	\$313,071	\$313,071	\$313,071
Total Direct Costs-Private Duty	\$12,423,412	\$12,423,412	\$12,423,412	\$12,423,412	\$12,423,412

Total Direct Costs-Finding Home	\$2,410,252	\$2,410,252	\$2,410,252	\$2,410,252	\$2,410,252
Total Direct Costs-Hospice CN	\$0	\$2,445,369	\$3,745,559	\$5,260,012	\$6,988,730
Total Indirect Costs w/ Hospice CN	\$89,716,218	\$91,211,224	\$91,478,302	\$91,881,367	\$92,327,263
Bad Debt	\$11,753	\$11,753	\$11,753	\$11,753	\$11,753
Total Expenses	\$255,382,979	\$259,323,354	\$260,890,622	\$262,808,140	\$264,982,754

Net Profit Summary for Years 2022 through 2026

	CY 2022 Current Year	CY 2023 Implementation	CY 2024 Full Year 1	CY 2025 Full Year 2	CY 2026 Full Year 3
Sub Net Profit or (Loss)	\$56,255,647	\$56,255,794	\$56,788,455	\$57,317,623	\$57,936,452
Minus: Combined Service Center Allocations, Property Expenses	\$30,914,000	\$30,915,333	\$30,915,333	\$30,915,335	\$30,915,333
Net Profit (Loss)	\$25,341,647	\$25,340,461	\$25,873,122	\$26,402,288	\$27,021,119

Pennant also provided a combined pro forma Balance Sheet showing operations of Cornerstone if all four projects are approved. A summary of that statement is below. [source: Application, Exhibit 10]

**Department's Table 27
Pennant's Cornerstone Operations Combined
King, Pierce, Skagit, and Spokane County Operations
Balance Statement Summary for Years 2022 through 2026**

ASSETS	CY 2022 Current Year	CY 2023 Implementation	CY 2024 Full Year 1	CY 2025 Full Year 2	CY 2026 Full Year 3
Current Assets	\$42,644,002	\$42,780,232	\$43,416,255	\$44,609,638	\$46,443,131
Property and Equipment	\$2,456,043	\$2,470,711	\$2,465,379	\$2,460,043	\$2,460,043
Other Assets	\$132,414,614	\$132,494,366	\$132,494,886	\$132,495,421	\$132,496,038
Routine Assets	\$9,968,057	\$9,968,057	\$9,968,057	\$9,968,057	\$9,968,057
Total Assets	\$187,482,716	\$187,713,366	\$188,344,577	\$189,533,159	\$191,367,269

LIABILITIES	CY 2023 Partial Year	CY 2023 Implementation	CY 2024 Full Year 1	CY 2025 Full Year 2	CY 2026 Full Year 3
Current Liabilities	\$21,420,813	\$21,645,882	\$21,735,572	\$21,847,509	\$21,974,069
Long-Term Debt	\$10,447,033	\$10,447,033	\$10,447,033	\$10,447,033	\$10,447,033
Equity	\$155,614,870	\$155,620,451	\$156,161,972	\$157,238,617	\$158,946,167
Total Liabilities and Equity	\$187,482,716	\$187,713,366	\$188,344,577	\$189,533,159	\$191,367,269

Continuum Public Comment [source: pdfs 7-8]

“A number of fatal errors were made in Pennant’s pro forma financial statements. First, Pennant is proposing to establish agencies in both King and Pierce Counties. In its Pierce County screening, the CN Program requested that Pennant provide individual pro forma financial statements by county as well as consolidated financial statements. There were several expense assumptions in the King and Pierce County statements that were identical, but Pennant failed to sum them when the King and Pierce County statements were combined. Examples include:

- *Lease expense: both the Pierce and King County individual pro formas state that each agency will be assigned 25% of the lease cost; yet the combined pro forma only shows 25% (not 50% of lease expense). The screening response indicates that 25% will be assigned to Pierce even if King is denied.*
- *Purchased services are listed as \$12,000 per year for each of the individual pro formas but are not summed to \$24,000 in the combined pro forma. Pennant did not offer an explanation as to why any of these should not be summed. And, in fact, the description in the consolidated financial is the same as the individual county specific financials.*

In addition, on page 12 of 43 of its application, Pennant indicates that its Pierce County agency will provide Respiratory Therapy, Massage Therapy, and other services which are not accounted for in its pro forma financial statements.

Finally, Pennant's pro forma financials also include inconsistent statements and assumptions about staffing expenses. As a publicly traded company, Pennant must file reports with the Securities and Exchange Commission (SEC), such as 10Q and 10K reports, in which it must provide a discussion of financial results and disclose risks to investors and potential investors. In its report attached to its application (10Q report on page 231 in the PDF file), under "Home Health and Hospice" Pennant states: "During the third quarter the labor challenges experienced throughout the year were exacerbated by COVID-19 and rose sharply, leading to further wage pressure, increased overtime, and greater use of agency and registry staffing." "We have experienced and expect to continue to see increased labor costs due to increased overtime and premium pay and the increased need for temporary labor to supplement our existing staffing."

These additional costs do not appear to be reflected in the pro forma financials, nor are agency and overtime mentioned in the responses to the Department of Health's screening questions regarding adequate staffing."

Wesley Homes Public Comment [source: pdf 4]

"Pennant's pro forma combined financial statements do not take into account/add together the expenses for all line items of both Pierce and King County individual statements. Further, staffing shortage issues and need for overtime to address care needs disclosed in the CN conflict with the staffing assumptions in the financials. And finally, discrepancies exist between the contracted services Pennant commits to provide and those accounted for in the financials."

AccentCare/Seasons Public Comment [source: pdfs 2-3]

*"Pennant's forecast assumes 108 admissions in year 1, 147 in year 2, and 191 in year 3, with year 1 being calendar year 2023. However, without being Medicare certified until May and Medicaid certified until September as stated above, it is unlikely that the hospice will be fully operational by January 2023. Even if they obtain a license by January 1, 2023, without Medicare certification, Medicare and Medicaid eligible persons will not be referred and the projections will not be met. **Therefore, the utilization is overstated.**"*

Screening Question 6. Table 2 on page 21 shows the projected unmet patient days for Pierce County and the project market share of those days for this project. Provide the assumptions used to determine the market shares for years 2023, 2024, 2025, and 2026 of 50%, 55%, 60%, and 65% respectively.

Pennant does not fully respond to the above question, stating, "We based our assumptions on what we have learned in the last two years with Pennant's two hospice startups in Snohomish and Thurston Counties, as well as our hospice startups in California and Texas."

However, no information on start-up utilization, market capture rates, or demographic market similarities to that of Pierce are provided. Puget Sound Hospice reported 6 admissions for Thurston in 2020 and nothing for Snohomish. No additional data is available, and since no detail is provided by the applicant, the market shares cannot be confirmed as reasonable or reliable. Therefore, the proforma based on this utilization is unreliable.

Furthermore, growth rates are also based on existing, established programs that were acquired by Pennant in multiple states. This is a great departure from new, start-up programs. Pennant states, “The assumed market share is also conservatively based on our experience with growth trends for acquired hospice agencies across Pennant in multiple states, including Washington, Oregon, California, Arizona, Idaho, Texas, and Montana. While acquisitions are startups are different in many ways, the ability of our local teams to build relationships in their respective communities and to grow market share are similar.”

Pennant acknowledges there are many differences between acquired hospices and new startups, but no specific growth trend information is provided to demonstrate any similarities. Therefore, the utilization projections cannot be determined as reliable and therefore, financial feasibility cannot be determined.”

Pennant Rebuttal Comment

“Continuum’s comments on our Pierce + King purchased services and lease expense. The purchased services costs and lease expense are shared costs for Pierce + King. The lease rate of 25% is correct, and the \$1,000 per month for purchased services is correct. Continuum’s comments on this issue should not be given consideration.

Continuum’s comments on respiratory therapy and massage therapy costs. Physical therapists (PT) provide respiratory therapy and occupational therapists (OT) provide massage therapy. We account for the PT and OT costs in the pro forma. The other services are part of the volunteer program. Continuum’s comments on this issue should not be given consideration.

Continuum incorrectly states that our pro forma is inconsistent with statements made in our 2021 10-Q regarding staffing expenses. While it is possible that we will need to use overtime and/or premium pay for Pierce, the amount of overtime and premium pay used for our current CN hospices in Snohomish and Thurston has been minimal. We have not used any temporary labor in Snohomish or Thurston. The Department asks applicants to project conservatively, and we projected conservatively. We would additionally note that not only are our projections on this issue conservative, they’re also projections having the greatest accuracy and, therefore, reliability. Continuum’s comment on this issue should not be given consideration.

Wesley’s comments on Pierce + King expenses. Wesley comments that all the expenses for Pierce + King were not added together. This is intentional, as some of the costs are fixed and shared, such as purchased services and the 25% lease expense. Wesley’s comment on this issue should not be given consideration.

Season’s comments on our market share projections, including using startups as well as acquisitions growth trends as references. While acquisitions are different, we simply referred to them as examples of our experience with growth in new markets. An acquired agency’s previous referral sources are never guaranteed for the new owner. Typically, the new agency must not only establish new referral relationships in the community but also re-establish or improve a reputation that preceded them. This is often more difficult than building relationships with referral sources from scratch particularly when we have purchased hospice agencies that had been struggling or outright failing, which we have very often done. Our market share projections pertain specifically to the unmet need patient population, not the entire

hospice patient population. We projected market share of 50% in 2023, 55% in 2024, 60% in 2025, and 65% in 2026. These projections are conservative, and they leave the following percentage of unmet need patients available for the other agencies to serve: 50% in 2023, 45% in 2024, 40% in 2025, and 35% in 2026. Finally, Seasons comments on our 2020 admissions for Thurston and Snohomish are inaccurate and irrelevant. Thurston had zero admissions in 2020 because our CN was challenged via administrative proceeding. Consequently, we did not start serving patients in Thurston until 2021. Our current admissions and ADC in Thurston and Snohomish are similar to our Pierce 2024 (ADC of 25) and 2025 (ADC of 33) projections. Our projected market share is reasonable, and Season's comment on this issue should not be given consideration.

Season's comments on our admission of Medicare and Medicaid referred patients in 2023. The assumption that we will not get Medicare and Medicaid referrals is completely inconsistent with our historical experience and does not agree with the math. The large majority (90% or more) of hospice patients in Pierce County will be Medicare or Medicaid patients. Referral sources in Pierce County can refer their hospice patients to us from the day we begin serving patients in the county. In each of our startups, Medicare and Medicaid patients have been referred to our hospices before we were Medicare certified and Medicaid eligible. Given our approach to obtaining these referrals in the past, we are abundantly confident we will be able to do the same in Pierce County. Season's comment on this issue should not be given consideration.

Season's comments on our use of the same payor mix for 2023 while our Medicare Certification and Medicaid Eligibility are projected for September 2023. Medicare and Medicaid reimburse for all hospice care from the accreditation survey pass date forward. We projected the ACHC accreditation survey pass date as February 2023. Historically with startups, including our hospice startups in Snohomish and Thurston Counties, we have admitted Medicare and Medicaid patients from day one. These patients have been on service when we pass the ACHC accreditation survey, and we have been reimbursed for all days of care from the ACHC accreditation survey pass date forward. Our payer mix applies to 2023, and Season's comment on this issue should not be given consideration.

Season's comments on our 2023 revenue projections. As stated above, Medicare and Medicaid reimburse for all hospice care from the accreditation survey pass date forward. We projected the ACHC accreditation survey pass date as February 2023. Historically with startups, including our hospice startups in Snohomish and Thurston Counties, we have admitted Medicare and Medicaid patients from day one, which in this case we anticipate as January 1, 2023. The patients in Snohomish and Thurston Counties were on service when we passed the ACHC accreditation survey, and we have been reimbursed for all days of care from the ACHC accreditation survey pass date forward. Our financial projections for 2023 are in line with this. Season's comment on this issue should not be given consideration."

Department's Evaluation

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Pennant based its projected utilization of the hospice agency on specific factors:

- Admissions were based on unduplicated patient market share of 50% for 2023, 55% in 2024, 60% in 2025 and 65% in 2026. Pennant provided its rationale for this assumed market share;
- Average annual length of stay at 62.12 days, in line with statewide average used in the department's methodology; and
- Average Daily Census (ADC) calculated as a product of patient days divided by days in a year.

When asked during screening to provide the assumptions used to determine the market shares in the application, Pennant stated it used its experience of the most recent startups in California and Texas. Pennant also asserted that the market share percentages are reliable because these agencies started or operated at an early stage during the COVID 19 pandemic. For those reasons, Pennant views the market share percentages to be conservative. Pennant also states the market shares are conservative based on experience in growth trends for acquired hospices in Washington, Oregon, California, Arizona, Idaho, Utah, Texas, and Montana. Given that Pennant is not a new provider in Washington State, the approach described above to determine market share is reasonable.

As previously stated, during the 2021/2022 hospice concurrent review cycles, Pennant submitted four separate hospice applications. Pennant proposes to establish a new hospice agency in Tacoma within Pierce County that will provide Medicare and Medicaid hospice services to residents of both King and Pierce counties. If this Pierce County project is approved, the new agency is expected to be Medicare and Medicaid certified in September 2023. Based on that timeline, year 2023 is a partial year of operation and 2024 – 2026 are full years one and three, respectively.

The department first examined the financial feasibility of the Pierce County project alone. Pennant provided extensive assumptions used to prepare the proposed agency's pro forma Revenue and Expense Statement, and included a payer mix table. Pennant expects Medicare/Medicare Advantage to be 94.6% of its gross revenue; Medicaid to be 4.0%; and Other (commercial and self-pay) to be 1.4% of gross revenue.

In public comment, AccentCare/Seasons questions the projected utilization and the market share percentages identified in Pennant's assumptions based on the operational timeline. AccentCare/Seasons asserts that *'without being Medicare certified until May and Medicaid certified until September...it is unlikely that the hospice will be fully operational by January 2023. Even if they obtain a license by January 1, 2023, without Medicare certification, Medicare and Medicaid eligible persons will not be referred and the projections will not be met. Therefore, the utilization is overstated.'*

In rebuttal, Pennant provided extensive rationale for its projected market share and utilization by stating, in part, that *'market share projections pertain specifically to the unmet need patient population, not the entire hospice patient population. We projected market share of 50% in 2023, 55% in 2024, 60% in 2025, and 65% in 2026. These projections are conservative, and they leave the following percentage of unmet need patients available for the other agencies to serve: 50% in 2023, 45% in 2024, 40% in 2025, and 35% in 2026.'*

Further, Pennant clarifies the unusual circumstances that occurred in Thurston and Snohomish County operations because of an adjudicative appeal. Based on the application information, including the rebuttal information, the department concludes Pennant's market share and utilization assumptions are reasonable.

The Pierce County pro forma Revenue and Expense Statement provided by Pennant is summarized below. [source: March 31, 2022, screening response, Exhibit 10]

Department's Table 28
Pennant's Pierce County Operations
Revenue and Expense Statement Summary for Years 2023 through 2026

	CY 2023 Partial Year	CY 2024 Full Year 1	CY 2025 Full Year 2	CY 2026 Full Year 3
Net Revenue	\$1,272,344	\$1,730,902	\$2,249,699	\$2,828,739
Total Expenses	\$1,230,454	\$1,561,342	\$1,961,681	\$2,403,320
Net Profit / (Loss)	\$41,890	\$169,560	\$288,018	\$425,419

The 'Net Revenue' in the table above is gross revenue, minus deductions for contractual allowance, charity care and bad debt. 'Total Expenses' include all expenses identified by Pennant under the categories of clinical staffing, contracted patient care, direct patient care, administrative staff, depreciation, and administrative costs. As summarized, the new agency is expected to operate at a net profit in partial year one (2023) that increases in the projection years through full year 2026.

Pennant provided its pro forma Balance Sheet for the Pierce County only agency. The balance sheet demonstrates that Pennant does not intend to assign any debt to the agency; rather, all debt will be assigned to the parent—The Pennant Group.

Both Continuum and Wesley provided comments that focus on specific line items in the revenue and expense statements. Each concern is addressed below by topic.

Contract Services- Respiratory Therapy, Massage Therapy

Continuum and Wesley note these two services were not included in the revenue and expense statement. In rebuttal, Pennant clarifies that '*Physical therapists (PT) provide respiratory therapy and occupational therapists (OT) provide massage therapy.*' Pennant states that both PT and OT costs in the pro forma. A review of the statements shows the PT and OT costs are included.

Projected Staffing Costs

The following statements were provided in Pennant's Securities and Exchange Commission (SEC), such as 10Q and 10K reports:

"During the third quarter the labor challenges experienced throughout the year were exacerbated by COVID-19 and rose sharply, leading to further wage pressure, increased overtime, and greater use of agency and registry staffing." "We have experienced and expect to continue to see increased labor costs due to increased overtime and premium pay and the increased need for temporary labor to supplement our existing staffing,"

Continuum and Wesley express concerns that these costs are not included in the pro forma Revenue and Expense Statement provided for Pierce County. In response, Pennant clarifies that the projections are conservative and do not include the additional costs. This approach is based on the history of Pennant and it has not used any temporary labor for its two recent approvals in Snohomish or Thurston counties. Pennant also states, '*We would additionally note that not only are our projections on this issue conservative, they're also projections having the greatest accuracy and, therefore, reliability.*'

Based on Pennant's explanation above and without knowing the future, the department concludes that its projections are as reasonable as possible. Based on the information above, the department concludes that Pennant's Pierce-Only Revenue and Expense Statement is reasonable.

Given that Pennant submitted four separate applications during the two 2021/2022 hospice review cycles, Pennant was required to provide a variety of financial statements to allow the review of a variety of outcomes. Once such statement is a combined pro forma Revenue and Expense Statement for the King and Pierce operations. Both Wesley and Continuum provided concerns regarding the combined statement. Each concern is addressed below by topic.

Lease Costs in the Combined Statement

Continuum expressed concerns with Pennant's approach specific to the lease expense noting that *'...both the Pierce and King County individual pro formas state that each agency will be assigned 25% of the lease cost; yet the combined pro forma only shows 25% (not 50% of lease expense). The screening response indicates that 25% will be assigned to Pierce even if King is denied.'*

Wesley notes that *'Pennant's pro forma combined financial statements do not take into account/add together the expenses for all line items of both Pierce and King County individual statements.'*

Focusing on the combined expenses, Pennant's rebuttal clarifies that the *'lease expense are shared costs for Pierce + King. The lease rate of 25% is correct, and the \$1,000 per month for purchased services is correct.'* Pennant further clarifies that *'all the expenses for Pierce + King were not added together. This is intentional, as some of the costs are fixed and shared, such as purchased services and the 25% lease expense.'*

As previously stated, Pennant provided a variety of financial statements to allow the review of a variety of outcomes. The combined King/Pierce Statement shows all revenues and expenses if Pennant is approved to provide services in both King and Pierce counties. Pennant's approach is extensive and complete. The concerns raised by both Continuum and Wesley are not grounds for denial of this Pierce County project. After reviewing the statements, the department concludes this applicant's financial health would not be negatively affected by approval of all or one of the projects submitted by Pennant.

In addition to the financial statements discussed above, Pennant provided three separate documents that tie into the financial statements. The three documents are discussed below:

Lease Agreement

Pennant provided all information to demonstrate site control for the space at 4002 Tacoma Mall Boulevard, #204, in Tacoma, within Pierce County. The information in the lease agreement is also substantiated in the pro forma Revenue and Expense Statement.

Medical Director Agreement

Pennant provided a copy of the executed Medical Director Agreement between Symbol Healthcare, Inc. and William Elledge, MD. The agreement was executed on December 21, 2020, and effective for one year, with automatic one-year renewals. The compensation identified in the agreement is \$190/hour. Within its screening responses, Pennant provided a table showing the hourly rate and connected the annual compensation amounts to the costs identified pro forma Revenue and Expense Statement.

Consulting, Professional, and Operations Support Services Agreement

This agreement was executed on October 1, 2019, and is between Cornerstone Service Center, Inc. (consultant) and Symbol Healthcare, Inc. dba Puget Sound Home Health of King County (facility). The agreement ensures that each entity entitled to support services, both clinical and administrative, at a flat rate of 5% of revenue. The costs can be substantiated in the pro forma Revenue and Expense Statement.

After reviewing the financial information provided, the department concludes that Pennant's project **meets this sub-criterion.**

Wesley Homes Corporation

Wesley provided the following assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice services. [source: Application, pdfs 18-19 and March 31, 2022, screening response, pdfs 6-79]

"The underlying assumptions for our utilization projections, by County are below.

King County:

Admissions: *Four hospice agencies have been granted CN approval in the past three years in King County, of which we understand that only one of these providers are operational at this time. We further understand that the 2022 hospice methodology suggests that another 2 are needed. Given the relatively large increase in provider supply in King County (if two are approved in 2022, the cumulative new providers represent a 75% increase in supply since 201, WHH has elected to be very conservative in estimating future growth in King.*

LOS: *We elected to keep LOS deflated in King County in 2022 but over the three year projection period increase it to nearly the statewide LOS by the third year of operation (60 days). Our assumption here is that the PHE crisis will resolve, and staffing will begin to stabilize.*

Pierce County:

Admissions: *Here, we assumed that the PHE will stay in effect, and we will continue serving Pierce until our CN is awarded. Our 2021 ADC in Pierce averaged 4.8, but Q4 exceeded an ADC of 6. We have not and will not "market" in Pierce until we have a CN, but as our presence and expertise become widely known, census has increased. We conservatively assumed an ADC in 2022 of 6 (no growth over Q4 2021). With CN approval no later than late 2022, we expect to more than double ADC to 13 in 2023. The increase will come from marketing, continued partnerships with existing providers, outreach via Wesley ambassadors, our growing retirement community presence in Pierce, and other approaches to underserved groups and increased staffing.*

LOS: *We elected to keep LOS deflated in Pierce in 2022 but begin to grow it to nearly the statewide length of stay by the third year of operation (60). Our growth will be partially attributable to the fact that we will get a greater percentage of our patients directly from providers, and not from referrals from agencies that have delayed admissions for several weeks. Further, as in King, we have assumed that as the PHE is declared over, volumes will return, and staffing will begin to stabilize. And referral patterns will return to baseline."*

Focusing on its average length of stay (ALOS) calculations, Wesley provided the following clarification. [source: March 31, 2022, screening response, pdf 6]

"WHH is providing a revised Table 2 below. The ALOS calculation in all of the years, including 2021 is: total days/total admissions. For example, for 2021 combined, the calculation is: 7,295(days) / 164(admissions) = 44.5."

Applicant's Table

**Table 2
WHH Historical Utilization, by County, 2019-2021**

Year and County	2019 King Only	2020 King	2020 Pierce	2020 Total	2021 King	2021 Pierce	2021 Total
Total Admissions ^[1]	89	98	17	115	117	47	164
Total Patient Days	6,025	4,091	621	4,712	5,984	1,311	7,295
Average Daily Census	16.5	11.2	1.7	12.9	15.2	4.8	20.0
ALOS	67.7	41.7	36.5	41.0	51.1	27.9	44.5

Wesley also provided clarification of its market share assumptions. [source: March 31, 2022, screening response, pdfs 6-7]

“A revised Table 3 is provided below. Per our technical assistance with the CN Program, the King County program assumptions have been revised to hold the King County volumes “flat” for the projection years in order to be conservative, and more importantly to more easily allow the Program to identify the impact of the Pierce County operations on the total program. We also identified a few errors in the data and have corrected them in both the table below and in the financials in Attachment 2.”

Applicant's Table

**Revised Table 3
WHH Intervening and Projected Utilization, by County, 2022 and 2023-2025**

Year and County	Intervening Year			Projections								
	2022 King	2022 Pierce	2022 Total	2023 King	2023 Pierce	2023 Total	2024 King	2024 Pierce	2024 Total	2025 King	2025 Pierce	2025 Total
Total admissions	218	55	273	218	83	301	218	142	360	218	200	418
Total patient days	9,490	2,190	11,680	9,490	4,745	14,235	9,490	8,030	17,520	9,490	11,680	21,170
ADC	26.0	6.0	32.0	26.0	13.0	39.0	26.0	22	48.0	26.0	32	58.0
ALOS	43.5	39.8	42.8	43.5	57.2	47.3	43.5	56.5	48.7	43.5	58.4	50.6

“We do want to clarify that we did not develop our volume estimates based on a market share assumption; we estimated admissions and patient days based on our understanding of, and experience in the market; and only after that, did we calculate what our volumes meant in terms of unmet need ADC and market share. We found the resulting market share, detailed in Table 1 to be very reasonable.

The Department’s methodology projects census only to 2023, which is WHH’s first full year of operation. The unmet ADC in this year is 111. To be conservative, WHH assumed the Department’s projected ADC remains flat for the first three years of operation. Under this very conservative scenario, WHH’s market share in third year is 29%. As shown in Table 1, if the historical growth in volume continues through to

2025 our market share is 20% of the unmet ADC. This approach recognizes that the Department's methodology allows for the approval of three agencies and provides the ability for approval of two other agencies to serve the 2023 unmet need. It also allows growth for the existing providers and CN approved providers."

Applicant's Table

Table 1
Market Share Assumptions

Year	Department Methodology Unmet ADC (held flat)	WHH ADC Projections	WHH's % of Unmet ADC (held flat)	Department Methodology Unmet ADC (assuming historical growth)	WHH% of Unmet ADC (assuming historical growth rates continue)
2023	111	13	12%	111	12%
2024	111	22	20%	137	16%
2025	111	32	29%	163	20%

Wesley Homes provided the following assumptions used to prepare its pro forma financial statements. [source: March 31, 2022, screening response, and April 28, 2022, supplemental screening response, pdf 2]

Revenue, Deductions from Revenue, and Payer Mix Assumptions

General Inpatient Care Days	0.16% based on industry averages
Inpatient Respite Care Days	0.76% based on historical averages
Routine Home Care Days	98.75% based on historical averages
Continuous Home Care Days	0.33% based on industry averages
Medicaid R&B Days	For Pierce: Average daily census of 1 for 2022, 3 for 2023, 5 for 2024, and 6 for 2025 based on historical averages. For King ADC of 5 (historical).
General Inpatient Care Revenue	\$1,068.28 per day based on Medicare rate schedules
Inpatient Respite Care Revenue	\$473.75 per day based on Medicare rate schedules
Routine Home Care 1-60 Day Revenue	\$203.40 per day based on Medicare rate schedules for days 1-60 – assumed 65% of total routine home care days are for days 1-60 based on historical averages
Routine Home Care 61+ Day Revenue	\$160.74 per day based on Medicare rate schedules for days 60+ - assumed 35% of total routine home care days are for days 60+ based on historical averages
Continuous Home Care Revenue	\$1,462.52 per day based on Medicare rate schedules
Medicaid R&B Revenue	95% of \$199.99 per day based on current skilled nursing facility contracts
Payer Mix:	
Medicare	Assume 74% in Pierce based on average of King County historical rates for 2019 and 2021
Commercial	Assume .5% in Pierce (assumed higher than historical averages to ensure access for all residents regardless of payer)
Other – VA/TriCare/Self Pay	Assume .5% in Pierce (assumed higher than historical averages to ensure access for all residents regardless of payer)
Medicaid	Assume 25% in Pierce based on average of King County historical rates for 2019 and 2021
Contractual Adjustments for Sequestration	2% of Medicare based on CMS rules. Anticipate to begin at 1% on 4/1/2022 and 2% on 7/1/2022. We projected 2% for the year since this has been waived under the PHE, and it is unclear until recently when/if it would be re-applied.

Deductions from Revenue	
Charity Care	1.00% based on historical
Provision for Bad Debts	0.50% based on historical
Contractual Allowance	2.00% based on historical

Patient Care Cost Assumptions

Salaries and Benefits	
Hospice Employees	See salary tables
Payroll Taxes and Benefits	22% of salaries - historical
Medical Director (Contracted)	Pierce: \$2,500 per month X 12 months=\$30,000 annually King: \$4,500 per month X 12 months=\$54,000 annually
Pharmacy - Medications & IV Supplies & Lab	\$8 per patient day – historical
DME Costs (Equipment, oxygen)	\$12 per patient day – historical
Medical Supplies	\$4 per patient day – historical
Imaging Services	\$.08 per patient day – historical
Contract therapy	See staffing tables Per historical experience, 20% of patients admitted received one physical therapy visit. 10% of patients admitted received one occupational therapy visit. 3% of patients admitted received one speech therapy visit. Contract rates for the therapists are as follows: <ul style="list-style-type: none"> • Physical therapy – average of \$130 per visit • Occupational therapy – average of \$125 per visit • Speech therapy – average of \$160 per visit

Contract services- software, EMR	\$2.4 per patient day – historical
Misc contract servs: coding, billing, CAHPS, labs, consulting	\$3.8 per patient day – historical
General Inpatient Costs	\$1,300 per general inpatient care day - historical
Inpatient Respite Costs	75% reimbursement – historical
Medicaid R&B Costs	Pay 100% of Medicaid room and board rate.
Mileage	.75 per patient day – historical
Marketing	1.755 per patient day – historical
Office supplies	.43 per patient day – historical

Applicant's Table

Equipment	Replacement of iPads – 5-year rolling inventory
Postage	.05 per patient day – historical
License fees	Per fee schedule, 75% Hospice fee added to Home Health license fee. No additional fee to add Pierce to King County until 2024 when FTE increase results in license fee increase per fee schedule.
Registration, association fees	Estimate based on historical
Utilities	.4 per patient day – historical
Professional Services	6.98 per patient day – historical
Insurance	.24 per patient day – historical
Leases and Rentals	.08 per patient day – historical
B&O tax	0.0175 of gross patient revenue
Allocated	Management fee – 5% of gross revenue

Wesley also provided clarification on some of the line items above. [source: March 31, 2022, screening response, pdfs 10 and 18]

Medical Director Costs

“The Medical Director compensation is included in the “Medical Director – Contracted” line item included in the revised pro forma revenue and expense statement included in Attachment 2. Per the addendum in Attachment 4, the monthly stipend for the medical director is \$2,500, or \$30,000 per year.”

Lease or Rent Costs

“WHH is not charged ‘rent’ per se; instead is “charged” allocated expenses based on 5% of gross revenue (included in the proforma line item identified as “allocated”). Again, we discussed this in depth with CN Program staff and have been advised that the lease provided in Attachment 1 is only requested to demonstrate site control, and that our approach is reasonable and acceptable to demonstrate site control and expenses.”

If this project is approved, the Pierce County service area of the hospice agency would be operated in combination with Wesley’s existing King County operations. The department requested Wesley to provide pro forma financial statements for Pierce County operations alone, and the proposed combined King/Pierce operations.

Based on the assumptions described above, below is a summary of Wesley’s pro forma Revenue and Expense Statement summary for its Pierce County-only operations. [source: March 31, 2022, screening response, Attachment 2]

**Department's Table 29
Wesley Homes Pierce County-Only Projected Revenue and Expense Statement Summary**

	Partial Year 2022	Full Year 1 2023	Full Year 2 2024	Full Year 3 2025
Net Revenue	\$474,276	\$1,082,508	\$1,826,175	\$2,573,398
Total Expenses	\$464,309	\$1,025,630	\$1,672,222	\$2,294,953
Net Profit / (Loss)	\$9,967	\$56,878	\$153,953	\$278,445

Net revenues include all gross revenue, minus any deductions for charity care, bad debt, contractual adjustments and allowances. Total expenses include staff salaries and benefits, and all costs associated with the Pierce County operations.

Given that the Pierce County operations would be combined with the existing King County operations, Wesley did not provide a Pierce County-only balance sheet.

Below is a summary of Wesley's projected utilization and the pro forma Revenue and Expense Statement summary for its combined King and Pierce County operations. This combined information holds the King County volumes "flat" for the projection years in order to be conservative and to clearly show the impact of the Pierce County operations on the total program. [source: March 31, 2022, screening response, Attachment 2]

**Department's Table 30
Wesley Homes King and Pierce Combined Utilization Summary**

	Year 2022	Year 2023	Year 2024	Year 2025
Total Number of Admissions	273	301	360	418
Total Number of Patient Days	11,680	14,235	17,520	21,170
Average Daily Census	32.0	39.0	48.0	58.0
ALOS-Calculated	42.8	47.3	48.7	50.6

**Department's Table 31
Wesley Homes King and Pierce Combined Pro Forma Revenue and Expense Statement Summary**

	Partial Year 2022	Full Year 1 2023	Full Year 2 2024	Full Year 3 2025
Net Revenue	\$2,814,847	\$3,423,079	\$4,166,746	\$4,913,971
Total Expenses	\$2,714,776	\$3,243,930	\$3,863,735	\$4,466,449
Net Profit / (Loss)	\$100,071	\$179,149	\$303,011	\$447,522

Wesley also provided a copy of its combined pro forma Balance Sheet for its King and Peirce hospice operations. The balance sheet is summarized below. [source: March 31, 2022, screening response, Attachment 2]

**Department's Table 32
Bristol Hospice-Pierce Pro Forma Balance Statement Summary**

ASSETS	2022 (Partial Year)	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Current Assets	\$599,836	\$817,403	\$1,164,693	\$1,652,049
Property and Equipment	\$0	\$0	\$0	\$0
Other Assets	\$0	\$0	\$0	\$0
Total Assets	\$599,836	\$817,403	\$1,164,693	\$1,652,049

LIABILITIES	2022 (Partial Year)	CY 2023 (Year 1)	CY 2024 (Year 2)	CY 2025 (Year 3)
Current Liabilities	\$243,226	\$290,481	\$345,544	\$398,119
Long-Term Debt	\$0	\$0	\$0	\$0
Equity	\$356,611	\$526,924	\$819,155	\$1,253,937
Total Liabilities, Long-Term Debt, and Equity	\$599,837	\$817,405	\$1,164,699	\$1,652,056

Numbers may not be exact due to rounding.

Pennant Public Comment [source: pdf 5]

1. *Wesley shows bi-annual state license fees for each year, whereas it should be for every other year. The Department cannot determine financial feasibility.*
2. *We are unable to read the first section of Wesley's pro forma as the line items do not align with the numbers. Also, we cannot tell if the numbers are dollar amounts or something else, as some numbers have dollar signs, and others do not. This makes it difficult for the Department to determine financial feasibility."*

Providence Public Comment [source: pdfs 18-19]

“Wesley has failed to adequately document (1) the specific terms according to which office space costs will be allocated to its Pierce County hospice program and (2) the exact annual amount of the allocated costs. Wesley will utilize space within its existing office (which is located within a building owned by Wesley) to operate its proposed Pierce County hospice program. In a screening question, the Department requested Wesley to “provide rent or lease documentation that includes all costs associated with the location for the Pierce County operations.” Wesley did not provide “rent or lease documentation” to establish the office space costs that are related to the operation of the Pierce County program. Instead, Wesley stated: “[Wesley] is not charged ‘rent’ per se; instead [it] is ‘charged’ allocated expenses based on 5% of gross revenue (included in the pro forma line item identified as ‘allocated’).”

Wesley takes the position that this method of determining the office space costs has been approved by the Department: “We understand, based on our TAs with the CN Program, that our methodology is both reasonable and allowable.” However, regardless of what Wesley “understands” the Department’s position to be on Wesley’s proposed methodology, that methodology is not reasonable or adequate since it fails to document (1) the specific terms according to which office space costs will be allocated to the Pierce County hospice program and (2) the exact annual amount of the allocated costs that are attributable to office space costs.

Wesley includes a line item titled “Allocated” in its pro forma revenue and expense statement. Wesley provides the following assumption for how the annual costs for the “Allocated” line item are determined:

“Management fee - 5% of gross revenue.” Wesley states nothing further. This description of the assumption is not sufficient to enable the Department to determine, and to evaluate, the annual office space costs of the Pierce County hospice program. First, the assumption does not identify which portion of the annual “5% of gross revenue” is attributable to the annual office space costs of the program. The total annual “Allocated” costs presumably relate to the cost of various services, supplies, or other items that will be provided to the Pierce County program by the parent organization. However, the portion of the “Allocated” costs which is attributable to the office space costs of the Pierce County program is not identified. Second, given that the portion of “Allocated” costs which is attributable to the office space costs is unknown, the specific terms according to which those costs will be allocated to the Pierce County program are also unknown.

As a matter of policy and practice, the Department has consistently required hospice CN applicants to identify, and to disclose the specific basis for determining, the annual cost of the premises that will be occupied by a hospice agency. The Department requires this information even when, as in this case, an applicant will be utilizing office space which is located in premises which are either owned by the applicant’s parent organization or leased by the parent organization from a third party.” This is a fundamental component of the “site control” section of the Department’s hospice application form. Wesley has failed to satisfy the Department’s requirements with respect to adequate disclosure of the amount of, and the basis for determining, the annual office space costs of its Pierce County hospice program.”

Wesley Rebuttal Comments for Pennant

“Pennant states that Wesley shows state license fees for each year, whereas it should be for every other year. Pennant is correct that Wesley included state license fees for each year of operation. As an existing provider, we know the fee schedule, and so it was an oversight in the pro forma. This assumption does not impact the project’s financial feasibility (and if anything provides a slightly improved bottom line) for the years when the fee is not due. The CN Program has recently confirmed that inconsequential errors in a pro forma should not impact the approvability of a project.

Section 1.43: It has been longstanding Program practice to decide that pro formas are unreliable in their entirety upon the discovery of an error or omission. Historically, such a determination was made without regard for the magnitude of the error or omission (footnote 54, TR 836). In fact, the Program would even make such a determination if the error was inconsequential and the applicant could show it would be profitable by the third year of operation with correction of the error. (footnote 55, TR 836).

Section 1.44: However, Mr. Hernandez no longer believes that such blanket determinations are appropriate, noting that finding a pro forma to be unreliable in its entirety because of a minor error or omission. Further, Mr. Hernandez noted that failing an application simply for a small error . . . doesn’t seem good public health policy.’”

Within its rebuttal statements above, Wesley included the following footnote:

Hospice Legal Appeal for the following: Master Case Nos. M2020-1076 (lead), M2020-1073, M2020-1074, M2020-1077, & M2021-121, Initial Order dated March 3, 2022, p. 19.

“Pennant states that they were unable to read the first section of Wesley’s pro forma as the line items do not align with the numbers, and they could not determine if the numbers are dollar amounts or something else, as some numbers have dollar signs and others do not. Wesley provided revised financials with its screening response that addressed any formatting issues in the financials and additionally provided the excel version of the financials to the CN Program. There are no issues related to readability or clarity with the financials provided during screening.”

Wesley Rebuttal Comments for Providence

“Providence suggests that Wesley failed to adequately document (1) the specific terms according to which office space costs will be allocated to its Pierce County hospice program and (2) the exact annual amount of the allocated costs. Pennant calls into question Wesley’s site control based on the expiration date of the lease for the temporary Kent location. As stated explicitly in our CN and screening response, long-term Wesley intends to co-locate and operate our hospice agency within our existing permanent hospice office location in Des Moines, King County. Wesley has owned the facility and property outright since 1945. A copy of the King County Assessor records demonstrating ownership and site control of the Des Moines site was included with the application. The Department confirmed in the screening response that these records demonstrated the necessary site control for the Des Moines location.

However, our hospice offices are temporarily relocated to a Kent location because the building in Des Moines in which the Program was housed is part of the overall re-development of the larger Wesley Homes Des Moines Campus. The Agency was relocated on July 10, 2020. The Department of Health was notified, and the address associated with the existing in-home services agency license was changed to the Kent address during this transitional time.

We anticipate returning to the Des Moines campus in early 2025 when the redevelopment is complete and new office space is ready. Based on the information presented above and technical assistance meetings with the Program, the appropriate address for the CN to be issued to is actually the Kent address (listed below). This is because the Pierce County hospice operations will be operated out of the Kent address from the time of CN approval until the project is deemed complete.

*18000 72nd Ave S
Suite 217
Kent, WA, 98032-1035*

To demonstrate appropriate site control of the Kent location, we provided in Attachment 1 to our screening, the lease that Wesley Homes has with Centerpointe Business Park Associates for the space. The timing of the lease is not relevant as the project will be started and completed within months of CN approval.

In terms of the cost for the location, the change in address does not change the financial assumptions for Wesley. The site costs for Wesley are incorporated in the administrative allocation of 5% of gross revenue identified in the line item titled “allocated” on the pro forma financial statement. The administrative allocation percentage remains the same, regardless of the location of the hospice agency. Based on our TA calls with the CN Program, and the below email from the Department we have confirmed that our methodology is both reasonable and allowable.

All of this is confirmed in an email from Karen Nidermayer on March 11, 2022:

‘I had an opportunity to talk out the site question with the CN team, including the manager. Based on our TA discussion this morning, I understand that Wesley Homes anticipates relocating back to the Des Moines site in 2025.

Given that the Medicare & Medicaid hospice services would be available to residents of Pierce County in January 2023, the project will be complete prior to relocating back to the Des Moines site. For those reasons, if this project is approved, the site identified on the CN would be the current Kent site at 18000 – 72nd Avenue South, #217 (98032).

The application materials must demonstrate site control of the Kent site and the Des Moines site. Exhibit 6 of the application demonstrates site control of the Des Moines location, based on my

screening question #42. For Kent site control, you should provide a copy of the lease agreement between the tenant and landlord. This assumes that the tenant is Wesley Corporation.

A sub lease agreement is not required because of the way I understand that the site costs are paid to the Wesley Corporation, which is 5% of gross revenue (allocated costs) rather than a set or calculated lease/rent cost based on square footage.'

Based on the above, Pennant's [sic, should be Providence] concern with the Kent location lease expiration is invalid. The Program, per the email above, required Wesley show site control for both locations – recognizing that before the end of the third full year of operation, the agency will have moved back to its permanent location in Des Moines.

Department's Evaluation

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Wesley proposes to expand the service area of its existing King County agency to include Pierce County. Wesley based its projected utilization for its Pierce County operations on specific factors:

- Admissions were based on current experience operating under the Governor's waiver with little to no growth in the average daily census (ADC): 6 patients for partial year one (2022); 13 patients in full year one (2023); which increases to 22 patients and 32 patients in full years two and three, respectively (2024 and 2025).
- Market share projections are 12% in full year one (2023) that increase to 20% in full year three (2025). Wesley provided its rationale for this assumed market share;
- Average annual length of stay (ALOS) beginning in year 2023 at 57.2 days and by the end of year 2025, ALOS is expected to increase to 58.4. This ALOS is slightly less than the state wide average of 62.12.

When asked during screening to provide the assumptions used to determine the market shares and utilization, Wesley clarified that it based its projections on its experience in the market. Given that Wesley is not a new provider in Washington State, the approach described above is reasonable.

Even though Wesley proposes to expand its King County agency into Pierce County, for this review the department required Wesley to submit a pro forma Revenue and Expense Statement showing Pierce County projections alone. Wesley provided extensive assumptions used to prepare the Pierce County statement and included a payer mix table. Wesley expects Medicare to be 74% of its gross revenue; Medicaid to be 25.0%; and Other (commercial and self-pay) to be 1.0% of gross revenue.

Wesley also provided its pro forma Revenue and Expense Statement for the combined King and Pierce County operations; the statement included embedded assumptions and clarification that King County operations are held constant to project conservatively. This approach is reasonable.

In public comment, Pennant identified two concerns with the statements. The first concern noted is that the pro forma statements submitted in the application were unreadable and nearly impossible to decipher. The department noted this in screening, and Wesley provided revised statements clearly showing revenues, expenses, and explanations of various line items. It is unclear why Pennant noted the previous statements in its public comment; however, the statements were properly revised by the applicant during screening.

The second concern noted by Pennant is the inclusion of annual (DOH In-Home Service) license fees in the projected Revenue and Expense Statement. Since license fees are bi-annual (every other year) Pennant

asserts that the department cannot determine financial feasibility of the Wesley project. In rebuttal, Wesley acknowledges that it inadvertently included annual license fees that should be shown as bi-annual. While Pennant asserts this error as grounds to deny the Wesley application, the department does not concur. The license fee line item is \$1,392 for years 2022 and 2023; and \$1,787 for years 2024 and 2025. Assuming every other year costs and subtracting one line item of \$1,392 and one of \$1,787 would make the statement reflective of the bi-annual license fees. The error is not substantial and does not significantly change the 'Net Profit/Loss' amounts for the combined agency. The department concludes this error is minor and is not grounds for denial of the Wesley project.

Providence's concerns are two-fold: 1) allocation of lease costs to the Pierce County operations; and 2) the exact annual amount for the lease. For background information, Wesley proposes to serve Pierce County patients from its King County location. As described in the 'Project Description' section of this evaluation, the permanent site of the King County location is 815 South 216th Street in Des Moines. However, the King County agency has temporarily relocated to a site in Kent while the building in Des Moines is demolished and a new building on the Wesley campus is built. Wesley expects the hospice agency to move back to the Des Moines site in 2025. If this project is approved, the Pierce County services would begin prior to the agency relocation. For this reason, Wesley identified the Kent site in its application. Further, in the application materials, Wesley provided documents to demonstrate site control of both the Des Moines and Kent sites.

In rebuttal, Wesley clarifies that regardless of the site (Kent or Des Moines) or the square footage of space, the 'rent' costs allocated to the Pierce County operations is 5% of gross revenue. The costs are substantiated in the Pierce-only pro forma Revenue and Expense Statement. Additionally, Wesley provided documents to demonstrate site control of both Kent and Des Moines sites. The department concludes that the concerns raised by Providence are not grounds for denial of the Wesley application.

Wesley also provided an historical and projected pro forma Balance Sheet for the combined King/Pierce operations. The balance sheet demonstrates that Wesley does not intend to assign any debt to the agency; rather, all debt will be assigned to the parent—Wesley Homes Corporation.

In addition to the financial statements discussed above, Wesley provided a Medical Director Agreement and an addendum to the agreement that ties into the financial statements. Below is the review of the agreements.

Medical Director Agreement

Wesley provided a copy of the executed Medical Director Agreement between Wesley Homes at Home, LLC and Jude Verosa, MD. The agreement was executed on December 14, 2016, and effective in perpetuity. Wesley also provided an Addendum to the Medical Director Agreement executed on March 27, 2020. Compensation identified in the addendum is \$4,500/month for King County operations and \$2,500/month for Pierce County operations. The Pierce County financial statement substantiates the \$30,000 annual and the combined King and Pierce County statement substantiates the \$84,000 annual.

After reviewing the financial information provided, the department concludes that Wesley's project **meets this sub-criterion**.

- (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 projects of this type and size. Therefore, using its experience and expertise the department compared the proposed projects' costs with those previously considered by the department.

Continuum Care of Snohomish LLC

The Continuum Snohomish project does not include construction, has no capital expenditure, nor any start-up costs. This service area expansion is proposed as the expansion of an existing and operational agency, and Continuum Snohomish is already providing Pierce County hospice services under the ongoing COVID-19 State of Emergency, Proclamation 20-36.10. Continuum Snohomish provided the following statements related to this sub-criterion.

“There is no capital expenditure for this project. Therefore, this question is not applicable.

Since this is the expansion of an existing agency, there are no start-up costs.” [source: Application, pdf 26]

“Continuum does not expect the project to affect the charges for its services and, importantly, this project will have no effect on billed rates to patients, providers, or payers. Continuum’s charges for hospice services are not determined by its capital expenditures nor its initial pre-opening and operating deficits.

As noted in earlier sections of this application, Continuum will focus on the underserved populations. To the extent that these populations currently use higher-cost health care services (ED visits, hospitalizations) that are reduced when they are enrolled in a hospice program, overall costs and charges for health care services will decrease.

The establishment of a new hospice agency that will improve access and availability and target disparities is both the ‘right thing to do’ and consistent with value-based care delivery, Washington’s Medicaid transformation efforts (Healthier Washington) and Washington’s 2018 State Health Assessment. In addition to better access and enhanced equity, studies demonstrate that patients enrolled in hospice were less likely to be hospitalized, admitted to intensive care, or undergo unnecessary invasive procedures.

As the Members have in other markets, Continuum will work with the patient and family to manage the use of aggressive therapies, i.e., radiation for pain management on a case-by-case basis. We also use music, equine, virtual reality, art, massage, aroma, and other therapies to manage pain and symptoms. All these programs have improved the quality of life of the patient and have supported the management of costs.

Further, while not in the pro forma, Continuum intends to establish a palliative care program in Pierce County and will work with existing health care providers to identify patients appropriate for palliative care.

Palliative care programs are designed to support patients that are not yet eligible for, or have not yet requested, hospice care, but have advanced chronic illnesses. Palliative care programs can and do also support patients engaged in curative treatment. The goal of a palliative care program is to keep patients stable and out of the hospital by providing home-based services.

Continuum’s palliative care service will provide pain and non-pain symptom management, education to promote patient and family awareness of illness trajectory and treatment choices, and psychosocial and

spiritual support. The typical disease group of patients enrolled in palliative care include cancer, COPD, heart failure and dementia. The palliative care team typically provides in-home medical consultation, caregiver support and advance care planning.

Research has found that patients enrolled in palliative care cost less than similar patients who are not in a palliative care program simply because they have fewer hospital visits. Palliative care is also demonstrated to improve quality of life for both the patient and the family. Because of their success in reducing costs and improving patient and family satisfaction, they are increasingly sought out by insurers.” [source: Application, pdfs 27-28]

In response to a question confirming whether any cost had already been expended, prior to serving Pierce County patients under Proclamation 20-36.10, that was solely to support the implementation of Pierce County services, Continuum Snohomish provided the following statements.

“Continuum did not expend any dollars for capital for the expansion of services under the PHE [public health emergency]. In addition, because Continuum has assumed that our existing Snohomish agency will expand to Pierce County; no start-up costs are assumed.” [source: April 28, 2022, screening response, pdf 9]

“Note that we did not, and are not marketing in Pierce County, and at the time we began serving Pierce, we had staff residing in South King County and in Pierce that began caring for patients. Our Pierce County volumes come solely from King and Pierce providers, but most especially King providers that have Pierce County patients that need hospice.” [source: April 28, 2022, screening response, pdf 10]

Public Comment

The department received the following comment in opposition to Continuum Snohomish’s project related to this sub-criterion.

Sarah W. Cameron, MPH, Chief, Strategy and Planning, Providence Home and Community Care – Oppose
[source: pdf 15]

“C. Continuum’s assertion that there are no start-up costs relating to the establishment of its proposed Pierce County hospice program is not reasonable.

In its hospice application form, the Department requires an applicant to: ‘Identify the amount of start-up costs expected to be needed for this project.’ Continuum asserts: ‘Since this is the expansion of an existing agency, there are no start-up costs.’ Later in its application, Continuum repeats the assertion: ‘there are no capital expenditures or start-up costs associated with the expansion of services into Pierce County.’

The Department pressed Continuum on this assertion in one of its screening questions:

The response to question 13 on page 30 [of the application] states: This question is not applicable as there are no capital expenditures or start-up costs associated with the expansion of services into Pierce County. Even if the equipment to support proposed services was purchased prior to this review it is considered part of this project. If any capital expense was used to support this project, revise all responses related to the estimated capital expenditure and/or start-up costs to include any funds that were and will be used to support Pierce County hospice services.

In response to the Department’s question, Continuum stated: ‘because Continuum has assumed that our existing Snohomish agency will expand to Pierce County[,] no start-up costs are assumed. Based on the March 14, 2022 TA call, Continuum understands that this is an acceptable response.’

Regardless of what Continuum ‘understands’ to be the result of its ‘March 14, 2022 TA call’ with the Department, its assertion that there are no start-up costs associated with the expansion of its Snohomish County hospice agency into Pierce County is not reasonable. For example, in contrast to Continuum,

Providence Hospice has estimated that it will incur \$24,438 in start-up costs in order to expand its services from King County into Pierce County. In its schedule of 'Start-up Cost Assumptions (Pierce County Project),' Providence Hospice identifies eight separate start-up cost line items: 'Legal/Regulatory; Medical Supplies; Office Supplies; Printing and Publications; Advertising and Marketing; Other Purchased Services; Equipment (PC, Printers, etc.); Licensing (clinicians).' Providence Hospice will be expanding its hospice services into a contiguous county. In contrast, Continuum will be expanding its services into a non-contiguous county, with King County in between. Accordingly, Continuum's contention that it will not incur any start-up costs is not reasonable. This in turn raises questions regarding (1) the overall reliability of Continuum's pro forma financial statements and (2) whether its CN application satisfies the financial feasibility criteria set forth in WAC 246-310-220."

In the rebuttal phase of this review Continuum Snohomish provided the following statements.

Continuum Care of Snohomish LLC Rebuttal to Providence's Comment [source: pdf 11]

"iv. Despite Providence's comments to the contrary, Continuum has no start-up costs.

The latest (September 2021) Hospice Certificate of Need Application Form, Financial Feasibility Section, Question 6 states:

'Start-up costs should include any non-capital expenditure expenses incurred prior to the facility opening or initiating the proposed service. If no start-up costs are expected, explain why.'

By definition, startup costs are those costs related to activities prior to the opening of the facility or the initiation of proposed services. Since Continuum is already providing services, by definition, there are no start-up costs.

The CN Program, during a Technical Assistance meeting, concurred with Continuum's approach to start-up costs and capital expenditures. And, in fact, Continuum notes for the record that previous applicants in the last two cycles of CNs that were expanding into a new County had no start-up costs (i.e., Envision). Continuum satisfies the financial feasibility criteria set forth in WAC 246-310-220."

Following is rebuttal comment received from a group of concerned citizens.

Group of Individuals Represented by Linda Hood Rebuttal – Oppose [source: pdf 2]

"We agree with Providence that Continuum's claim that it can establish a Pierce County hospice without startup costs is not credible."

Department Evaluation

Continuum Snohomish anticipates no capital costs, no start-up costs, and no construction for its hospice service area expansion into Pierce County. Several comments were received questioning whether having no anticipated start-up costs is reasonable. The department considers start-up costs those costs needed in preparation of the project prior to its completion.⁴³ These costs should be properly chargeable as an expense of operation or maintenance and not duplicated in the project's estimated capital expense. Whether an applicant chooses to include its start-up costs in its pro forma revenue and expense statements or list it separately varies, either way is acceptable by CN standards as long as all costs are included. This project is unusual in that Continuum Snohomish has already commenced its proposed services under the Governor's Proclamation 20-36.10. The department confirmed in screening that although services have already commenced, Continuum Snohomish did not need any costs for this unusual pre-CN-approval expansion from Snohomish to Pierce County as it already had staff and was not marketing its services (potentially temporary services) in Pierce County.

⁴³ According to WAC 246-310-010(47) for this project, which does not require construction, this would be initiating the health service.

In this project, the department notes that Continuum Snohomish included in its pro forma expenses sometimes seen in other projects as start-up. These include but are not limited to: *Legal, Professional Services*⁴⁴ and *Office Expenses and Supplies*. This is a practice Providence once defended in a separate hospice review.⁴⁵ Additionally, Continuum Snohomish rebutted these start-up comments restating the hospice application form’s permissive language as related to the plausibility of not having start-up costs.

The applicant further pointed out in its initial application that by targeting underserved populations, who typically use at a higher rate, more expensive emergency and inpatient services, the proposed project could decrease costs to the health system while providing better quality of life for underserved persons.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For this service area expansion, the applicant projected that 92.5% of its patients and gross revenues would be eligible for Medicare or Medicaid. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

There is no capital expenditure associated with the project. Providence provided the following table to illustrate its projected startup costs for this project. [source: screening responses, Exhibit 16]

Applicant’s Table

Category/Item	Start-up Costs	Basis of Assumption
Professional Fees:		
Legal/Regulatory	\$ 2,720	Updating any contracts with providers. Review of policies for State regulatory requirements. Legal - 8 hours at \$250 per hour = \$2,000; Compliance 8 hours at \$90 per hour = \$720
Supplies:		
Medical Supplies	\$ 584	Update car stock for clinicians working in Pierce County at \$120 per clinical. Initial assumption based on 3.2 clinical FTE equivalent (RN/LPN and Hospice Aides); Increase medical supplies in inventory and creams/lotions (\$200).
Office Supplies	\$ 200	Printer paper, additional pens/post-its for touchdown area, flip charts for planning
Purchased Services:		
Printing and Publications	\$ 1,125	Admit Packets (\$5 x 150 = \$750); 300 Brochures (\$1.25 each x 300 = \$375)
Advertising and Marketing	\$ 750	Update Website (5 hours x \$50 = \$250); Mailings to physician's offices and facilities (\$1.00 x 500 = \$500)
Other Purchased Services	\$ 16,000	Epic set-up Costs: 1 Epic analyst for a 2.5 weeks (\$100 x 40 x 2.5 = \$10,000), Contract setup (~8 hrs. * \$75 = \$600), reports (8 hrs. x \$75 = \$600), chg of acctg reports (2x 40 x \$60 = \$4,800)
Other Expense:		
Equipment (PC, Printers, etc.)	\$ 2,500	One laptop computer, including all peripherals (screen, keyboard, docking station, and cables)
Licensing (clinicians)	\$ 559	Licensing fee calculated at rate of \$120/RN, \$166/OT, \$85/Hospice Aide, \$116/MSW, and \$478/Physician License annually (pro rated by FTE count per category). The 2022 start-up costs represent a pre-payment for licensing of 2023 FTEs. All other years are based on FTEs in same year.
Total	\$ 24,438	

⁴⁴ This expense is listed to include for year ...2022 an additional \$40,000 has been assumed for certificate of need related expenses for Pierce only.

⁴⁵ “As we stated in the immediately preceding section, lower-cost items such as tablets or laptop computers can be treated as operating expenses, which is what Providence Hospice has done — this is completely acceptable. Thus, ‘Other Expenses’ for such electronic equipment are \$2,047 in 2020, \$993 in 2021, \$1,996 in 2022, and \$2,544 in 2023. Therefore, we have properly accounted for such equipment and treated it as an operating expense. Seasons is incorrect.” [source: Providence’s Pierce County hospice, CN20-43 rebuttal dated August 3, 2020, pdf 27]

Providence also provided the following statements related to this sub-criterion. [source: Application, pdf41]
“Providence Hospice has a long history of providing quality hospice services in King County in a cost-efficient manner. We believe our significant support infrastructure, economies of scale, established care protocols, and seasoned care teams will not adversely impact costs or charges when Providence Hospice expands its services into Pierce County.

In fact, when delivered appropriately and in timely manner, hospice care has been shown to be cost-effective and is documented to reduce end-of-life costs without sacrificing quality of care. Research literature supports the cost-effectiveness of hospice care. In one study, researchers analyzed the association of hospice use with survival and 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).

In a more recent study, researchers simulated the impact of increased hospice use among Medicare beneficiaries with poor-prognosis cancer on overall Medicare spending. The study identified 18,165 fee-for-service Medicare beneficiaries who died in 2011 with a poor-prognosis cancer diagnosis, and matched them to similar patients who did not receive hospice services. Using a regression model to estimate the difference in weekly costs, the study estimated an annual national cost savings between \$316 million and \$2.43 billion with increased hospice use. Under realistic scenarios of expanded hospice use for Medicare beneficiaries with poor-prognosis cancer, the program could save \$1.79 billion annually. 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.”

Regarding start-up costs, Providence provided the following statements. [source: Application, pdf 42]
“The proposed project does not require any capital expenditures or construction costs, as Providence Hospice will be managing the Pierce County agency out of its established office in Tukwila. As noted above, there will be minimal start-up costs of \$24,438, but these minor costs will not lead to or contribute to an unreasonable impact on the costs and charges for hospice services in the planning area.

Please see Table 15, which provides the expected payer 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 and applies to both King County and Pierce County.”

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

Department Evaluation

Providence identified no capital expenditure for this project. Providence Hospice noted that it expected start-up costs of \$24,438 related to IT and other labor costs, cell phones, office supplies, and other miscellaneous costs, including licenses. Providence provided a letter of financial commitment from MaLisa Westlund, CFO of Providence Home and Community Care specific for those costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For Pierce County operations, the applicant projected that approximately 87.2% of its patients would be eligible for Medicare. Gross revenue from Medicare is projected to equal a similar percentage of total

revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Based on the information reviewed and the applicant’s previous failure, the department cannot conclude that approval of this project would not have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes that Providence’s Pierce County project **does not meet this sub-criterion.**

AccentCare, Inc.

The applicant identifies a total capital expenditure of \$96,828 for this project. All costs are associated with office furniture and equipment for the office. [source: Application, pdf 75, Exhibit 16]

Focusing on start-up costs, AccentCare, Inc. identified \$242,388 would be necessary for this project and provided the following explanations. [source: Application, Exhibit 18]

**Department’s Table 33
AccentCare, Inc. Start-Up Cost Breakdown**

Item	Cost
2022 Rental	\$39,294
First Six Months of 2023 Rent	\$20,040
Advertising Costs	\$2,000
Pre-Opening Hiring Costs with Benefits	\$181,054
Total	\$242,388

Pennant Public Comment – Oppose

- (1) *“Seasons shows a pre-opening rent expense of \$59,334. This is an excessive expense that is included in the \$2.3 million dollar loss Seasons claims it will incur in 2023 and 2024 with its two proposed hospice projects in Spokane and Pierce Counties. The excessive rent cost and the losses are a lack of cost containment*
- (2) *Seasons shows total capital and startup costs of \$244,388. These costs are excessive and are a lack of cost containment.”*

AccentCare Rebuttal to Pennant

“Seasons’ project is financially feasible, reaching a breakeven point during the second year of operations in calendar year 2025 with net revenues of \$108,251. The applicant confirms that the pre-opening rental expense is \$59,334 and total pre-opening costs are (\$242,388), as shown in the pro forma. The first partial year of operation, CY 2023, has a shortfall of (\$368,844), with the first full calendar year, 2024, having a shortfall of (\$389,325). Therefore, the total shortfall for the start-up period is (\$1,000,557). Combining this with the proposed capital expenditures of \$96,828 the project requires \$1,097,385. As shown in the funding commitment (Exhibit 20 of the application) and the audited financial statements for the applicant, Seasons Hospice & Palliative Care of Pierce County Washington, LLC has \$2,000,000 allocated to initiate operations and Horizon Acquisition Co., Inc. demonstrates \$315 million in cash and current assets, including \$56 million in cash. Therefore, the project expenditures are below the amount allocated to initiate the hospice and is indeed financially feasible.

Similarly, the Spokane project reaches a breakeven point in its third full calendar year of operations, 2025, with net revenues of \$302,707 and projects a total shortfall during the start-up period of \$1,142,852 and capital expenditures of \$96,842, requiring \$1,239,694. The financial commitment and audited financial

statements provided in Exhibit 18 of the AccentCare Spokane County application commits \$2,000,000 for that project, or \$4,000,000 for both projects. Therefore, the combined \$2,337,079 required for both projects are well within the reasonable allocated amounts. Both projects are financially feasible.

Seasons disagrees that startup costs are excessive and that the project is not financially feasible. Pennant incorrectly states total capital and startup costs of \$244,388. The funding commitment in Exhibit 18 of the application shows total pre-opening expenses equal \$242,388. As shown on pages 541-542 of the application, pre-opening rental expenses totaled \$59,334, projected advertising costs is \$2,000, and the total for pre-opening hiring costs is \$181,054. The sum of these together equal the stated total capital and start-up costs of \$242,388. The rental expenses for the office space fulfill the State's CN requirements for site control, and the costs for advertising and hiring are essential for a new hospice entering a new service area. As demonstrated, Seasons believes the amount is reasonable for the benefit it will bring and is willing to invest what is necessary to establish a new, strong, and viable hospice program to meet the needs of the community in Pierce County."

Department Evaluation

The estimated capital expenditure for this project is \$96,828 with no construction. All the estimated capital costs are for movable equipment and associated sales tax. Start-up costs estimated at \$242,388 are associated with rent, advertising, and salaries/wages.

AccentCare, Inc. provided a letter dated January 14, 2022, from its Chief Financial Officer, Ryan Solomon, demonstrating its financial commitment to this project, including the projected capital expenditure and any start-up costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For this project, the applicant projected that 91.0% of its patients would be eligible for Medicare; Medicaid is projected to be 1.0%, for a combined Medicare and Medicaid total at 92.0%. Gross revenue from Medicare and Medicaid is also projected to 92.0% of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Based on the information reviewed, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes that this project **meets this sub-criterion**.

Bristol Hospice, LLC

For this project, Bristol identified an estimated capital expenditure of \$30,000, which includes IT equipment, furniture, and equipment and supply inventory. Bristol also provided a breakdown of its estimated startup costs totaling \$214,857, for a total cost of \$244,857. [source: Application, pdf 21 and March 31, 2022, screening response, pdf 3 and Exhibit 12]

Bristol provided the following statements in response to this sub-criterion. [source: Application, pdf 20-21]
"The provision of hospice services is covered by Medicare, Medicaid or commercial insurance. Our financial analysis shows that the reimbursement for services is adequate to cover the cost of the provision of services. Bristol would not be charging patients or referral sources for any services. The capital costs of the project due to the nature of hospice services being provided where the patient lives are minimal and do not add any cost that would affect the planning area."

There were no public comments or rebuttal comments submitted for the Bristol project related to this sub-criterion.

Department's Evaluation

The combined capital expenditure and start up costs identified by Bristol is \$244,857. All costs are to be paid by the applicant, Bristol Hospice, LLC.

Bristol provided a letter from its Chief Financial Officer, Gerry Christensen, demonstrating its financial commitment to this project, including the projected capital expenditure and any start-up costs. [source: Application, Exhibit 15]

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For its Pierce County operations, Bristol projected that 98.0% of its patients would be eligible for Medicare; 1.0% of its patients would be eligible for Medicaid, for a combined Medicare and Medicaid total patients at 99.0%. In a previous sub-criterion (WAC 246-310-210(2), the department concluded that Bristol's payer mix percentages were not supported by information provided in the application, resulting in a failure under the sub-criterion.

Based on the information reviewed and the applicant's previous failure, the department cannot conclude that approval of this project would not have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes that Bristol's Pierce County project **does not meet this sub-criterion.**

The Pennant Group, Inc.

Pennant provided the following statements in response to this sub-criterion. [source: Application, pdf 26]

"This project will not have a negative impact on the costs and charges of health services in the planning area. Hospice care has been shown to be cost-effective and is documented to reduce end of life costs. This project proposes to address the hospice agency shortage in the county and will improve access to care. Over time, this will reduce the cost of end of life care and benefit patients and their families."

There were no public comments or rebuttal comments submitted for the Pennant project related to this sub-criterion.

Department's Evaluation

The estimated capital expenditure for this project is \$5,000 with no construction. All the estimated capital costs are for movable equipment and associated sales tax. Start-up costs are estimated at \$15,500 are associated with recruitment, marketing and advertising, and travel costs.

Pennant's financial commitment letter demonstrates the applicant's financial commitment for the capital expenditure and the start-up costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For this project, the applicant projected that 95.2% of its patients would be eligible for Medicare; Medicaid is projected to be 3.7%, for a combined Medicare and Medicaid total at 98.9%. Gross revenue from Medicare and Medicaid is also projected to 98.6% of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Based on the information reviewed, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes that this project **meets this sub-criterion**.

Wesley Homes Corporation

Wesley provided the following statements in response to this sub-criterion. [source: Application, pdf 21]

“There are no capital costs and rates are established by payers, including Medicare, the largest payer, not the provider.

Hospice care has also proven cost-effective. It reduces the total costs of care by reducing hospitalizations and emergency room use. Research has documented that persons not enrolled in hospice were more likely to die in the hospital or a skilled nursing facility than those that selected the hospice benefit.

A report published by the American Journal of Hospice and Palliative Care in 2019 found that the average Medicare expenditures for patients treated in acute hospitals during the last 180 days of life, far exceeds the hospice per diem cost.

In addition, hospice has also demonstrated savings to patients in terms of reduced out of pocket expenses through coverage of medication related to the hospice diagnosis (particularly for pain controlling medications) and medical equipment and supplies. For these reasons, an adequate supply of hospice ice services in Pierce County will help reduce the total cost of care for patients at end of life.”

There were no public comments or rebuttal comments submitted for the Wesley project related to this sub-criterion.

Department’s Evaluation

Wesley states there are no capital expenditure or start up costs for this project. Further there is no construction needed to begin providing Medicare and Medicaid hospice services to the residents of Pierce County.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For this project, the applicant projected that 74% of its patients would be eligible for Medicare; Medicaid is projected to be 25%, for a combined Medicare and Medicaid total at 99%. Gross revenue from Medicare and Medicaid is also projected to 99% of total revenues. Thus, standard reimbursement amounts, and related discounts are not likely to increase with the approval of this project.

Based on the information reviewed, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes that this project **meets this sub-criterion**.

(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 projects of this type and size should be financed. Therefore, using its experience and expertise the department compared the proposed projects’ source of financing to those previously considered by the department.

Continuum Care of Snohomish LLC

As mentioned earlier the Continuum Snohomish project has no capital expenditure or any start-up costs. *“There is no capital expenditure for this project. Therefore, this question is not applicable.*

Since this is the expansion of an existing agency, there are no start-up costs.” [source: Application, pdf 26]

Public Comment

In addition to earlier quoted⁴⁶ comments in opposition of Continuum Snohomish’s project related to this sub-criterion, following are some related primarily to this sub-criterion.

Russell Hilliard, PhD, LCSW, LCAT, MT-BC, CHRC, CHC, Senior VP, Market Expansion Initiatives, AccentCare, Inc. – Oppose [source: pdf 11]

*“In the screening response, Continuum produces a letter from Chase Bank verifying a managing member (Samuel Stern) has personal accounts that exceed a current balance of \$670,450 as of March 22, 2022, and that his average balances over the last six months exceeded \$500,000. However, there is no letter from Mr. Stern committing the funds for the purpose of developing this specific project. Furthermore, the organizational chart provided on page 47 of Continuum’s application identifies several entities in which Mr. Stern has ownership interest. Therefore, if Mr. Stern’s other companies require funding as well, the amount available to Continuum’s Pierce County hospice would be reduced. **Therefore, the project has no audited financial statement, no assurance of meeting its financial obligations, and fails to meet the requirements of financial feasibility found in WAC 246-310-220.”***

In the rebuttal phase of this review Continuum Snohomish provided the following statements.

Continuum Care of Snohomish LLC Rebuttal to AccentCare’s Comment [source: pdfs 5-6]

“Continuum has provided copies of all required financial information. The Program previously indicated that audited financial statements were not needed to determine the financial feasibility of the project.

Seasons (and Providence) commented that Continuum’s lack of audited financial statements was somehow a deficiency. At page 30 of the application, Continuum noted in its response that no audited financials were available and that that limited historical financial information was available due to the recent establishment of the agency. This was recognized by the Program in its screening Question 25:

Question 25. The department understands that no audited financial statements exist for Continuum. However, if the project ends up having a capital cost, start-up costs, or losses in initial years and is reliant on Continuum’s reserves the department now requests a confirmation from a third party which substantiates Continuum’s financial status. This could be in the form of a recent (dated) letter from a bank confirming available funds. Make sure the amount available is at least as much as is committed to the project, that the confirmation is recent, and that it does not include account numbers or information.

Continuum’s response is included below:

As was discussed during the March 24, 2022, TA call, Continuum is providing in Attachment 2 a letter from Chase Bank (dated March 22, 2022). This demonstrates that Continuum Care of Snohomish LLC has had average balances in excess of \$500,000 for the last six months. During the March 24, 2022, TA call, it was confirmed that this letter is a sufficient response to this question.

Continuum also notes for the record that in the 2021 Pierce County evaluations, the issue of a lack of audited financial statements for Continuum as well as other applicants was addressed. Here, the Program found:

⁴⁶ WA 246-310-220(2)

It has been the department's position that when audited financial statements are available this is an effective tool to gauge the availability of resources and to review the financial health of an applicant. However, in the absence of such documents, the department does not require additional burden and cost of applicants that may have organizational operations more modest than that of some other applicants.

Providence additionally stated of the letter Continuum provided that "this account balance is simply a snapshot in time and says nothing about Mr. Stern's current and future financial commitments and the ability of the current balance to cover them." The department notes that Continuum did submit its projected pro forma balance sheet through the projection period which does indicate the applicant's, Continuum's projected assets and liabilities.

Continuum is confident that the Program will conclude that the documentation submitted with our application and screening response demonstrate that it has the financial resources needed to expand services to Pierce County."

Department Evaluation

Continuum Snohomish anticipates no capital costs, no start-up costs, and no construction for its hospice service area expansion into Pierce County. Several comments were received questioning whether having no anticipated start-up costs is reasonable. The department's finds the possibility for no start-up costs to be reasonable and discussed it in an earlier sub-criterion⁴⁷ and will not be repeated here.

Since Continuum Snohomish expects no capital costs, no start-up costs, no construction, and no initial losses for its expansion project, no financing was proposed or necessary. In an abundance of caution and since no audited financials were available to confirm this applicant's access to financial resources, Continuum Snohomish submitted a letter dated March 22, 2022 from Chase Bank, signed by Andrey Boryozka, Private Client Banker, demonstrating one of the applicant's members has access to sufficient funds to support the project. [source: April 28, 2022, screening response, Attachment 2]

Additional comment was received that suggested additional written commitment from the applicant was necessary to show that funds would be accessible for this project; and that since one of Continuum Snohomish's managing members owns several other entities the funds available should be *reduced*. However, since there are no anticipated costs or losses for the project, and services have already commenced a commitment letter is not needed and this comment is not found to be compelling.

Public comments suggest that the project cannot be appropriately financed. Continuum Snohomish provided a clear explanation to the key opposition arguments related to this sub-criterion. Based on the information here, the department concludes that since the Continuum Snohomish project does not require any capital expense, start-up costs, or initial losses. The department concludes that **this sub-criterion does not apply.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

In response to this criterion, Providence provided the following statement and table [source Application, pdf 40]

"We have identified \$24,438 in start-up costs to cover additional minor medical and office supplies, admission packets and brochures, minor computer equipment, initial staff licensing, costs to set up the

⁴⁷ WAC 246-310-220(2)

Epic electronic health record, and minor legal/regulatory costs. All start-up costs are set forth in Exhibit 14, along with all assumptions used in determining the costs.”

Focusing on its startup costs, Providence provided the following information and assumptions used to determine the \$148,745 estimated for start-up costs. [source: Application, pdf 33]

Applicant’s Table

Category/Item	Start-up Costs	Basis of Assumption
Professional Fees:		
Legal/Regulatory	\$ 2,720	Updating any contracts with providers. Review of policies for State regulatory requirements. Legal - 8 hours at \$250 per hour = \$2,000; Compliance 8 hours at \$90 per hour = \$720
Supplies:		
Medical Supplies	\$ 584	Update car stock for clinicians working in Pierce County at \$120 per clinical. Initial assumption based on 3.2 clinical FTE equivalent (RN/LPN and Hospice Aides); Increase medical supplies in inventory and creams/lotions (\$200).
Office Supplies	\$ 200	Printer paper, additional pens/post-its for touchdown area, flip charts for planning
Purchased Services:		
Printing and Publications	\$ 1,125	Admit Packets (\$5 x 150 = \$750); 300 Brochures (\$1.25 each x 300 = \$375)
Advertising and Marketing	\$ 750	Update Website (5 hours x \$50 = \$250); Mailings to physician's offices and facilities (\$1.00 x 500 = \$500)
Other Purchased Services	\$ 16,000	Epic set-up Costs: 1 Epic analyst for a 2.5 weeks (\$100 x 40 x 2.5 = \$10,000), Contract setup (~8 hrs. * \$75 = \$600), reports (8 hrs. x \$75 = \$600), chg of acctg reports (2x 40 x \$60 = \$4,800)
Other Expense:		
Equipment (PC, Printers, etc.)	\$ 2,500	One laptop computer, including all peripherals (screen, keyboard, docking station, and cables)
Licensing (clinicians)	\$ 559	Licensing fee calculated at rate of \$120/RN, \$166/OT, \$85/Hospice Aide, \$116/MSW, and \$478/Physician License annually (pro rated by FTE count per category). The 2022 start-up costs represent a pre-payment for licensing of 2023 FTEs. All other years are based on FTEs in same year.
Total	\$ 24,438	

There was no public comment or rebuttal comment provided under this sub-criterion for this applicant.

Department Evaluation

Providence identified no capital cost and \$24,438 for start up costs. The applicant demonstrated that the funds are available for both capital and start-up costs and provided a letter of commitment to demonstrate the availability of funding. [source: Application, Exhibit 19]

To further demonstrate financial health and ability to fund the project, Providence provided Providence St Joseph Health’s year 2020 audited financial statements. Those statements report the parent entity has over \$16 billion in net assets, more than sufficient to finance this project.

If this project is approved, the department would include a condition requiring the applicant to fund the project as described in the application.

Based on the information reviewed and the applicant’s agreement to the condition described above, the department concludes that this project **meets this sub-criterion**.

AccentCare, Inc.

AccentCare identified a capital cost of \$96,828 and another \$242,388 for start up costs. The applicant states all costs will be funded by the applicant, AccentCare, Inc. and provided the following statements regarding the funding. [source: Application, pdf 71]

“The applicant entity has \$2 million in assets provided by the owners of Seasons Hospice & Palliative Care of Pierce County Washington, LLC. A letter from the Chief Financial Officer for AccentCare, Inc. (the parent organization of Seasons Hospice & Palliative Care of Pierce County Washington, LLC) and Horizon Acquisition Co., Inc. (found in Exhibit 20) commits to available funding for the hospice’s capital costs, pre-opening expenses, and operating deficits in the initial year of operation. Included as an exhibit in this application are the audited financial statements for Horizon Acquisition Co., Inc. The hospice has the option of using Seasons Healthcare Management, LLC, for purchasing equipment and furnishing the office in Pierce County. The items above reflect the types of expenditures made in connection with start-up hospice programs. The item costs reflect corporate pricing agreements with the Seasons Healthcare Management, LLC’s vendors and are inclusive of applicable state and local sales taxes.”

The applicant also provided a letter from AccentCare, Inc.’s Chief Financial Officer, Ryan Solomon, demonstrating a financial commitment to the project and the intent to fund it. [source: Application, Exhibit 20]

Providence Public Comment – Oppose

“A. AccentCare has failed to provide adequate information regarding (1) its historical financial performance and (2) its two parent organizations.

The Department requires hospice CN applicants to “provide the most recent audited financial statements” for the applicant and for “any parent entity responsible for financing the project.” AccentCare Pierce “is wholly owned by” AccentCare. Thus, under WAC 246-310-010(6)(b), AccentCare is the applicant, as the Department states in its screening questions relating to AccentCare’s application. AccentCare has acknowledged that it is the applicant. Accordingly, AccentCare is required to submit its most recent audited financial statements. It has failed to do so.

....

1. AccentCare has failed to submit its audited historical financial statements.

The Department’s hospice application form requires an applicant to submit “the most recent audited financial statements” for “the applicant.” As discussed above, AccentCare is the applicant for this project under WAC 246-310-010(6). Thus, the Department states in its first screening question relating to AccentCare’s application: “The Department concludes that the applicant for this project is AccentCare, Inc.” However, AccentCare has failed to submit its most recent audited financial statements.

Instead, AccentCare states that it has submitted “audited financial statements for Horizon Acquisition Co., Inc. and Subsidiaries for the years ending on December 31, 2020 and 2019.”⁴⁴ As noted above, Horizon is one of AccentCare’s two parent organizations: AccentCare is “100% owned” by Pluto; Pluto is in turn “100% owned” by Horizon. AccentCare provides no explanation as to why it has failed to submit its own audited financial statements. Perhaps it believes that the submission of Horizon’s statements will satisfy the Department’s requirements. This is not correct. AccentCare is the applicant, not Horizon.

Moreover, the “Horizon Acquisition Co., Inc. and Subsidiaries Consolidated Financial Statements” submitted by AccentCare do not contain any identifiable historical financial performance information related specifically to AccentCare. In fact, as best we can determine, “AccentCare, Inc.” is mentioned only a single time in the Consolidated Financial Statements (in a Note referring to a professional liability insurance “retention limit”). Instead, the Statements relate to Horizon’s historical financial performance. Therefore, the Statements cannot be utilized by the Department as a surrogate for AccentCare’s audited financial statements, if that is AccentCare’s intention in submitting the Statements to the Department. In sum, AccentCare has simply not complied with the requirements of the Department’s hospice application form: AccentCare is the applicant, and it has failed to submit its most recent audited financial statements.”

AccentCare Rebuttal to Providence

“AccentCare has failed to submit its audited historical financial statements.”

Response: As explained the financial commitment letter within Exhibit 20 of the application from the Chief Financial Officer for AccentCare, Inc. (the parent organization of Seasons Hospice & Palliative Care of Pierce County Washington, LLC) and Horizon Acquisition Co., Inc., Seasons Hospice & Palliative Care of Pierce County Washington, LLC is a new entity without operations. The audited financial statements for Horizon Acquisition, Co., Inc. and Subsidiaries for the years ending on December 31, 2020 and 2019 are provided within Exhibit 20 of the application, documenting the historical experience of the parent. The audited financial statement as of February 24, 2021 for the start-up period of Seasons Hospice & Palliative Care of Pierce County Washington, LLC was submitted as an addendum to the application on January 31, 2022.”

Department Evaluation

The combined total of capital expenditure and start-up costs for this project is \$339,216. The applicant states all costs will be funded by the applicant, AccentCare, Inc. and provided a letter from its CFO demonstrating financial commitment to this project. This approach is appropriate because documentation was provided to demonstrate assets are sufficient to cover these costs and those of other projects under review by the same applicant.

Providence expressed concern that AccentCare had not provided sufficient historical financial documents and had not sufficiently explained its ownership structure. AccentCare noted that it had provided financial statements for its ultimate parent, Horizon Acquisition Co., in its initial acquisition. The department concludes that the financial statements provided by AccentCare are consistent with program requirements and the issue of ownership is discussed in the Applicant Description portion earlier in this evaluation.

If this project is approved, the department would include a condition requiring the applicant to fund the project as described in the application.

Based on the information reviewed and the applicant’s agreement to the condition described above, the department concludes that this project **meets this sub-criterion**.

Bristol Hospice, LLC

As previously stated, Bristol intends to establish a new agency in Thurston County to serve adjacent Pierce County patients. Serving hospice patients from an adjacent county is an acceptable approach for in-home service projects because the staff will serve the patient at the patient’s residence.

For this project, Bristol identified an estimated capital expenditure of \$30,000, which includes IT equipment, furniture, and equipment and supply inventory. Bristol also provided a breakdown of its estimated startup costs totaling \$214,857. The table below shows a combined breakdown of the estimated capital expenditure and the startup costs. [source: Application, pdf 21 and March 31, 2022, screening response, pdf 3 and Exhibit 12].

Department's Table 34

Bristol Hospice Estimated Capital Expenditure and Startup Cost Breakdown

Estimated Capital Expenditure		
Item	Cost	Total
IT Equipment	\$15,000	
Furniture for Office	\$10,000	
Initial Inventory or Supplies	\$5,000	
Total Estimated Capital Expenditure		\$30,000
Start Up Costs-October 2022 – July 2023		
Item	Cost	Total
Advertising	\$500	
Dues/Subscriptions & Licenses/Fees	\$4,000	
Education/Training	\$200	
Employee Benefits	\$13,321	
Equipment Rental	\$975	
Insurance	\$5,000	
Medical Director	\$3,000	
Medical Supplies	\$2,000	
Payroll Taxes	\$13,765	
Postage	\$250	
Utilities	\$1,800	
Rental/Lease	\$7,200	
Repairs/Maintenance	\$200	
Salaries/Wages	\$148,006	
Supplies	\$140	
Telephone	\$1,500	
Travel (mileage)	\$2,000	
Pharmacy	\$1,000	
Overhead Allocation	\$10,000	
Total Startup Costs		\$214,857
Total Estimated Capital Costs and Startup Costs		\$244,857

The applicant states that Bristol Hospice, LLC will fund the capital expenditure and startup costs totaling \$244,857 shown in the table above. [source: March 31, 2022, screening response, pdf 3] To demonstrate a financial commitment to this project, Bristol provided a letter from its Chief Financial Officer, Gerry Christensen. [source: Application, Exhibit 15]

To further demonstrate financial health and ability to fund the project, Bristol provided Bristol Hospice Parent, LLC's year 2020 audited financial statements. During the screening of this project, the department noted that Bristol Hospice Parent, LLC no longer exists in the organizational chart. The department's screening question is restated below. [source: February 28, 2022, screening question #44]

“As noted in the ‘Applicant Description’ section of this letter and Exhibit 15 above, Bristol Hospice Parent, LLC no longer exists. Further, the audited statements provided in this exhibit are for year 2020, rather than 2021. Provide the 2021 audited financial statements for the entity that would fund this project.”

The applicant provided the following response. [source: March 31, 2022, screening response, pdf 11]

“The 2021 audit is not yet completed. The 2020 audited financials are the relevant financials for the new parent as the subsidiary company Bristol Hospice L.L.C. status, directors, management, leadership, and assets were unchanged by the change of the parent company. We expect the audit for 2021 for both the old parent as well as the new parent shown in the updated organizational chart to be completed in the middle of April.”

Providence Public Comment [source: pdfs 25-26]

“The December 31, 2020, audited financial statements for Bristol Hospice Parent, LLC, Bristol’s former parent entity, raise questions regarding the overall financial condition of the Bristol organization as of that date.

As noted in Section A above, Bristol has submitted audited financial statements for “Bristol Hospice Parent, LLC,” its former ultimate parent entity, which apparently no longer exists. As discussed in Section A, Bristol has not submitted audited financial statements for Bristol Ultimate Holdco, L.P. (Bristol’s current ultimate parent entity). Therefore, the Bristol Hospice Parent, LLC audited financial statements are the only source of information in the application record with respect to the overall financial condition of the Bristol organization.

Bristol Hospice Parent, LLC’s audited financial statements raise questions regarding the financial condition of the Bristol organization as of December 31, 2020. First, the “Consolidated Balance Sheet: December 31, 2020” shows “long-term debt” of approximately \$258 million, compared with “total assets” of approximately \$477 million, and “current assets” of approximately \$99 million.” Second, the “Consolidated Statement of Operations: Year Ended December 31, 2020” shows a “Net Loss” of \$12,767,255 for Bristol Hospice Parent, LLC in 2020. The financial statements relate to the year ending December 31, 2020. Thus, more recent information is required in order to enable the Department to evaluate the current financial condition of the Bristol organization. This condition is in turn relevant to the Department’s evaluation of whether Bristol’s application satisfies the financial feasibility criteria set forth in WAC 246-310-220.”

Bristol Rebuttal Comment

None

Department’s Evaluation

The estimated capital cost for this project is \$30,000, plus another \$214,857 for start-up costs, resulting in a combined total of \$244,857. The applicant states that the funding will be from Bristol Hospice, LLC and provided a letter from its Chief Financial Officer demonstrating a financial commitment to the project.

To demonstrate financial health and ability to fund the project, Bristol provided the year 2020 audited financial statements of Bristol Hospice Parent, LLC in the application. In its February 28, 2022, screening, the department noted that Bristol Hospice Parent, LLC no longer exists in the organizational chart and the audited statement is for year 2020, rather than year 2021, which would be the most recent historical statement.

In response, Bristol stated that the year 2021 audited statement would not be complete until mid-April 2022. Bristol further asserted that the 2020 audited statements for Bristol Parent, LLC are relevant for the new parent because the *“subsidiary company Bristol Hospice L.L.C. status, directors, management, leadership, and assets were unchanged by the change of the parent company.”*

In public comment, Providence questions the relevancy the year 2020 audited financial statements for an entity that no longer exists according to the most recent organizational chart provided by Bristol in response to department’s February 28, 2022, screening. Providence concludes that more recent financial information is needed to evaluate the financial health of this applicant.

Pierce County is reviewed during cycle 2 of the hospice concurrent review schedule outlined in WAC 246-310-290(3). Hospice applications must be received by the last working day in January and screening responses must be received by the last working day in March. Given that timing, while submission of year 2021 audited financial statements for a project that is submitted in January 2022 is ideal, the department must consider the audited 2020 statement to be reasonable. The department’s concern on this topic is not that the audited statement is for year 2020. Rather, the department’s concern is that the statement reflects the financial status of an entity—Bristol Hospice Parent, LLC—that no longer exists in Bristol’s organizational structure.

In summary, an applicant’s submission of an audited statement, regardless of the year reflected, for an entity that no longer exists in the organizational structure does not allow the department to evaluate the financial health of the entity funding the project. **This sub-criterion is not met.**

The Pennant Group, Inc.

As previously stated, Pennant proposes to establish a new hospice agency in Pierce County to serve both King and Pierce counties. For this Pierce County project, Pennant identified an estimated capital expenditure of \$5,000, which includes IT equipment, including computer, and the phone system. Pennant also provided a breakdown of its estimated startup costs totaling \$15,500. The table below shows a combined breakdown of the estimated capital expenditure and the startup costs. [source: Application, pdfs 25-26]

**Department’s Table 35
Pennant Pierce County Project
Estimated Capital Expenditure and Startup Cost Breakdown**

Estimated Capital Expenditure		
Item	Cost	Total
IT Equipment & Phones	\$5,000	
Total Estimated Capital Expenditure		\$5,000
Start Up Costs		
Item	Cost	Total
Recruitment	\$5,000	
Marketing & Advertising	\$4,000	
Travel (mileage)	\$6,500	
Total Startup Costs		\$15,500
Total Estimated Capital Costs and Startup Costs		\$20,500

Since all capital expenditure and start-up costs would be funded by the applicant, The Pennant Group, Inc., the department also reviewed its historical balance sheets. Pennant’s balance sheet summary for historical years 2020 and 2021 is below. [source: Application, Exhibit 9]

Department's Table 36
The Pennant Group, Inc.
Historical Balance Statement Summary for Years 2020 and 2021

ASSETS	Historical Year 2020	Historical Year 2021
Current Assets	\$59,599,000	\$74,959,000
Property and Equipment	\$17,884,000	\$18,509,000
Other Assets-Accounts Receivable Net	\$429,493,000	\$435,732,000
Total Assets	\$506,976,000	\$529,200,000

LIABILITIES	Historical Year 2020	Historical Year 2021
Current Liabilities	\$89,015,000	\$76,531,000
Long-Term Debt	\$316,789,000	\$338,822,000
Equity	\$101,172,000	\$113,847,000
Total Liabilities and Equity	\$506,976,000	\$529,200,000

Providence Public Comment [source: pdfs 28-29]

“Pennant appears to have significantly underestimated the start-up costs and capital expenditure for its proposed hospice agency. This raises concerns regarding (1) the overall reliability of Pennant’s pro forma financial statements, and (2) whether the CN application satisfies the financial feasibility review criterion.

In its hospice application form, the Department requires an applicant to: “Identify the amount of start-up costs expected to be needed for this project.” Pennant has estimated that its start-up costs will be only \$15,500. Pennant has identified only three categories of start-up costs: “Recruitment” (\$5,000); “Marketing/Advertising” (\$4,000); “Travel” (\$6,500). This estimate does not appear to be reasonable either with respect to (1) the total estimated costs and (2) the categories of costs.

In comparison, the estimated start-up costs for AccentCare and Bristol (the two applicants who, like Pennant, will be establishing a new hospice agency in Pierce County, rather than expanding services from an existing agency) far exceed Pennant’s estimated start-up costs. AccentCare’s estimated start-up costs are \$242,388. Bristol’s estimated start-up costs are \$214,856. We understand that there may be differences between applicants with respect to the manner in which they estimate start-up costs. However, Pennant’s estimated start-up costs are not comparable to those of AccentCare and Bristol.

The Department also requires an applicant to provide “the estimated capital expenditure associated with [the] project.” Pennant has estimated that its total capital expenditure will be only \$5,000. This estimate does not appear to be reasonable. In comparison, AccentCare’s estimated capital expenditure for its proposed Pierce County hospice agency is \$96,828. Bristol has identified “Capital Expenses and Equipment” in the amount of \$30,000. Pennant’s estimated capital expenditure is not comparable to those of AccentCare and Bristol, the two other applicants who, like Pennant, will be establishing a new hospice agency.

Accordingly, there are significant questions regarding the reliability of Pennant’s estimated start-up costs and estimated capital expenditure, particularly given the fact that the estimates are significantly lower than those of the two other applicants who will be establishing new hospice agencies in Pierce County. Pennant may argue in response that its estimates do not have an impact on the long-term financial feasibility of its proposed hospice agency. However, the apparent underestimation of Pennant’s start-up

costs and capital expenditure raises concerns with respect to the overall reliability of Pennant’s financial assumptions and supporting information, and, ultimately, with respect to the reliability of its pro forma financial statements. This in turn raises concerns regarding whether Pennant’s application satisfies the first financial feasibility sub-criterion: “The immediate and long-range capital and operating costs of the project can be met.”

AccentCare/Seasons Public Comment [source: pdfs 3-4]

“Pennant provides The Pennant Group, Inc.’s unaudited 10-Q statement for the quarterly period ending September 30, 2021, to meet the audit requirement. However, this financial statement is unaudited, and as stated in Note 2, Basis of Presentation and Summary of Significant Accounting Policies, should be read in conjunction with the audited Consolidated and Combined Financial Statements for the fiscal year ended December 31, 2020. (See excerpts, below.)”

PART I. FINANCIAL INFORMATION			
Item I. Financial Statements			
THE PENNANT GROUP, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited, in thousands, except par value)			
		September 30, 2021	December 31, 2020
Assets			
Current assets:			
Cash	\$	3,707	\$ 43
Accounts receivable—less allowance for doubtful accounts of \$933 and \$643, respectively		53,402	47,221
Prepaid expenses and other current assets		17,850	12,335
Total current assets		74,959	59,599

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying unaudited condensed consolidated financial statements of the Company (the “Interim Financial Statements”) reflect the Company’s financial position, results of operations and cash flows of the business. The Interim Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and pursuant to the regulations of the Securities and Exchange Commission (“SEC”). Management believes that the Interim Financial Statements reflect, in all material respects, all adjustments which are of a normal and recurring nature necessary to present fairly the Company’s financial position, results of operations, and cash flows for the periods presented in conformity with GAAP. The results reported in these Interim Financial Statements are not necessarily indicative of results that may be expected for the entire year.

The Condensed Consolidated Balance Sheet as of December 31, 2020 is derived from the Company’s annual audited Consolidated Financial Statements for the fiscal year ended December 31, 2020 which should be read in conjunction with these Interim Financial Statements. Certain information in the accompanying footnote disclosures normally included in annual financial statements was condensed or omitted for the interim periods presented in accordance with GAAP.

Pennant Rebuttal Comment

“Providence’s comments on our startup and capital expenditure costs. Curiously, Providence points out how high the other applicants’ startup and capital costs are to convince the Department that our costs are too low. Our startup and capital costs for Pierce are basically the same as every CN application we have submitted to the Department. They have always been accepted by the Department as reasonable and we have found them to be accurate in our efforts to startup other agencies. Our startup and capital costs are contained because our startups benefit from basic economies of scale: we share resources and costs across Pennant, and we do not waste money on unnecessary expenses. Providence’s comment on this issue should not be given consideration, except to show that Season’s and Bristol’s startup costs and capital expenditures are excessive, and that they show considerable lack of cost containment.

Season’s comments on our 10-Q financial statements. The Pennant Group, Inc. is a publicly traded company, and the Audited Financial Statements are publicly available on the SEC.gov website. Due to the timing of the submission of the initial application, we provided the most recent financial statements available to the public, which was a quarterly 10Q financial statement. This quarterly document is not audited, but it is reviewed by an independent audit firm, and, as is stated within the 10-Q, it should be read in conjunction with the most recent audited annual statement. Again, all annual audited financial

statements are available on the SEC.gov website under our ticker symbol: PNTG. Season's comment on this issue should not be given consideration."

Department's Evaluation

The estimated capital cost for this project is \$5,000, plus another \$15,500 for start-up costs, resulting in a total of \$20,500. Providence provided comments stating that *'Pennant appears to have significantly underestimated the start-up costs and capital expenditure for its proposed hospice agency.'* In its public comments, Providence compares the costs above to two competing applicants—AccentCare and Bristol—and concludes that Pennant's costs are too low. Providence provides no other basis for this assertion other than the comparison; Providence does not identify what Pennant's costs should be or any other rationale for this assertion. In rebuttal, Pennant states that its *'startup and capital costs are contained because our startups benefit from basic economies of scale: we share resources and costs across Pennant, and we do not waste money on unnecessary expenses.'*

A comparison of capital expenditure between applicants is not a reliable way to determine whether an applicant's costs are too high or too low. Applicant costs could range for a variety of reasons. For example, three of the six applications submitted for Pierce County identified a capital expenditure of zero, and the remaining three identified capital expenditure ranging from \$5,000 to \$96,828. Providence's comments are not grounds for denial of the Pennant project.

Pennant intends to finance this project using available reserves; and provided a letter from its corporate controller demonstrating financial commitment to this project, including its capital expenditure and start-up costs.

In public comment, AccentCare/Seasons asserts that Pennant's unaudited 10-Q statement for the quarterly period ending September 30, 2021, does not meet the question #15 of the application form, which states: *'Provide the most recent audited financial statements for:*

- *The applicant; and*
- *Any parent entity responsible for financing the project.'*

In rebuttal, Pennant agrees that the quarterly document is not audited, but *'it is reviewed by an independent audit firm, and, as is stated within the 10-Q, it should be read in conjunction with the most recent audited annual statement. Again, all annual audited financial statements are available on the SEC.gov website under our ticker symbol: PNTG.'*

AccentCare/Seasons does not seem to suggest that the unaudited September 30, 2021, 10Q does not demonstrate that Pennant has the financial health to fund the project, or that approval of this project would cause a negative financial impact to Pennant. The concern seems to focus on the requirement of an audited statement. It is true that question #15 of the application form requests the most recent audited statement. However, there are many reasons why an applicant may not have an audited statement and instead provide other documentation to demonstrate financial health of the applicant.⁴⁸ This approach is appropriate because documentation was provided to demonstrate assets are sufficient to cover these costs and those of

⁴⁸ In fact, in the 2021/22 Pierce County Hospice reviews, AccentCare/Seasons did not provide the most recent audited financial statement for AccentCare, instead it provided another document to demonstrate financial health and provided the following explanation of this approach: *"no historical audited financial statement for the parent (AccentCare, Inc.) were available that reflect the merger with Seasons Hospice & Palliative Care providers that occurred on December 22, 2020 as noted on page 5 of the application.*

other projects under review by the same applicant. AccentCare/Seasons comments are not grounds for denial of the Pennant project.

If this project is approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

Wesley Homes Corporation

Wesley states that there are no capital costs or start-up associated with this project and explained why there are no costs. [source: March 31, 2022, screening response, pdf 10]

“There were no capital or start-up costs for WHH to begin serving patients in Pierce County. As a licensed and Medicare certified hospice agency, WHH was able to accept referrals and send existing staff into Pierce County to serve patients without any additional costs.

Consistent with our response to Question 16 above, since WHH began serving patients in Pierce County under the Proclamation, we have operated under our existing license and certification. We also operate out of our existing office and with existing staff. No start-up costs were incurred.”

AccentCare/Seasons Public Comment [source: pdfs 14-15]

“Question 6. Identify the amount of start-up costs expected to be needed for this project. Include any assumptions that went into determining the start-up costs. Start-up costs should include any non-capital expenditure expenses incurred prior to the facility opening or initiating the proposed services. If no start-up costs are expected, explain why. On page 18 of its application, Wesley Homes states that “WHH is simply expanding its current Medicare certified King County hospice agency permanently into adjacent Pierce County. There are no start-up costs.”

In Question 16 of the Screening Response Wesley Homes further clarifies, “There were no capital or start-up costs for WHH to being serving patients in Pierce County. As a licensed and Medicare certified hospice agency, WHH was able to accept referrals and send existing staff into Pierce County to serve patients without any additional costs.”

While the existing King hospice agency for Wesley Homes may have absorbed the cost of initially serving a few patients in response to the emergency proclamation for Pierce County, the proposal should allocate appropriate resources, including capitalized costs, in order to expand service as proposed over the first full three years. Therefore, costs are understated and the proforma is unreliable.

Question 15. Provide the most recent audited financial statements for: The applicant, and Any parent entity responsible for financing the project. Wesley Homes fails to provide audited financial statements for Wesley Homes Hospice, LLC.”

Providence Public Comment [source: pdfs 16-18]

“Wesley has failed to submit audited financial statements for Wesley Homes Corporation, which has been identified as the applicant by the Department. The CN application was submitted by Wesley. Wesley’s “parent” is Wesley Homes Community Health Services, which is in turn a “subsidiary” of Wesley Homes Corporation. Accordingly, in its screening questions, the Department concluded: “the applicant for this project is Wesley Homes Corporation.”

In its hospice application form, the Department requires an applicant to “provide [its] most recent audited financial statements.” Wesley has failed to comply with this requirement: it has only submitted an

unaudited historical revenue and expense statement for itself. It has not submitted audited financial statements for Wesley Homes Corporation, which has been identified as the applicant by the Department.

Perhaps Wesley believes that the submission of an unaudited historical revenue and expense statement for itself alone satisfies the Department's requirement. As we noted above in our discussion of the Continuum application, the Department has, on occasion, permitted an applicant to submit unaudited financial statements if it does not, as a matter of practice, maintain audited statements. However, Wesley did submit audited financial statements for Wesley Homes Corporation in its 2020 CN application to establish a hospice program in Pierce County. Thus, it appears that Wesley Homes Corporation, the applicant, does maintain audited financial statements. Accordingly, Wesley is required to submit those statements, but it has failed to do so.

Wesley and Wesley Homes Corporation cannot be treated differently than the other applicants. In the absence of Wesley Homes Corporation's most recent audited financial statements (which, to the best of our knowledge, are not in the application record), the Department cannot properly evaluate whether Wesley's application satisfies the financial feasibility criteria set forth in WAC 246-310-220.

Wesley's assertion that there are no start-up costs relating to the establishment of its proposed Pierce County hospice program is not credible. In its hospice application form, the Department requires an applicant to: "Identify the amount of start-up costs expected to be needed for this project." Wesley asserts: "[Wesley] is simply expanding its current Medicare certified King County hospice agency permanently into adjacent Pierce County. There are no start-up costs."

In its screening questions, the Department asked a question relating to Wesley's assertion that it will not incur any start-up costs: "[The application] states that there are no start-up costs associated with this project. Provide a breakdown of the start-up costs incurred when Wesley Homes began providing the hospice services [in Pierce County] under the [Governor's emergency COVID-19] proclamation." Wesley responded as follows: "[S]ince [Wesley] began serving patients in Pierce County under the Proclamation, we have operated under our existing license and certification. We also operate out of our existing office and with existing staff. No start-up costs were incurred."

Wesley's assertion that there are no start-up costs associated with the expansion of its King County hospice agency into Pierce County is not credible. For example, as we discussed above with respect to Continuum's similar claim, Providence Hospice has estimated that it will incur \$24,438 in start-up costs in order to expand its services from King County into Pierce County. In its schedule of "Start-up Cost Assumptions (Pierce County Project)," Providence Hospice identifies eight separate start-up cost line items: "Legal/Regulatory; Medical Supplies; Office Supplies; Printing and Publications; Advertising and Marketing; Other Purchased Services; Equipment (PC, Printers, etc.); Licensing (clinicians)."

Moreover, Wesley appears to have admitted that there will be start-up costs associated with the expansion of its King County hospice agency into Pierce County. Specifically, in addition to asserting that it will not incur any start-up costs, Wesley asserts (1) that there are no capital expenditures associated with its expansion into Pierce County and (2) that "no new equipment is proposed for this project." However, Wesley's second claim is prefaced by a significant qualification: "while we will purchase new laptops, cell phones, etc., no new equipment is proposed for this project." Therefore, Wesley has admitted that it "will purchase new laptops, cell phones, etc.," but will not treat them as "equipment" for which a capital expenditure must be reported to the Department in the CN application. However, if Wesley's "purchase" of "new laptops, cell phones, etc." will not be treated as a capital expenditure, then it must be treated as a start-up cost. Thus, Wesley's statement that it will purchase new laptops, cell phones, and other unnamed

items directly contradicts its claim that there are “no start-up costs” associated with the expansion of its hospice agency into Pierce County. The amount of these start-up costs is unknown, since, as best we can determine, the total cost of the “new laptops, cell phones, etc.” relating to the start-up of the Pierce County hospice program is not specifically identified in Wesley’s CN application.

Accordingly, Wesley’s contention that it will not incur any start-up costs is neither reasonable nor credible. This in turn raises questions regarding (1) the overall reliability of Wesley’s pro forma financial statements and (2) whether its CN application satisfies the financial feasibility criteria set forth in WAC 246-310-220.”

Wesley Rebuttal Comment

“Seasons suggests that Wesley’s costs are understated and the proforma is unreliable, because, while our existing King hospice agency absorbed the cost of initially serving patients in response to the emergency proclamation for Pierce County, the CN application somehow should have allocated resources, including capitalized costs. Providence suggests that there will be start-up costs, and that Wesley needs to choose an accounting method; treat them as a capital expenditure or start-up cost.

Through technical assistance visits with the CN Program in March of 2022, Wesley was able to share information and receive confirmation from the Program that there are rightly, no start-up costs or capital expenditure for this project.

As noted in the CN application, screening response, and public comment, Wesley began serving patients in Pierce County under the Proclamation almost immediately to address unmet patient need. We achieved this under our existing license and certification and with existing staff. No start-up costs were incurred. No capital expenditure was made.

Clearly, Wesley has already “started” providing hospice services in Pierce County prior to submitting this CN application. Per the Program’s Hospice CN application forms, start-up costs include: ‘Any non-capital expenditure expenses incurred prior to the facility opening or initiating the proposed service.’

Wesley initiated the service almost 20 months before this CN application was submitted; so, per the Program’s definition, there are no start-up costs. In terms of any additional items purchased (laptops, cell phones) as volumes and staffing increase after CN approval, these are not start-up costs, they are simply costs of operation.

Providence’s statement that it has assumed nearly \$25,000 in start-up costs in order to expand its services from King County into Pierce County is not an apples-to-apples comparison since Wesley has been serving Pierce for more than 2 years; and Providence has not.

Wesley’s accounting of costs is reasonable; was agreed to by Program staff during its technical assistance sessions and, importantly, it satisfies the financial feasibility criteria set forth in WAC 246-310-220.”

Department’s Evaluation

As previously stated, Wesley proposes to provide Medicare and Medicaid hospice services to the residents of Pierce County through its existing King County agency. Wesley has been providing the hospice services to residents of Pierce County under the Governor’s waiver. For these reasons, Wesley asserts there is no capital expenditure or startup costs associated with this project.

During public comment, both AccentCare and Providence take exception to Wesley's assertion of no capital costs for the project. AccentCare asserts that Wesley's King County agency may have absorbed the costs of initially providing hospice services to a few patients under the Governor's waiver, but Wesley should allocate appropriate resources to expand as proposed over the first three full years.

Providence states that Wesley's assertion of no capital expenditure and startup costs is not credible based on statements made by Wesley within the application. Statements referenced in Providence's comments include: "... while we will purchase new laptops, cell phones etc., no new equipment is proposed for this project." [source: Application, pdf 23] Providence concludes that the costs expended are either capital expenditure or startup.

In its rebuttal, Wesley asserts that it received, through technical assistance (TA) with the CN Program, "that there are rightly, no start-up costs or capital expenditure for this project." To clarify, during the screening process of Wesley's application, CN staff asked Wesley to identify any costs, capital expenditure or startup, incurred when the applicant began providing hospice services under the Governors proclamation. In response, Wesley confirmed that "WHH was able to accept referrals and send existing staff into Pierce County to serve patients without any additional costs." Wesley further stated "since WHH began serving patients in Pierce County under the Proclamation, we have operated under our existing license and certification. We also operate out of our existing office and with existing staff. No start-up costs were incurred."

Based on the information provided by Wesley during TA and in the application, the CN Program acknowledged Wesley's position that there is no capital expenditure or startup costs.

WAC 246-310-010(10) defines 'capital expenditure' for CN purposes. An excerpt of the definition that is pertinent to Wesley's project is restated below:

"...capital expenditure means an expenditure, including a force account expenditure (i.e., an expenditure for a construction project undertaken by a nursing home facility as its own contractor), which, under generally accepted accounting principles, is not properly chargeable as an expense of operation or maintenance..."

Wesley's complete statement in the application is: "Wesley defines equipment is defined as a tangible asset with a cost of \$5,000 or more. Under this definition, and while we will purchase new laptops, cell phones etc., no new equipment is proposed for this project."

Based on the information above, the department concludes that Wesley's costs for laptops, cell phones, etc. is considered by it to be an expense of operation or maintenance, rather than a capital expenditure.

Start up costs are not defined in the CN Program's rules. An accounting dictionary defines startup costs as "all expenses incurred to plan, register, organize and launch a new business or social venture. It is the aggregated cost to bring any new business idea to the open market."⁴⁹ Another definition for startup costs is "Start-up costs may consist of establishment costs such as legal and secretarial costs incurred in establishing a legal entity, expenditure to open a new facility or business (i.e. pre-opening costs) or expenditures for starting new operations or launching new products or processes (i.e. pre-operating costs)."⁵⁰

⁴⁹ Source: [What are Startup Costs? - Definition | Meaning | Example \(myaccountingcourse.com\)](https://www.myaccountingcourse.com/definition/startup-costs)

⁵⁰ Source: [Startup costs Definition | Law Insider](https://www.lawinsider.com/dictionary/startup-costs)

Wesley’s explanation of the costs expended for laptops, cell phones, etc. does not appear to belong in the startup cost definition either. As a result, the department concludes there is no capital expenditure or startup costs for Wesley’s project. Based on the information above, the department concurs that there is no capital expenditure or startup costs associated with Wesley’s hospice project.⁵¹

In public comment, AccentCare voiced concerns that Wesley did not provide audited financial statements for Wesley Home Hospice, LLC. Providence voiced concerns that Wesley did not provide audited financial statements for the applicant, Wesley Homes Corporation.

In rebuttal, Wesley mischaracterizes AccentCare’s comments stating that their concern focused on the applicant, Wesley Homes Corporation, lack of audited financial statements. Regardless, Wesley provided response to both AccentCare and Providence’s concerns by providing the following information:

“The statement provided was unaudited because Wesley does not perform audits at the Program level. When the Program indicated in its screening that it believed the correct applicant was Wesley Homes Corporation, it did not ask for any additional historical financial information...”

Given that there is no capital expenditure for this project, an audited financial statement for the applicant, Wesley Homes Corporation, is not necessary to complete this review. The historical and projected balance sheet provided for Wesley Homes at Home, the entity that operates the existing King County hospice agency, which is the agency that is expanding into Pierce County, is most helpful to determine the impact on the financial health for this project. The department concludes **this sub-criterion is met.**

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

Based on the source information reviewed, the department determines the following applicants **met the applicable structure and process of care criteria in WAC 246-310-230:**

- Continuum Care of Snohomish LLC
- AccentCare, Inc.
- The Pennant Group
- Wesley Homes Corporation

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable structure and process of care criteria in WAC 246-310-230:**

- Providence Health & Services - Washington
- Bristol Hospice, LLC

The review of these applications proposing Pierce County hospice services included community interest specifically related to death with dignity services. Community members provided comments, rebuttal, and participated in a public hearing. Some of the comments reasoned that access to such services is reviewable under several sub-criteria in this section and assert that requiring such services is a portion of how the department should determine and ensure patient dignity and informed consent, qualified staff, appropriate relationships to ancillary and support services, conformance with subpart C – conditions of participation: patient rights, and continuity of care. The comments and rebuttal related to death with dignity are addressed under the sub-criterion to which they are applicable.

⁵¹ It is important to note, however, that the approval or denial of a hospice application does not hinge on whether the applicant has capital expenditure or startup costs associated with the project.

The department considers community involvement, comments, and rebuttal helpful in making its determinations, however, only to the extent to which the department has authority to do so.

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

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 FTEs that should be employed for projects of this type or size. Therefore, using its experience and expertise the department assesses the materials in each application.

Continuum Care of Snohomish LLC

To determine its projected staffing ratios and counts, the applicant provided the following statements and table. [source: Application, pdf 33]

“Table 11 depicts the projected staff to patient ratio. The ratios included in the table are the average ratio across the three-year projection period. Please note that these staffing ratios were determined to be reasonable and consistent with Application requirements in the previous Pierce County applications. Further, these ratios have proven to be accurate and reasonable to date at Continuum Care of Snohomish.

Applicant’s Table

Table 11 Proposed Staff to Patient ADC Ratio	
Type of Staff	Staff / Patient Ratio
Skilled Nursing (RN)	1:10
Medical Social Worker	1:25
Hospice Aide	1:10
Chaplain	1:25
Volunteer Coordinator	1:100

Source: Applicant

Continuum’s staffing was based on a review of the literature, national staffing data, and Continuum’s own operating experience. The National Hospice and Palliative Care Organization (NHPCO) provides its members with many tools related to standards and practices for operating a community hospice agency. Continuum’s direct patient staffing ratios (RN, HHA, chaplain and MSW) are consistent with, or in most cases better, than the NHPCO national averages. Continuum also depends upon their members’ and leaders’ experiences in markets when establishing staffing ratios including Continuum Care of Snohomish’s recent experience.”

Since with this project, Continuum Snohomish is proposing to expand the service area of an operational agency, the applicant provided historical FTE information (on which projections are based) for its existing operations⁵² as well as projected FTE counts for both its existing operations and proposed Pierce County operations alone. The following tables summarize this information.

⁵² For Continuum Snohomish current operations include Snohomish, King, and Pierce counties’ operations. Multiple counties are being served under the Governor’s Proclamation 20.36.10.

**Department's Table 37
Continuum Snohomish's Combined
Historical and Projected FTE Counts**

FTE Type	2020	2021	2022	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)
Administrator	0.88	1.00	1.00	1.00	1.00	1.00
Clinical Director	0.57	1.00	1.00	1.00	1.00	1.00
Clinical Manager	0.23	1.00	2.00	2.00	2.25	2.50
Registered Nurse	2.47	12.10	13.40	10.74	13.73	16.64
Home Health Aide	2.51	12.20	13.40	10.74	13.72	16.64
MSW	0.89	4.74	5.36	4.30	5.49	6.66
Chaplain	0.81	4.91	5.36	4.30	5.49	6.66
Music Therapist	0.50	2.31	2.68	2.15	2.75	3.33
Intake	0.00	1.00	3.00	2.00	3.50	4.00
Office Manager	0.75	1.00	1.00	1.75	2.00	2.00
Team Coordinator	0.51	1.00	3.00	3.00	4.00	4.50
Marketing	0.75	1.49	3.50	4.00	4.50	5.75
Volunteer Coordinator	0.00	1.00	1.00	1.25	2.00	2.00
Bereavement Coordinator	0.00	0.50	1.00	1.00	1.50	2.00
Nurse Practitioner	0.00	0.53	0.67	0.41	0.65	0.79
Total FTEs	10.87	45.78	57.37	49.64	63.58	75.47

[source: April 28, 2022, screening response, pdf 18]

**Department's Table 38
Continuum Snohomish's Pierce County FTE Projections**

FTE Type	2022	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)
Administrator	0.00	0.00	0.00	0.00
Clinical Director	0.00	0.00	0.00	0.00
Clinical Manager	0.00	1.00	1.00	1.00
Registered Nurse	1.00	2.21	3.93	5.38
Home Health Aide	1.00	2.21	3.93	5.38
MSW	0.26	0.88	1.57	2.15
Chaplain	0.26	0.88	1.57	2.15
Music Therapist	0.13	0.44	0.79	1.08
Intake	0.00	0.00	0.00	0.00
Office Manager	0.00	0.75	1.00	1.00
Team Coordinator	0.00	0.25	1.00	1.00
Marketing	0.50	1.00	1.00	1.75
Volunteer Coordinator	0.00	0.25	1.00	1.00
Bereavement Coordinator	0.00	0.00	0.50	1.00
Nurse Practitioner	0.00	0.00	0.19	0.26
Total FTEs	3.15	9.87	17.48	23.15

[source: April 28, 2022, screening response, pdfs 15-16]

In addition to the table above, Continuum Snohomish clarified that, physical, occupational, respiratory, and speech therapists, dietitian and medical director services are under contract and not included in the table.

Continuum Snohomish provided a few statements related to these historical and projected FTE counts. *“Table 9 has been revised to include the 2022 Pierce only staffing. As was discussed during the March 24, 2022 TA call, because of the small census for Pierce County in 2021, Continuum is not required to break out the 2021 staffing separately from Snohomish.”* [source: April 28, 2022, screening response, pdf 15]

“Volunteer Coordinator – in year 2022 is actually performed by the Social Worker.” [source: April 28, 2022, screening response, pdf 16]

“As discussed in earlier sections of this response, Continuum has been serving both King and Pierce Counties under the PHE [public health emergency] and has assumed that this will continue through 2022. Also please make a note that staffing will decrease from 2022 to 2023 since Continuum Care of King will be operating and staffing that was servicing King County will transition over to Continuum Care of King.” [source: April 28, 2022, screening response, pdf 17]

“The clinical director will cover both the Snohomish and Pierce County operations. Pierce County will, however, have its own clinical manager. This position was listed in Table 9. The Clinical Director is allocated in the line item ‘Regional Office allocation’.

As noted in response to Question 28, there will only be one clinical director for the entire agency and that person is already in place. This position is allocated to Pierce through the regional office line item. Continuum will recruit a clinical manager or designate a clinical manager for Pierce County and that person is expected to be in place by January 2023.

Tables 9 and 10 have been revised to show that the Executive Director position is the same as the administrator position. This position is served by Patrick Shepard.” [source: April 28, 2022, screening response, pdf 19]

Continuum Snohomish additionally provided its current Medical Director’s name,⁵³ credential number,⁵⁴ and Professional Services Agreement. [sources: Application, pdf 34 and April 28, 2022, screening response, Attachment 7]

Since this is a service area expansion project that is already operational under the Governor’s Proclamation 20-36.10 this applicant also provided a listing of its key clinical staff. [source: Application, pdf 34]

Continuum Snohomish provided the following statements regarding the recruitment and retention of necessary staff.

“As has been discussed in earlier sections of this application, while Continuum has begun serving Pierce County under the PHE, it has not begun to fully implement its staff recruitment and retention methods for Pierce County and proposes the following:

In support of our commitment to serving traditionally underserved groups, Continuum also seeks to recruit, employ, and develop a diverse staff of clinicians and caregivers with skill levels appropriate to the functions they will perform. Continuum’s members have historically been successful in recruiting using

⁵³ Dr. Don Nguyen

⁵⁴ Washington State Department of Health credential MD60957806

multiple strategies and tools. Each local agency completes daily searches for qualified candidates through the major employment sites, LinkedIn, and their website. We also have hosted job fairs and partnered with job fairs to extend opportunities, and we allow/support staff interested in only part time employment. In markets where there is high demand for positions, we engage with recruiters that specialize in the positions we are hiring for and are familiar with the local market. We have also provided signing bonuses to attract the 'in-demand' staff.

Continuum will offer competitive compensation packages (including 401K plans with generous matches), paid time off, a wide selection of health insurance options, dental insurance, vision insurance, life insurance, and excellent work/life balance. Continuum will also offer excellent in-service training and professional development opportunities with the main objective to enable and incentivize staff to work together to benefit patients and their families.

If Continuum is unable to recruit staff with our current tools and normal strategies, we are prepared to use staffing agencies, temporarily borrow staff from other agencies, use traveling staff and/or rely on recruiters to cast a search nationally and relocate nurses to the area.

New staff are provided with training and orientation and work under direct supervision during their initial period of employment. The length of direct supervision is related to their existing level of experience and the judgment of their supervisors.

As a means of employing and supporting citizens of high character, Continuum will focus on employing members of our National Guard and Reserve. In the past, our Members' agencies have been recognized by the Department of Defense and honored with a Patriotic Employer award for these efforts. The award recognizes sustained support (minimum 3 years) of the Guard and Reserve.

Volunteers will also be a critical part of the hospice team. Volunteer recruitment will commence immediately upon receipt of our State license and will include the following:

- We will post on VolunteerMatch.org and Craigslist.org for volunteers interested in making friendly visits to patients to provide companionship and socialization, as well as volunteers who are able to provide art therapy, pet therapy, massage, hair cutting and styling, designing and delivery of flower bouquets, making lap blankets, teddy bears, etc. Presentations will be made to community service organizations regarding Continuum and the volunteer program.*
- Depending on the community, we have worked with local colleges and university websites that connect students to volunteer opportunities, particularly for pre-med students, nursing programs, chaplaincy programs, and social work programs.*
- In the larger assisted living facilities, volunteer opportunities will be provided to the independent-living residents.*

All applicants that apply will be thoroughly screened, undergo a full background check (using a vendor named SappHire Check), and will receive a personal interview. Once selected, volunteer orientation and training will occur as soon as the volunteer is able to schedule.

Upon award of the CN, Continuum will begin recruiting clinical staff. As this is the expansion of an existing agency, Continuum anticipates that it will recruit a clinical director by January 2023. Other staff will be added, as needed, proportionate to patients served. In addition, Continuum has an implementation team set up to help with training and onboarding of new staff. If available, existing Washington State staff will be used to assure a smooth transition.

Finally, Continuum notes for the record that in the October 2021 Pierce County evaluation, the CN Program concluded that Continuum demonstrated the ability and expertise to recruit and retain a sufficient supply of qualified staff.” [source: Application, pdfs 35-36]

Public Comment

Following are the comments the department received related to this sub-criterion on Continuum Snohomish’s project.

Danielle Parker, RN, Chief Operating Officer, GenCare Lifestyle – Support

“I am the Chief Operating Officer for GenCare Lifestyle. We operate invigorating senior living communities in King, Snohomish and Pierce Counties. All of our communities offer active living as well as assisted living, and we have memory care at several locations as well.

Over the past two years, Continuum Hospice has become a preferred hospice referral source for our communities. I understand that they have been very responsive and our residents regularly report that they have strong clinical skills while also making themselves very accessible to support both the patient and the spouse/family. During the height of COVID, and while a number of agencies seriously restricted in-home visits, Continuum’s staff continued coming into the home. We have every confidence that their efforts avoided a number of emergency ambulance transports, emergency room visits and hospitalizations that would have separated the hospice patient from their family during the last days or weeks of life.

In addition, they offer a variety of therapies outside of traditional hospice care. These therapies, including music, equine, virtual reality, art, massage and aroma to manage pain and symptoms, are improving the quality of life of our terminally ill residents.

GenCare understands that the members of Continuum Snohomish are proposing to start a new hospice agency in Pierce County and that prior certificate of need review and approval is necessary. This letter offers my strongest support of their application, known as Continuum Care of Pierce LLC.

Our Pierce County community, Point Ruston includes a Memory Unit in addition to 160 independent and assisted living units. We welcome their model and know that while providing hospice to an Alzheimer patient can be, at times, challenging, Continuum has the commitment and capability to do so.

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

Beth Benlin, Community Relations Director, Fieldstone Memory Care, Issaquah – Support

“Hello, my name is Beck Benlin. I'm the Community Relations Director at Fieldstone Memory Care in Issaquah, and I'd like to advocate on behalf of Continuum Hospice. I first encountered Continuum Hospice services about one year ago when they began providing hospice services for residents in our community. There was a Director of Health Services, Angela previously shared almost exactly what I would say about the excellent communication, phenomenal teamwork and coordination of care that's provided by Continuum.

Continuum continue consistently raises the bar on what hospice should look like. Continuum swooped in and is like a warm blanket for every resident of ours that's been admitted to hospice with them, as well as their families and our staff throughout the duration of the journey without fail within hours of a resident passing, their chaplain is present in our community, providing support to our team. Everyone from their CEO Patrick to the medical providers, nursing teams and ancillary staff are approachable and come 100% committed to excellence.

To make this brief, the word I would use to explain what sets Continuum apart from other hospice entities that come into our community is humanity. They meet all of our patients where they're at. Elevate their quality of life in ways that others do not even attempt. We're extremely thankful for their compassion stellar professionalism and meticulous care that Continuum consistently provides for our residents, their families and our staff, my whole wholeheartedly recommend their inclusion in Pierce County care programs. Thank you."

Kelly Smith, Vice President of Sales and Marketing, Care Partners Senior Living in Washington State – Support

"Good morning. Can you hear me? Hi, my name is Kelly Smith and I'm the Vice President of Sales and Marketing for Care Partners Senior Living in Washington State. We have communities from Bremerton all the way down to Lacey and several in Spokane. And we are a growing company, out of my 15 communities I probably take care of 900 people; and I'm here today to represent a company that I feel very strongly about. One of the things that Care Partners really prides themselves on is the fact that we've got the largest floating Medicaid license in the State of Washington, which means we serve a very different population.

End of life to us is extremely important and for many, many reasons. We pride ourselves on the care we give these people, regardless of their ability to pay, and I'm very proud of that. I've been with this company going on 12 years, and they have yet to let me down. And being let down, I think is something we need to talk about when it comes to hospice, I cannot tell you how many times I have witnessed my own nurses working entire shift, and then stay all night with a dying resident because hospice didn't show up. You know how discouraging that is.

Continuum, when they came in, the one thing that I knew from the people that worked there, your Angela and your Patrick and your Tiffany, these people have passion which I keep being... I keep being reminded of while we're having this conversation today. When you believe in what you do and you stand up for what you do, you always do the right thing by your clients. And Continuum has never let me down.

We celebrate life, don't we? We have baby showers. When life comes into our... into our world, what do we do to celebrate these people when they're going out? What do we do?

We are allowed to have preferred providers in our company and Continuum is one of them and for many, many reasons we've had families come back and thank us for the beautiful care that not only their loved one received, but that they received having options for low income, having options for LGBTQ community. I think there's another letter in there, but my point is I need to be able to have a community that I can refer to that's gonna do what they say they're gonna do, and it's going to take not just good care of my residents, but my care team.

You know how hard it is to lose someone you've cared for five years? It's devastating. And you look at the loss in this room. Poor Jane. Jane, I'm so sorry, honey. We didn't know you lost your husband. I'm sorry, but Continuum was there to take good care of them and from where I sit in my position, it's very important for me to hand families good referrals that I know are gonna not just take care of their loved one, but take

care of them in one of the hardest times of their life. Continuum... again, I need them in Pierce County. My company is continuing to grow and I need these guys. So I just wanna say thank you to all of you guys that Continuum for helping me keep my word with my families.

And they're all good providers. Don't misunderstand me. But when you have a preferred one that you feel confident... What is a referral? A referral is handing somebody that you love over to somebody that you trust. And I just want to say thank you to Continuum for being there for me and my people and that's all I have to say. Thank you."

Department Evaluation

For this project Continuum Snohomish proposes to expand its existing licensed hospice services to include Pierce County. Its members share ownership with other hospice operations nationally, including in Washington State. Continuum Snohomish used national staffing data and NHPCO tools to determine its projected staffing ratios and counts. Then compared these ratios with its owning members' operating experience in Snohomish County, finding them to be *accurate and reasonable*. This approach is practical.

Since Continuum Snohomish is proposing to expand its Snohomish County hospice operations to Pierce County residents it provided projected Pierce County hospice FTEs as well as the combined operation's FTE counts. As shown in the first combined FTE table, 49.64 FTEs are needed in the first full year of operation (2023), which increases to 75.47 FTEs by the end of full year three (2025). Being that Snohomish County operations have already commenced a majority of these staff have already been hired and are in place. Continuum Snohomish does expect to take some of its combined operation's staff to focus on its King County operations and explains this is the reason for the dip in FTEs from year 2022 to 2023.

Specific to Pierce County services Continuum Snohomish anticipates 9.87 FTEs in its first full year (2023) increasing to 23.15 in full year three (2025). Being that Pierce County hospice services already commenced, some of these staff are already in place. Amounting to an addition of 20 FTEs in its first three full years. Continuum Snohomish clarified that its dietician, therapy staff, and medical director would be contracted and are not included in the FTE tables.

For recruitment and retention of staff, Continuum Snohomish intends to recruit, employ, and develop a diverse staff. It plans to use strategies and tools its managing members have successfully used in the past. These recruitment and retention strategies include; initial use of major employment sites, hosting and partnering with job fairs, allow/support part time employment, use of professional recruiters, signing bonuses, competitive compensation, paid time off, health, dental, vision, and life insurance, work-life balance, in-service training, professional development opportunities, staffing agencies, borrowing staff from other agencies, traveling staff, national recruiters, training and orientation, an initial period of direct supervision, National Guard and Reserve recruitment, soliciting through local colleges and universities, volunteer recruitment, and use of Continuum Snohomish's implementation team which helps with set up and staff onboarding. Within Continuum Snohomish's financial statement's assumptions are line items for *Payroll svcs & Recruiting* and *Payroll Taxes and Benefits*. This demonstrates Continuum Snohomish has plans in place to implementing these strategies. This approach is reasonable.

To ensure that its staff are qualified, Continuum intends to use the strategies its managing members have successfully used in the past. These include in-service training, opportunities for professional development, recruiting from the National Guard and Reserve, use of background checks, interviews, and orientations. Within Continuum Snohomish's financial statement's assumptions is a line item for *Background Screening/Pre Emp Health*. This demonstrates Continuum Snohomish has plans in place to implement these strategies. This approach is reasonable.

In addition to the preceding information, Continuum Snohomish received public comments from several post-acute care providers with whom it currently works. These comments emphasized strong support of the proposed project while also sharing each providers’ experience working with Continuum Snohomish’s administrative and clinical staff. The following excerpts were taken from this comment describing Continuum Snohomish’s existing staff.

- *strong clinical skills*
- *excellent communication, phenomenal teamwork and coordination of care*
- *their chaplain is present in our community, providing support to our team*
- *Everyone from their CEO Patrick to the medical providers, nursing teams and ancillary staff are approachable and come 100% committed to excellence*
- *compassion stellar professionalism and meticulous care*
- *Continuum has never let me down*
- *A referral is handing somebody that you love over to somebody that you trust.*

Based on the information provided in the application, the department concludes that Continuum Snohomish has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

As stated in the project description section of this evaluation, Providence proposes to establish a new hospice agency to serve Pierce County. For this project, Providence provided a table showing the proposed FTEs, by category/discipline, needed to serve Pierce County patients. [source: screening responses, pdf 11]

The table below provides a breakdown of the FTEs for this Pierce County project.

**Department’s Table 39
Providence Incremental Pierce County FTE’s Projections**

FTE Type	Year 1-2022	Year 2-2023 Incremental	Year 3-2024 Incremental	Year 2025 Incremental	Year 3- 2025 Total
RN/LPN	2.00	0.00	1.00	1.00	4.00
Hospice Aid	1.20	0.00	0.60	0.50	2.30
Administrative/Clerical	0.90	0.00	0.50	0.40	1.80
Chaplain/Clergy	0.40	0.00	0.30	0.20	0.90
Occupational Therapist	0.10	0.00	0.10	0.10	0.30
Medical Social Work	0.90	0.00	0.50	0.40	1.80
Management/Supervisor	0.60	0.00	0.40	0.30	1.30
Medical Director/Physicians	0.20	0.00	0.10	0.20	0.50
Other	0.30	0.00	0.20	0.10	0.60
Total FTEs	6.60	0.00	3.70	3.20	13.50

Providence also provided a description of each of the FTE categories/disciplines identified in the tables above. [source: Application, pdf 45-46]

- *RN/LPN: A Registered Nurse (RN) or Licensed Practical Nurse (LPN) providing nursing care.*
- *Hospice Aide: A care provider assisting patients performing activities required for daily life.*
- *Administrative/Clerical: Staff providing administrative and clerical support.*
- *Chaplain/Clergy: A care provider focusing on patient spiritual care.*

- *Occupational Therapist: A care provider aiding with everyday life activities, including physical, cognitive, and other aspects of engagement.*
- *Medical Social Worker: A care provider assisting with psychosocial functioning of patients and family.*
- *Management/Supervisor: Leadership staff responsible for management and supervision of other staff, programs, and processes.*
- *Medical Director/Physicians: Medical Director who provides guidance and leadership to clinical staff. Physicians who provide direct care or support other clinical staff.*
- *Other: Includes admission coordinators, bereavement counselors, trainers, and clinical program counselors.”*

Providence also provided the following statements regarding its proposed staffing and why it should be considered adequate for the number of patients and visits projected in this application. [source: Application, pdf 47-48]

“As noted above in response to Question #3, the FTE mix for the proposed Pierce County hospice agency is based on the 2021 Providence Hospice staffing mix by discipline and/or internal productivity benchmarks. With over 30 years’ experience, Providence Hospice has a long history of providing hospice services in King County, and Providence Home & Community Care has extensive experience in staffing for, and providing hospice services in, Washington and other states. This experience has allowed Providence Hospice to forecast and staff the appropriate mix of FTEs based on expected Hospice Days and patients served.

The staffing of the proposed Pierce Hospice agency is modeled on Providence Hospice staffing that is currently in place and has been successful in meeting the needs of hospice patients in King County. All FTEs, other than the RN/LPN category for Pierce County, are volume based (patient days) and rely on 2021 historical experience in providing services in King County. For the RN/LPN category, we utilize a staffing assumption of 12.5 ADC per RN/LPN FTE, which is a Providence Hospice internal productivity benchmark.”

Regarding retention and recruitment of staff, Providence provided extensive information about their ability to recruit and retain qualified staff, a portion of which is excerpted below. [source: Application, pdf 49-51]

“Providence Hospice is well positioned to address any barriers related to recruiting staff for the proposed agency. Having the appropriate level of staff will ensure timely patient care for residents in Pierce County seeking hospice services. Specifically, our plan to ensure timely patient care is supported by the following factors:

- *Providence Hospice currently has approximately a dozen existing staff members from various disciplines who reside in Pierce County. Further, staff members who already are providing services closest to the border with Pierce County would be repositioned to ensure service capacity in Pierce County in the early period of operations.*
- *While additional staff will be recruited, Providence Hospice currently employs more than 200 clinical and administrative staff in its Tukwila office who will be able to support timely patient care in Pierce County.*

Providence Hospice has three shifts of staff who work 24 hours a day. Families and patients who call the main number will speak with a Providence Hospice nurse who will triage the call, either helping the patient/family over the phone or by sending a nurse to the patient/family based on their needs. In case all of our nurses are on calls or making visits, we contract with Total Triage/Care XM for back-up service to

ensure timely patient care. A Total Triage/Care XM nurse will assist the patient/family over the phone and escalate the situation to our nursing staff if further assistance or a visit is needed.

Given the factors listed above, as well as the additional factors discussed below, we do not foresee barriers to ensuring the Pierce County hospice agency will be appropriately staffed to ensure timely, high-quality patient care.

Providence Hospice of Seattle Currently Has Staff Who Reside in Pierce County

As noted above, Providence Hospice employs more than 200 clinical and administrative staff out of its Tukwila office, with approximately a dozen existing staff members from various disciplines who reside in Pierce County. Providence Hospice has the existing infrastructure to begin serving Pierce County immediately upon CN approval. Minimal administrative or office-based staff are needed to begin service. The direct care team that is already providing services closest to the border with Pierce County would be repositioned to ensure service capacity in Pierce County in the early period of operations.

Leveraging Scale to Address Workforce Shortages

The Providence system is using its scale and resources to offer an array of workforce programs and services to support our 120,000 dedicated caregivers, including tuition reimbursement and other training benefits, referral and retention bonuses, free behavioral health care, caregiver assistance, and online resources.

Seeing the value of our internal workforce as a source of recruitment, Providence launched the Caregiver Referral Program in 2021, allowing staff to obtain referral bonuses for referred hires who remain employed by Providence for 90 days. This process was made easy and streamlined through the Caregiver Referral website, which includes simple to follow how-to sheets. With nearly every open role being eligible for a referral bonus, Providence saw an increase of 35% in referral applications one month after launching the program.

In 2021 Providence’s commitment to retain existing employees and secure internal referrals culminated in an investment of \$220 million toward hiring and retaining healthcare workers. This includes offering bonuses to existing staff and referral bonuses ranging from \$1,000 to \$7,500, depending on positions, with some more highly competitive positions such as nurses ranging higher.”

Department Evaluation

Were it not for the existing operations discussed previously in this application, Providence would be a new provider of Medicare and Medicaid hospice services for the residents of Pierce County. However, Providence also provides hospice services in several other counties in Washington. Thus, it based staffing ratios and projections on its affiliates’ experience.

As shown in the FTE table, 6.60 FTEs are needed in the first full year of operation (2023), which increases to 13.5 FTEs by the end of full year three (2025). This approach is reasonable.

For recruitment and retention of staff, Providence noted its existing workforce and internal recruitment initiatives, and history of ability to recruit staff.

Providence Hospice identified its existing medical director and provided a job description. The pro forma statement also identifies all costs associated with the services.

The department concludes Providence Hospice has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

AccentCare, Inc.

To demonstrate compliance with this sub-criterion, AccentCare, Inc. provided its projected full time equivalents (FTEs) for the Pierce County agency. The FTE table follows: [source: Application, pdf 77]

**Department’s Table 40
AccentCare, Inc.
FTE Projections for Pierce County - Years 2023 - 2026**

FTE Type Not Contracted	Partial Year 1 Year 2023	Year 1-2024 Increase	Year 2-2025 Increase	Year 3-2026 Increase	Total FTEs
Admission Department	0.00	0.00	0.00	1.00	1.00
Business Development Dept	2.00	1.00	0.00	0.00	3.00
Business Operations-Leader	1.00	0.00	0.00	0.00	1.00
Chaplain	1.00	0.00	0.00	0.00	1.00
Executive Director	1.00	0.00	0.00	0.00	1.00
Hospice Aide	1.00	1.00	1.00	1.00	4.00
Music Therapy	1.00	0.00	0.00	0.00	1.00
Nursing	2.00	1.00	1.00	1.00	5.00
Social Work	1.00	0.00	0.00	0.00	1.00
Clinical Nutritionist	0.10	0.00	0.00	0.00	0.10
Team Assistant	1.00	0.00	0.00	0.00	1.00
Team Director	1.00	0.00	0.00	0.00	1.00
Volunteer-Dept	0.00	1.00	0.00	0.00	1.00
Total FTEs	12.10	4.00	2.00	3.00	21.10

In addition to the FTE table, the applicant provided a table showing the number of contracted FTEs needed for the new Pierce County agency. Contracted staff include the Medical Director, Physician-Team Support, and physical, occupational, and speech therapy positions. All combined, these contracted staff add to 0.28 FTE for all projection years. [source: Application, pdf 77]

For clarification, AccentCare, Inc. provided the following explanation for the contracted staff identified as ‘Physician-Team Support.’ [source: Screening response, pdf 11-12]

“The term “physician support team” refers to the individual physicians who lead hospice teams in providing direct patient care, e.g., making visits to patients. These services are separate and distinct from the medical administrative duties/services provided by the Medical Director. Physicians who provide direct patient care services will contract with Seasons Pierce County pursuant to a Physician Independent Contractor Agreement, a sample of which is found in Exhibit 19 (pages 583 – 597) of the application for CN #22-31. Exhibit A of that Agreement describes Physician Services. The individual physician contracted as the Medical Director could also choose to provide patient care services and if so, he or she would enter into a Physician Independent Contract Agreement and be paid for these services over and above the Medical Director fee.”

Focusing on staffing ratios, the applicant provided the table on the following page. [source: Application, Exhibit 18]

Applicant's Table

Skilled Nursing (RN & LPN)	0.1574	0.1308	0.1170	0.1180
Physical Therapist	0.0012	0.0007	0.0004	0.0004
Occupational Therapist	0.0009	0.0005	0.0003	0.0003
Medical Social Worker	0.0787	0.0436	0.0292	0.0236
Speech Therapist	0.0020	0.0011	0.0007	0.0006
Clinical Nutritionist	0.0079	0.0044	0.0029	0.0024
Home Health/Hospice Aide	0.0787	0.0872	0.0877	0.0944
Other (List)				
Chaplain	0.0787	0.0436	0.0292	0.0236
Medical Director	0.0181	0.0100	0.0067	0.0054
Administration	0.2361	0.1745	0.1170	0.0944
Business Office \ Admissions	0.2361	0.1745	0.1170	0.1180
Music Therapy	0.0787	0.0436	0.0292	0.0236
Total	0.9744	0.7144	0.5375	0.5046

The applicant provided the following rationale for why the staffing identified above is adequate for the number of patients and visits projected. [source: Application, pdf 78]

“Seasons Pierce County uses a staffing model based on census to ensure coverage of support and care functions at appropriate levels for program needs. A copy of the staffing ratios is provided in Exhibit 18. Seasons Pierce County’s staffing ratios reflect similar ratios found among other hospices across the county, including other AccentCare Hospice programs and are consistent with the NHPCO Staffing Guidelines for Hospice Home Care Teams. That document also acknowledges the following:

No one “best standard” in the literature regarding hospice staffing caseloads currently exists. Around the nation, hospices have evolved in various directions, creating diverse models of care to serve hospice patients and families. The Staffing Guidelines for Hospice Home Care Teams is based on the recognition of the current diverse nature of hospice care and allows for individualization of staffing caseloads according to the organizational and environmental characteristics specific to each hospice, in much the same way hospices individualize patient care.

AccentCare adds staff as admissions increase, as shown in Table 27 above, which lists the type of number and category of staff for the first 3 full years of operation. Ratios vary based upon the numbers of patients in the program, the diseases represented, length of stay, and patients’ needs. The ratios above compare favorably with an overall ratio in the third year of operations of 0.42 staff to each patient. In addition, volunteers who provide augmented services increase the patient and hospice interactions and add to the actual FTE spent with patients. The training program for volunteers assures that they are active members of the care team and render services that patients experience at the end of life is compassionate and caring with support for the family.”

AccentCare, Inc. provided the following statements regarding the recruitment and retention of staff. [source: Application, pdf 83]

“Pierce County was designated as a Medically Underserved Area for Primary Care in 1982 and again updated in 1994 with a Medical Underservice Index Score of 61.2, just below the threshold of 62.0. It has three designated geographic Health Professional Shortage Areas (HPSAs), including Buckley, Eatonville/Roy, and Longbranch. Two primary care community health clinics with multiple locations, and two Indian Health Service/Tribal Health/Urban Indian Health Organizations also qualify as HPSA. The three geographic HPSA’s 2021 population of 43,582 account for less than 5% of the county’s 920,730 total population. (Reports generated from the Health Resources & Services Administration at www.data.hrsa.gov documenting the Pierce County MUA and HPSA are provided in Exhibit 23.) Seasons

Pierce County will provide outreach and education to the community based organizations throughout the entire county, including inner city communities that have limited access to healthcare.”

AccentCare, Inc. provided extensive information, statistics, and documents related to its recruitment and retention process, barriers to staffing, education programs, internship programs, and employee benefits packages. [source: Application, pdf84-90, and Exhibits 17, 23, 24, & 25; March 31, 2022, screening responses, pdf 11-13] The information is not repeated here but is considered in this review.

Pennant Public Comment – Oppose

“(2) Seasons Medical Director resides in Illinois and is expected to only work one hour per week. We agree with the Department, this is not an adequate place of residence, and one hour per week is not adequate time for an MD to fulfill his or her duties as a hospice MD. Seasons structure and process is flawed.

(3) Seasons relies upon Medicare Managed Care at reduced rates for revenue for its project, while hospice care is reimbursed via original Medicare. The revenue that Seasons is relying upon for its project is not accurate, and its structure and process cannot be relied upon.”

AccentCare Rebuttal to Pennant

“Although the proposed Medical Director resides in Illinois, he is licensed in the State of Washington and will direct the program by providing in person site visits and interacting remotely in between site visits.

The proposed Medical Director contract for AccentCare Spokane provides for the minimum required time for this position, estimated at one hour per week, and to perform the minimum necessary medical administrative services.

The proposed Medical Director, Dr. Natarajan, serves a medical administrative role as specified in Exhibit A of the Medical Director Agreement (found in Exhibit 19 of the application). Responsibilities include participating in monthly leadership and quality meetings, providing quality oversight and medical expertise, supervising team physicians, establishing relations with the medical community, assist in developing education and research programs, and performing other administrative duties as necessary.

The applicant believes that 1 hour per week is the minimum commitment required to provide these administrative services. This is consistent with the experience of other Seasons hospice agencies in operation and meets the conditions of participation for Medicare and Medicaid services.

In addition to the administrative role, the Medical Director may also become a contract provider for patient care. (See the Physician Independent Contractor Agreement, provided in Exhibit 19 of the application). Furthermore, Exhibit 19 includes Dr. Balakrishnan Natarajan’s credential verification (MD61027396) for the State of Washington confirming eligibility for these roles.

...
Please see our response to Comment #1 from Pennant. AccentCare has projected that Medicare recipients will, in the majority of cases, adopt a Medicare supplement program. In the proformas, these payors are assumed to negotiate reductions in net payments with providers. To this extent the assumption that Medicare Managed Care payors will make up the bulk of this results in a somewhat lower net reimbursement. Therefore, AccentCare’s performance will actually exceed what has been projected.”

Department Evaluation

If approved, AccentCare, Inc. would be a new provider of Medicare and Medicaid hospice services for Pierce County. To ensure its staffing ratios are reasonable, the applicant based them on ratios used in its other hospice agencies and NHPCO standards.

If approved, AccentCare, Inc. proposes that its Pierce County agency would be operational in July 2023. As shown in the staff table above, 12.10 FTEs are needed in partial year one (2023) to serve an estimated average daily census of 13 patients. Beginning in full year 1 (2024), the number of FTEs increases to 16.10 to serve an estimated average daily census of 23 patients. By the end of full year three, the FTEs increase to 21.10 to serve an estimated average daily census of 42 patients.

The applicant also clarified that its medical director and therapy staff would be under contract and are not included in the table above. This approach is reasonable.

For recruitment and retention of staff, AccentCare, Inc. intends to use the strategies its parent has successfully used in the past for recruitment and retention of staff for its out-of-state hospice agencies. The strategies identified by AccentCare, Inc. in its application and in rebuttal to Hospice of Spokane are consistent with those of other applicants reviewed and approved by the department.

Pennant offered criticism of AccentCare’s staffing model and the number of hours its medical director would work. AccentCare noted that, as an existing operator of hospice services, it is aware of the staffing requirements for a new agency and that the medical director services are approximated and will likely fluctuate. The department concludes these are reasonable assertions.

Based on the information provided in the application, the department concludes that AccentCare, Inc. has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Bristol Hospice, LLC

Bristol proposes to establish a new agency in Thurston County to serve Pierce County residents and projects that the new agency will be Medicare- and Medicaid certified by July 1, 2023; its startup phase would be October 2022 – June 2023. [source: March 31, 2022, screening response, pdf 1]

Bristol provided its projected staffing, broken down by clinical staff and contracted staff, for the new agency. The projected staffing is summarized in the table below. [source: March 31, 2022, screening response, pdfs 35-39 and Exhibit 12]

**Department’s Tables 41
Bristol Hospice, LLC Pierce County FTE Projections**

FTE Type-Clinical Staff	Startup	Partial Year 2023-Inc.	Full Year 1 2024-Inc.	Full Year 2 2025-Inc.	Full Year 3 2026-Inc.	Total FTEs
Registered Nurse	0.100	0.700	1.100	0.700	0.900	3.500
Nurse Practitioner	0.000	0.020	0.030	0.020	0.020	0.090
Hospice Aid (CNA)	0.170	0.830	1.380	0.870	1.130	4.380
Executive Director	1.000	0.000	0.000	0.000	0.000	1.000
Director of Nursing Services	0.000	1.000	0.000	0.000	0.000	1.000
Business/Clerical	1.000	0.000	0.000	0.000	0.000	1.000
Medical Social Worker	0.100	0.130	0.310	0.200	0.260	1.000
Pastoral/Other Counselor	0.100	0.060	0.220	0.140	0.180	0.700
Volunteer/Bereavement Coordinator	0.000	1.000	0.000	0.000	0.000	1.000
Hospice Liaison	0.000	0.000	1.000	0.000	0.000	1.000
Total Clinical	2.470	3.740	4.040	1.930	2.490	14.670

FTE Type-Contracted	Startup	Partial Year 2023-Inc.	Full Year 1 2024-Inc.	Full Year 2 2025-Inc.	Full Year 3 2026-Inc.	Total FTEs
Medical Director	0.010	0.000	0.050	0.020	0.020	0.100
Physical Therapist	0.000	0.003	0.003	0.003	0.003	0.012
Occupational Therapist	0.000	0.003	0.003	0.003	0.003	0.012
Speech Therapist	0.000	0.003	0.003	0.003	0.003	0.012
Total Contracted	0.010	0.009	0.059	0.029	0.029	0.136
Total Clinical and Contracted	2.480	3.749	4.099	1.959	2.519	14.806

Bristol also provided the following information regarding adequacy of the projected staffing shown above. [source: Application, pdf 22]

“Bristol Hospice uses similar staffing ratios across the country. Bristol started in 2006 and has robust experience in operating hospice agencies. It has found that these ratios are optimal for serving the patient population and providing frequent visits and quality care.”

Focusing on staffing ratios, the applicant provided the following statement and table. [source: March 31, 2022, screening response, pdf 9 and Exhibit 12]

“Staffing ratios are shown in the exhibit 12 with additional commentary as to why our ratios are reasonable. Bristol believes the ratio’s shown are more than reasonable as they ensure a high amount of bedside service time Bristol follows these ratios in other markets to provide leading care.”

Below is a recreation of the applicant’s staff ratio table provided in Exhibit 12 of its screening response.

**Department’s Table 42
Recreation of Bristol Hospice, LLC Staff Ratio Table**

Staff	Assumptions
Registered Nurse	1 Registered Nurse for every 10 ADC. This is standard for Bristol and allows nurses to make 2-3 visits per week per patient well above the minimum required by Medicare and follows the national benchmarks for coverage from National Hospice Palliative Care Organization guidelines.
Nurse Practitioner	.05 FTE Nurse Practitioner for every 20 ADC. This is adequate hours for face to face visits and other support
Hospice Aid (Certified NA)	1 CNA for every 8 ADC allows our aids to make 4-5 visits a week that we have seen allows high quality scores and satisfaction from our patients and follows the national benchmarks for coverage from National Hospice Palliative Care Organization guidelines.
Executive Director	1 Registered Nurse Executive Director for the Program
Medical Director	Based upon our national footprint we know on average our medical oversight costs about 5 dollars PPD at 300 dollars per hour for MD time for IDT and other patient’s needs. Based upon this we calculate the hours that will be spend as we grow for medical services. based on annual ADC budgeted as follows $((\text{Total Patient Days} * 5) / 300) / 2080$ to get FTE needed based on census need.
Director of Nursing Services	1 Director of Nursing Services for the Program starting in first full year of operations
Business/Clerical	1 Business/Clerical team member to support ED up to 40 ADC Starting in beginning of 2025

Physical Therapist	.01 FTE Physical Therapist for every 30 ADC Hospice does not use therapy much
Occupational Therapist	.01 FTE Occupational Therapist for every 30 ADC
Speech Therapist	.01 FTE Speech Therapist for every 30 ADC
Medical Social Worker	1 Medical Social Worker per 35 ADC. Bristol historical experience has shown this is quality coverage for social needs of our patients and follows the national benchmarks for coverage from National Hospice Palliative Care Organization guidelines.
Pastoral/Other Counselor	1 Pastoral/Other Counselor for every 50 ADC. Bristol has seen this allows for adequate support for spiritual needs of our patients and follows the national benchmarks for coverage from National Hospice Palliative Care Organization guidelines.
Volunteer/Bereavement Coordinator	1 Volunteer Coordinator Who is also assisting for bereavement starting in in 2025
Hospice Liaison	1 Hospice Liaison for the Program starting in 2024

Bristol provided the following statements regarding the recruitment and retention of necessary staff for the new agency. [source: Application, pdfs 23-24 and March 31, 2022, screening response, pdf 3]

“Bristol Hospice has a strong clinical structure with engaged flexible team members that can support the healthcare needs in cases of emergency or shortage. Bristol is supported by a centralized national recruiting team that has a strong history of hiring healthcare employees within 15 to 20 days of posting a position, which is far below the national average. Bristol recruits on over 150 websites as well as hospice specific niches and organizations. Applicants can apply via their phone or other personal device to easily join the Bristol Hospice team.

All staff are vetted through extensive background checks including local and national databases as well as the government LEIE exclusion list. New hires go through at least 2 rounds of interviews to ensure they have the temperament to provide this sacred level of service to the community.

Once hired all staff must complete a rigorous training program to ensure skills are ready for the Bristol Hospice level of quality. This training includes all state and federal required trainings as well as custom Bristol Hospice coursework and best practices. Technology and in person training are both utilized to ensure a well-rounded curriculum. Each new member will receive preceptor guidance for the first weeks or months, if necessary, to build competency. Every staff member is measured on performance-based indicators that are based upon electronic quantitative quality data that is stored in our clinical tracking systems. The systems gather charting information and provide feedback to clinical managers to know where to coach and guide staff. For those that are not providing high quality per the quantitative measures they will be trained to provide higher quality and put on disciplinary action if they fail to meet requirements.

Bristol Hospice offers favorable benefits packages to hire and retain talent including Health, 401 k, vision, dental, and tuition assistance. It allows all employees to apply for new jobs that are posted including any of the affiliated companies of Bristol Hospice L.L.C. allowing incredible opportunities for advancement nationally. Bristol Hospice encourages staff to continue to receive additional licensure and or education on an ongoing basis. Bristol Hospice rewards and recognizes those that get advanced degrees or further education certificates.

Volunteers are managed by dedicated volunteer coordinator and are critical component to meeting community needs. Bristol Hospice provides training to all volunteers, which ensures that volunteers are

ready to serve the community appropriately. This is done similarly to hired staff in a multi-pronged approach with in-person and technological support. Bristol Hospice recruits volunteers from all over the community including schools, universities, retirement organizations, current employee contacts or recommendations, local volunteer boards, and online boards. The volunteers go through a rigorous background check and Bristol Hospice loves to work alongside community constituents to serve its patients.

Bristol has staff across the country and in the case of emergencies such as COVID or other unforeseen emergencies Bristol can supplement staff in Pierce county by moving staff from other locations to fill the need. Bristol has an internal group of staff that are trained on Bristol protocol available for such needs that can travel to assist our branches. We have been doing this through-out the last 2 years and have been able to meet condition of participation and clinical care plan requirements during this period of disruption.”

Bristol provided a copy of its current Medical Director and Physician Services Agreement between Bristol Hospice-Pierce, LLC and Sabine VonPreyss, MD. The agreement was executed on October 25, 2019. [sources: Application, Exhibit 13]

Pennant Public Comments [source: pdf 5]

“Bristol did not answer question 3 in the Project Description section of their screening response regarding known delays such as staffing, CMS credentialing, Covid, or other issues. Without an answer the Department cannot determine if their structure and process meet requirements, and their application is inferior.

Bristol did not answer question 26 in their screening response, leaving the department with nothing to analyze. Without an answer the Department cannot determine if their structure and process meet requirements.”

Bristol Rebuttal Comment

None

Department’s Evaluation

Bristol proposes to establish a new agency in Thurston County to serve the residents in adjacent Pierce County. Bristol states it based its staffing on its experience of its hospice agencies across the country. For a new agency, this approach is reasonable.

In public comment, Pennant asserts that Bristol did not respond to two screening questions—question #3 and question #26. Both questions are related to this sub-criterion. To evaluate the public comments, the department reviewed each screening question and Bristol’s response. Below is a restatement of the department’s screening questions and Bristol’s response.

Department’s Question #3

“This application expects the Medicare and Medicaid hospice services would be available to the residents of Pierce County on January 1, 2023, if a decision is released in September 2022. [source: pdf 8] Does this timeline take into consideration any currently known delays such as those related to staffing, CMS credentialing delays, COVID-related issues, or other? Please provide a brief discussion about how the operational date was determined and why it is reasonable.”

Bristol Screening response

“Bristol has updated the timeline for completion to allow for more time to startup and get licensed. Bristol anticipates hospice services would be available of July 1 2023, with a startup phase running before this period.”

The department’s question #3 restated above focuses on the projected operational timeline identified in Bristol’s initial application. Rather than providing ‘*a brief discussion about how the operational date was determined and why it is reasonable,*’ Bristol simply changed the projected operational date for the agency, but still did not explain why the date is reasonable. This lack of response is not helpful for a CN review, but it is not grounds for denial of this project, provided that the revised operational date is reasonable. In the project description portion of this evaluation, the department concluded the operational date was reasonable.

Department’s Question #26

In a related question, if interest and legal / professional are not relevant to this project, explain why.

Bristol Screening response

No response.

At first glance above, it appears that Bristol did not respond to question #26. However, question #26 is related to the previous question (#25), which is restated below.

“Expenses shown in the example table on page 17 of the application include interest and legal / professional. Where within the statement are these two line items?”

Bristol Screening response

“See revised forecast exhibit 12 with March 2022 date that has this broken out and this is included in the overhead allocation line in the model making this expense here 0. We are able to efficiently use the centralized staff to provide this support at a favorable cost to the project.”

The revised pro forma Revenue and Expense Statements provided in Exhibit 12 of the screening responses include the following assumption: *“Legal and professional is included in the overhead allocation as we share the cost of our internal legal dept and professional support across all locations so these companies have a cost advantage we can put into direct care instead of overhead.”*

The department concludes that Pennant’s concerns are not grounds for denial of this project.

Based on the information provided in the application, the department concludes that Bristol has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

The Pennant Group, Inc.

Pennant proposes to establish a new agency in King County to serve both King and Pierce County residents. While this application focuses on Pierce County, Pennant clarifies that some staff will be shared between the two new hospice agencies. [source: March 29, 2022, screening response, pdfs 10-11]

Pennant projects that the new agency will be Medicare and Medicaid certified by September 1, 2023; its startup phase would occur prior to September 2023. [source: March 29, 2022, screening response, pdf 9]

Pennant provided its projected staffing, broken down by nursing staff and administrative staff, for the new agency. The projected staffing is shown in the table below. [source: Application, pdf 29]

**Department’s Table 43
Pennant Pierce County FTE Projections**

FTE Type-Nursing Staff	Partial Year 2023	Full Year 1 2024-Inc.	Full Year 2 2025-Inc.	Full Year 3 2026-Inc.	Total FTEs
Registered Nurse	2.80	1.00	1.10	1.20	6.10
Certified Nursing Assistants	1.80	0.70	0.80	0.80	4.10
Licensed Social Worker	0.60	0.20	0.30	0.30	1.40
Spiritual Care Coordinator	0.60	0.20	0.30	0.30	1.40
Director of Clinical Services	0.50	0.10	0.20	0.20	1.00
Total Nursing	6.30	2.20	2.70	2.80	14.00

FTE Type-Administrative	Partial Year 2023	Full Year 1 2024-Inc.	Full Year 2 2025-Inc.	Full Year 3 2026-Inc.	Total FTEs
Administrator	0.50	0.00	0.00	0.00	0.50
Business Office Manager, Medical Records, & Scheduling	0.60	0.20	0.30	0.30	1.40
Intake	1.00	0.00	0.00	0.00	1.00
Community Liaison	0.60	0.20	0.30	0.30	1.40
Total Administrative	2.70	0.40	0.60	0.60	4.30

Total Nursing and Administrative	9.00	2.60	3.30	3.40	18.30
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Pennant also provided the following information regarding adequacy of the projected staffing shown above. [source: Application, pdf 30]

“The assumptions used to project the number and types of FTE’s identified for this project are based upon the average numbers and types used across all Pennant-affiliated hospice agencies, which include two Washington state hospice agencies. The Washington state hospice numbers are consistent with these averages.”

Focusing on staff ratios, Pennant provided the following statements and table. [source: Application, pdf 30]

“Puget Sound Hospice of Pierce County is confident that our proposed staff to patient ratio is appropriate for several reasons. First, Pennant-affiliated hospice agencies have found that operating at these ratios is optimal to produce quality outcomes. Additionally, these ratios were in two separate Pennant-affiliates’ 2018 hospice CN applications for Thurston and Snohomish Counties, respectively, which the CN Department found to be appropriate. Table 5 below shows these ratios.”

Applicant’s Table

Type of Staff	Staff to Patient Ratio
Registered Nurses	1:12 (day) and .8:12 (evenings and weekends)
Certified Nursing Assistant	1:10
Social Work	1:30
Spiritual Care Coordinator	1:30

Pennant provided the following explanation of why the average numbers and types used across all Pennant owned hospice agencies should be considered relevant to the staffing for this new agency. [source: March 29, 2022, screening response, pdf 10]

“Patient-to-staff ratios are well established in the hospice industry, and Pennant-owned hospice agencies have utilized ratios in line with industry standards. This in and of itself creates reliability. Even more, our Washington State agencies use those same ratios, and the ratios have proven to be the best for providing the highest level of care for our hospice patients. Lastly, we’ve found the Department to be comfortable with these ratios as indicated by its prior approval of earlier Pennant-affiliated CN applications being approved, both of which included this staffing methodology.”

Pennant provided the following statements regarding the recruitment and retention of necessary staff for the new agency. [source: Application, pdfs 31-34 and March 29, 2022, screening response, pdf 3]

“In addition to Symbol operating a home health agency in Pierce County, its ultimate parent company, Pennant, owns 134 healthcare organizations across 14 states, including a senior living home in Redmond, Washington, and home health agencies that operate in King, Pierce, Snohomish, Skagit, San Juan, Aston, Garfield, Benton, and Franklin counties. Additionally, Pennant owns Washington-based hospice agencies that service Snohomish, Aston, Garfield, Thurston, Grays Harbor, and Mason counties. In the experience of Pennant-affiliated health care agencies, health care employees are drawn to the Pacific Northwest Region for its outdoor experiences, culture and vitality, making recruiting generally easier than other parts of the country. Additionally, if Pennant-affiliated health care agencies have qualified and experienced staff in good standing that want to move to Pierce County, or to transition from long-term care or home health to hospice, we are able and willing to support that relocation or transition.

Both Symbol and its affiliates also have strong and proven histories of recruiting and retaining quality staff. We offer a competitive wage scale, a generous benefit package, and a professionally rewarding work setting, as well as the potential for financial assistance in furthering training and education.

Pennant has access to utilize a variety of recruitment resources, including the use of social media and internet recruitment platforms such as LinkedIn, Indeed, Monster and Glassdoor, among others, and due to our employees’ high job satisfaction we have found great success in recruiting through our staff’s network of other skilled healthcare professionals.

The following provides additional details as to Puget Sound Hospice of Pierce County’s approach to recruiting and retention.

Recruiting

Puget Sound Hospice of Pierce County leaders will continually perform the following recruiting activities.

- *Identify any opportunity to recruit at local job fairs and State and National associations websites and conferences.*
- *Maintain a liaison with career/placement staff at regional colleges, universities, and clinical certification organizations to actively recruit its students, including offering clinical shadowing and volunteer opportunities.*
- *Join applicable healthcare professional associations.*
- *Utilize national talent search companies.*
- *Meet community market wages, recruiting and sign on bonuses.*
- *Provide leadership and advancement opportunities for staff to elevate within Cornerstone.*
- *Post positions within Pennant’s multistate organizations.*

Puget Sound Hospice of Pierce County's Administrator and Director of Clinical Services will continually identify open positions. Determination of open positions will be based necessary staff members needed based on hospice interdisciplinary team (IDT) caseloads and ADC growth. This will be continuously assessed to ensure staff to patient ratios remain appropriate to maintain consistent delivery of quality patient care and ensure the IDT staff are not overburdened.

Once an open position has been identified the agency's leaders will do the following.

- *Email HR/Payroll Group with the standard subject line: Recruiting Need Discipline. The content of this email will set out the following information as to the open position:*
- *FTE*
- *Discipline*
- *Territory*
- *Rate Sets*
- *Urgency of fill: Immediate, moderate, low*
- *Potential Hire date*
- *Bonus – Sign on – automatic for urgent need, hard to fill.*
- *Post open position in Workday via human resource information system provided by Pennant Services.*
- *Post open position on job boards on LinkedIn, Indeed, Career Builder, Glassdoor.*
- *Share the job posting on agency social media.*
- *Post open position in Workday via human resource information system provided by Pennant Services*
- *Post open position on job boards on LinkedIn, Indeed, Career Builder, Glassdoor*

Once a candidate has been identified the agency will follow its standard screening process:

Step 1. Conduct phone interview of candidate, screening for relevant experience, positive attitude, and discuss compensation.

Step 2. DCS in-person or video conference interview with clinical candidate; Administrator or DCS in-person or video conference interview with administrative candidate.

Step 3. Ride-along with clinical staff (only clinical candidates with little or no hospice experience).

Step 4. Candidate interviewed by 2-4 agency staff.

Once agency leadership decide to extend the candidate an offer the agency will follow its standard process:

- *Agency administrator or HR designee will:*
- *Provide candidate with offer letter setting out the duties of the position, rate of compensation, start date, and directions on how to accept the offer.*
- *Perform a background check compliant with state law, which will include primary source verification of licensure, if applicable.*
- *Instruct candidate as to how to perform drug screen.*
- *Perform reference checks for references identified by candidate.*
- *Notify candidate on necessary items to bring on start date for onboarding (e.g., identification documentation for I-9).*
- *Inform agency leaders and appropriate staff regarding the candidate's acceptance/rejection of offer, candidate's start date, and any additional pertinent information.*

Retention

- *With retention even more important than recruitment, all Pennant-affiliates are provided resources and support from the Pennant Services Center to provide rigorous department orientation, clinical and safety training, initial and ongoing competencies assessments, and performance evaluations.*

- *Staff will be trained on our core values: Celebration, Accountability, Passion for Learning, Love One Another, Customer Second, Ownership. These core values will guide all of our decisions and will form the basis for expectations of the staff.*
- *Agency will have weekly rounding/one-on-one sessions during first 90 days with director or designee. Quarterly thereafter.*
- *Staff will have 90-day and annual reviews, allowing open dialogue about the employee's performance, concerns, and feedback.*
- *We offer programs for CEU and tuition reimbursement.*
- *We offer competitive benefits, including health care, dental, vision, paid time off, and more.*
- *We perform an anonymous employee satisfaction survey annually to gauge employee satisfaction.*
- *We provide ongoing professional training based on needs identified in our QAPI program, annual compliance and profession-specific training, and regular in-service training.*

As stated earlier, we continue to recognize the strains on staffing in healthcare. As part of our recruiting efforts, we are continuously seeking staff for today or for the future, and we expect to recruit the required staff to serve patients in Pierce County January 2023. In the event we are unable to hire staff for any given position, we will utilize staff from our other agencies in Washington State temporarily until we hire. We have practiced this in the past, and our staff are ready and willing to do so in the future to meet our patients needs in a timely manner.

Additionally, we stay up to date on innovative strategies to mitigate staffing shortages through recruiting and retention, including:

- *Adjusting staff schedules to avoid burnout (thereby increasing retention).*
- *Utilizing Pennant's Emergency Fund, which is designed to provide a one-time supplement to an employee's wages when external factors and personal circumstances would otherwise prove to be too great a toll on the employee.*
- *Contract with or jointly-employ staff currently employed by providers in the community that we've identified as having the capacity to do so.*
- *Educate and promote our Employee Assistance Program to our staff, enabling them to better understand the support available to avoid burnout (e.g., mental health counseling).*
- *Utilize our internal chaplain to provide any needed bereavement support to our staff as needed to help staff process the deaths of family, friends, or patients.*
- *Strictly adhere to proven infection control protocols to mitigate the spread of illness such as COVID-19 across staff.*
- *Provide necessary training to maximize the competency of staff, enabling us to assign and reassign clinicians across all patient acuity types."*

Pennant provided a copy of its current Medical Director Service Agreement between Symbol Healthcare, Inc, located in Tacoma and William Elledge, MD located in Olympia. The agreement was executed on December 21, 2020. [sources: Application, Exhibit 3]

It is noted that Continuum provided comments regarding Pennant's staffing and its connection to the pro forma Revenue and Expense Statement. The department's evaluation of these comments are addressed in the financial feasibility criteria under WAC 246-310-220(1) and will not be readdressed here.

Department's Evaluation

If approved, the applicant would be a new provider of Medicare and Medicaid hospice services for Pierce County residents. To ensure its staffing ratios are reasonable, the applicant based them on its own staffing

ratios across all Cornerstone-affiliated hospice agencies. The applicant asserts that this is a reasonable approach because 1) the affiliated agencies are in line with industry standards; and 2) its own Washington State agencies use the same ratios. This approach is reasonable because most applicants base their staffing ratios on national standards. This staffing appears reasonable and consistent with past hospice projects.

Based on the information provided in the application, the department concludes that Pennant has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Wesley Homes Corporation

Wesley proposes to begin providing Medicare and Medicaid hospice services to the residents of Pierce County immediately upon approval. The timeline is based on the rationale that Wesley is already providing the services to Pierce County residents through its existing King County agency under the Governor’s Proclamation 20-36. As a result, Wesley acknowledged year 2022 is a partial year of operation, and calendar years 2023 and 2025 are years one and three, respectively. [source: Application, pdf 8 and March 31, 2022, screening response, pdf 4]

Given that Wesley proposes to continue serving Pierce County residents through its existing King County agency, the applicant provided three separate staffing tables. One table shows the dedicated staff for the King County agency; a second table shows the proposed dedicated staff for the Pierce County agency, including shared staff; and the third table shows the combined King and Pierce County staff. The King County staffing table is not recreated below, however, it is considered in this evaluation.

The table below shows the dedicated Pierce County nursing staff. [source: March 31, 2022, screening response, pdf 70]

**Department’s Table 44
Wesley Homes Dedicated Pierce County Nursing FTE Projections**

FTE Type-Nursing Staff	Partial Year 2022	Full Year 1 2023-Inc.	Full Year 2 2024-Inc.	Full Year 3 2025-Inc.	Total FTEs
Director	0.20	0.10	0.20	0.10	0.60
Clinical Director RN	0.10	0.20	0.10	0.20	0.60
RN	0.60	0.70	0.90	1.00	3.20
LPN	0.20	0.10	0.30	0.20	0.80
Home Health Aid	0.20	0.30	0.40	0.40	1.30
MSW	0.20	0.20	0.20	0.30	0.90
Chaplain	0.20	0.20	0.20	0.30	0.90
Volunteer Coordinator	0.10	0.20	0.10	0.20	0.60
Admin Assistant	0.10	0.20	0.10	0.20	0.60
Total Nursing	1.90	2.20	2.50	2.90	9.50

The following table shows the combined King and Pierce nursing staff. [source: March 31, 2022, screening response, pdf 70]

Department's Table 45
Wesley Homes Combined King and Pierce County Nursing FTE Projections

FTE Type-Nursing Staff	Partial Year 2022	Full Year 1 2023-Inc.	Full Year 2 2024-Inc.	Full Year 3 2025-Inc.	Total FTEs
Director	1.00	0.00	0.00	0.00	1.00
Clinical Director RN	0.60	0.20	0.10	0.20	1.10
RN	3.20	0.70	0.90	1.00	5.80
LPN	0.90	0.10	0.30	0.20	1.50
Home Health Aid	1.20	0.30	0.40	0.40	2.30
MSW	0.90	0.20	0.20	0.30	1.60
Chaplain	0.90	0.20	0.20	0.30	1.60
Volunteer Coordinator	0.60	0.20	0.10	0.20	1.10
Admin Assistant	0.60	0.20	0.10	0.20	1.10
Total Nursing	9.90	2.10	2.30	2.80	17.10

The table below shows the combined King and Pierce County shared administrative staff. [source: March 31, 2022, screening response, pdf 71]

Department's Table 46
Wesley Homes Combined King and Pierce County Shared Administrative FTE Projections

FTE Type Shared Administrative	Partial Year 2022	Full Year 1 2023-Inc.	Full Year 2 2024-Inc.	Full Year 3 2025-Inc.	Total FTEs
Executive Director	0.34	0.00	0.00	0.00	0.34
Billing Specialist	0.33	0.05	0.07	0.08	0.53
Liaison	0.33	0.17	0.00	0.10	0.60
On-call Coordinator	0.33	0.00	0.00	0.00	0.33
Intake	0.32	0.07	0.09	0.10	0.58
Total Shared Administrative	1.65	0.29	0.16	0.28	2.38

Wesley provided the following assumptions used to project the number and type of FTEs for the Pierce County operations. [source: Application, pdf 26]

“The following assumptions were used to project the number and types of FTEs for this project:

- *WHH will continue to deploy WHH staff and cross-trained HH nurses, MSW, and HHA, contracted therapists.*
- *Administrative office functions delivered from parent office in King County including administrative oversight, referral, intake, EMR management, phone and fax, scheduling, QAPI, medical records, billing records.*
- *Recruit additional staff as census grows based on existing agency experience.*
- *Optimize use of technology:*
 - *WHH has been utilizing Brightree EMR for 5+ years and found it to be stable and scalable. HH/HO has fully implemented current features and on track to deploy enhancements, such as streamlined IDG process, to achieve efficiencies and maintain regulatory compliance.*
 - *FTEs are assigned for optimal quality of care and business outcomes. meaning, we know how to use the EMR functionality to extend FTE efficacy into Pierce County. Basically, the software EMR works fine for Pierce business, and we do not need to add FTEs for business office operations to*
 - *handle projected volumes in Pierce.*
- *Assume continued low therapy utilization experienced through pandemic.*

- *Medical Director has capacity to extend presence into Pierce County, as does the Hospice physician/Alternate Medical Director. Increased monthly stipend to address additional Pierce County volume is included in the financial projections.”*

Focusing on staff to patient ratios, Wesley provided the following clarification and table. [source: March 31, 2022, screening response, pdf 13]

“WHH’s staffing ratios are based on ADC, not admissions. These staffing ratios are included in Table 2 (and are also identified in the staffing table in Attachment 1) and are based on FTE per patient ADC ratios.

Applicant’s Table

**Table 2
WHH Staffing Ratios**

Positions	FTE to ADC Ratio
RN	1 to 10
Clinical Director RN	1 to 50
LPN	1 to 40
HHA	1 to 25
MSW	1 to 36
Chaplain	1 to 36

*Particularly for nursing, WHH has assumed a nursing to patient ratio that is on the “lower end” of the national averages, meaning **fewer patients per FTE. This is a positive, not a negative.*** [emphasis in original]

WHH recognizes the need to be able to address the complex and changing needs of hospice patients and establishes our staffing ratios to ensure they are able to do this. Lower (better) nursing ratios allow for more time/patient and greater capacity to respond timely to referrals, especially important for urgent hospice admissions. We have admitted within hours of the referral when necessary to meet patient need.”

Wesley provided the following information regarding recruitment and retention of staff for the Pierce County services. [source: Application, pdf 26 and March 31, 2022, screening response, pdf 12]

“The larger Wesley system has been providing high quality care that meets the spiritual, emotional and physical needs of King County’s elderly residents and their families since 1944. Today, Wesley operates on four campuses in King and Pierce Counties and offers independent, assisted and skilled nursing services, as well as range of other outpatient services and [sic]

Wesley also operates a Medicare certified home health and a home care agency. Each of Wesley’s services are operated in compliance with State licensing requirements, and where applicable with Medicare and Medicaid Conditions of Participation.

As noted in earlier sections of this application, many health care providers, including hospice agencies are challenged by staff shortages. WHH has also had challenges, but our Pierce County staffing is shared with our King County agency. WHH also has home health nurses that are also cross trained in hospice and can be shared between its hospice and home health programs. This also helps with continuity of care as some patients can have the same caregiver regardless of if they are in home health or hospice. Wesley is a well-established, highly regarded long-term care provider.

The relatively small number of staff needed to maintain and grow operations into Pierce County, and 2) our ability to recruit from both King and Pierce Counties, has led us to conclude that we will be able to recruit and retain the staff needed to support the Program.

Throughout this PHE, WHH has demonstrated its ability to respond timely to referrals, according to patient need and preferences. We do this through the actions of a dedicated and supportive team, and systems designed to facilitate timely quality of care delivery.

Specific processes include cross-training of our RN Clinical Director and RNs in case management, home health, palliative care, and hospice (all of the Programs under the Wesley Homes umbrella). This provides us with flexibility to “swing” staff to meet demands in each program. We also successfully navigated through staffing challenges during the pandemic by developing and implementing effective infection control policies (no staff was infected at work), innovative care delivery, such as making appropriate home visits for hands-on, eyes-on care, providing virtual visits, as approved by the Interdisciplinary Group (IDG) and the patient/family for support and instruction, and generally optimizing available IDG members and volunteers to maintain appropriate care and support to Hospice patients and their families. We will continue these practices.”

AccentCare/Seasons Public Comment [source: pdf 15]

“Wesley Homes fails to identify its recruitment and retention strategies, stating, “WHH has also had challenges, but our Pierce County staffing is shared with our King County agency. WHH also has home health nurses that are also cross trained in hospice and can be shared between its hospice and home health programs.”

Sharing staff or diverting staff from one program to serve another does not increase staff, but rather dilutes one service at the expense of another.

Screening Question 24. The department is aware of staffing shortages and the competitive demand for skilled labor across Washington State. In the event that this facility faces any barriers to recruiting staff, please outline the plan the applicant would use to ensure timely patient care.

Wesley Homes responds by identifying its cross-training practices, enabling flexibility to “swing” staff to meet demands. However, no mention is made of how the organization would recruit and retain to ensure sufficient numbers of qualified health professionals to meet the projected utilization. According to the response to Screening Question 25, total Full Time Equivalent (FTEs) is 16.53. Therefore, the applicant has not demonstrated sufficient resources to increase staffing in the face of recruiting barriers, and therefore does not meet the requirements for Structure and Process of Care.”

Wesley Rebuttal Comment to AccentCare/Seasons Public Comment

“Seasons wrongly suggests that Wesley fails to identify its recruitment and retention strategies, and further suggests, without any evidence, that sharing staff between programs is not a good practice. It also suggests that Wesley did not mention how we intend to recruit. They additionally incorrectly concluded that our after-hours program could limit access.

Unlike Seasons, which has little to no operating experience in Western Washington, Wesley is a highly regarded long-term care provider with proven experience and processes for recruiting and retaining staff in the area. That said, we do acknowledge that all of healthcare is stressed to recruit at this time. In terms of Pierce County hospice, Wesley is “ahead of the curve” because we have been serving the County for more than two years and can demonstrate that we have been able to sustain staffing to meet census.

Claims that cross-training staff and/or sharing staff between programs does not help with staffing coverage are just a lack of understanding of the benefits of coordinating care and access across programs and of the efficiencies, productivity and improved access that result. Wesley was able to staff its King County operations and step up to serve Pierce during the PHE while other providers struggled to serve their approved counties. We have demonstrated the benefits of our coordinated staffing plan, and Pierce County residents have been positively impacted.

Department's Evaluation

If approved, the applicant would be a new provider of Medicare and Medicaid hospice services for Pierce County residents. To ensure its staffing ratios are reasonable, the applicant based them on its experience in King County where it uses FTE per patient average daily census. This approach means fewer patients per FTE. Wesley uses this approach because it allows staff to address the complex and changing needs of hospice patients. Further lower nursing ratios allows for longer patient/staff time, which is important for urgent hospice admissions. This approach by Wesley is acceptable.

During the review of this project, AccentCare provided comments asserting that Wesley failed to identify its recruitment and retention strategies. Further AccentCare states that Wesley identified cross-training practices, that gives flexibility to swing staff to meet demands, however, sharing or diverting staff from on program to serve another does not increase staff, rather it dilutes staff.

In rebuttal, Wesley acknowledges the healthcare shortage and asserts that since it has been serving Pierce County hospice patients for more than two years under the Governor's proclamation, it has been able to sustain staff to meet census. Wesley further states that cross-training and/or sharing staff between programs provides the benefits of coordinating care and access across programs resulting in added efficiencies, productivity, and improved access to hospice services.

The department recognizes the current shortage of healthcare staff since the pandemic and encourages applicants to find resourceful ways to staff their healthcare facilities to ensure patient needs are met. Based on the information provided in the application, the department concludes that Wesley has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

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

Chapter 246-310 WAC does not contain specific WAC 246-310-230(2) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that an agency must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's ability to establish and maintain appropriate relationships.

Continuum Care of Snohomish LLC

In response to this sub-criterion, Continuum Snohomish provided the following statements, table, and information.

“Continuum directly provides most of the ancillary and support services needed. But, for other services, it also offers:

- *Inpatient Care*
- *PT/OT/ST/RT/IV therapy*

- *X-Ray*
- *Pharmacy*
- *Durable Medical Equipment*
- *Medical Supplies*
- *Laboratory*
- *Dietary/Nutritionist*
- *Ambulance*
- *Biowaste removal*
- *Specialty therapies*

No existing ancillary or support agreements are expected to change as a result of this project.” [source: Application, pdf 38]

Applicant’s Table

Table 11 Continuum of Snohomish Ancillary and Support Services and Vendors	
Service	Vendor
Inpatient Care	Area hospitals
PT/OT/ST/RT/IV therapy	Everhome Homecare For PT/OT/SLP Option Care Home Infusion For IV Tx
X-Ray	Trident Care Mobile X-Ray
Pharmacy	Enclara Pharmacia
Durable Medical Equipment	Bellevue Healthcare
Medical Supplies	TwinMed Inc.
Laboratory	Quest Diagnostics
Dietary/Nutritionist	Dietician Consulting Services
Ambulance	Northwest Transportation
Biowaste removal	Quest Diagnostics
Specialty therapies	Wound Tx: Curetec

Source: Applicant

[source: April 28, 2022, screening response, pdf 20]

“The following is a list of the types of health care facilities that Continuum has working relationships with in Snohomish County and will work with the same types of organizations in Pierce County:

- *County Area Agency on Aging.*
- *Home Care Association of Washington and the National Association for Home Care*
- *DSHS, Aging and Disability Services*
- *Home Health and home care agencies*
- *Nursing Homes, Assisted Living and Adult Family Homes*
- *VA*
- *HMOs and other payers*
- *Washington State and County Veteran’s Programs*
- *County Health Departments*
- *Area hospitals*
- *Preferred provider for Aegis Living*

No existing working relationships are expected to change as a result of this project. However, Continuum does anticipate that it will expand the entities in Pierce County with which it has working relationships with.” [source: Application, pdf 39]

Continuum Snohomish provided a copy of the executed Medical Director Services Agreement between Continuum Care of Snohomish LLC and Dr. Don Nguyen, MD. The agreement was executed on February 1, 2022, and outlines roles and responsibilities for each participating entity. The agreement is effective for one year, with automatic annual renewals in perpetuity. [source: April 28, 2022, screening response, Attachment 7]

The department received public comment criticizing this applicant's chosen office location as potentially impeding access, this comment was addressed in an earlier section⁵⁵ of this applicant's review and will not be repeated here.

Department Evaluation

For this project Continuum Snohomish proposes to expand its existing licensed hospice services to include Pierce County from an office in Everett, within Snohomish County.

Continuum Snohomish provided a listing of healthcare facilities it has working relationships with and the ancillary and support vendors it would continue to use for the service area expansion; and states that it expects no changes to these relationships are required as a result of this project. Continuum Snohomish also provided a copy of its executed Medical Director Services Agreement, which has annual automatic renewals in perpetuity.

Information provided demonstrates that the applicant has the experience and access to all hospice ancillary and support services necessary for its proposed service area expansion. Based on the information reviewed, the department concludes that Continuum Snohomish has the experience and expertise to maintain appropriate ancillary and support relationships for the hospice services in Pierce County. Based on the information here the department concludes **this sub criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

*Avamere Rehabilitation of Richmond Beach
Benson Heights Nursing and Rehabilitation
Center
Burien Nursing and Rehabilitation Center
Canterbury House
EmpRes at Auburn LLC – Advanced Post-
Acute*

*Providence Marianwood
Providence Mount St. Vincent
Queen Anne Health Care
Seattle Medical Post-Acute Care
Enumclaw Health and Rehabilitation Center*

• Long-Term Care facilities: *Providence Hospice has agreements with the following long-term care facilities in King County:*

*Bayview Manor
Briarwood at Timber Ridge
Burien Nursing and Rehabilitation Center
Canterbury House
Covenant Shores
EmpRes at Auburn LLC – Advanced Post-
Acute
Foss Home and Village*

*The Hearthstone
Judson Park Health Center
Kin On Health Care Center
Laurel Cove
Life Care Center of Federal Way
Mission Healthcare at Renton
North Auburn Rehabilitation Center
Park Ridge Care Center*

⁵⁵ WAC 246-310-210(1)

*Park West Care Center
Providence Marianwood
Providence Mount St. Vincent
Queen Anne Health Care
Redmond Care and Rehabilitation
Sea Mar Community Care Center
Shoreline Health and Community Care
Center
Talbot Center for Rehabilitation and
Healthcare*

*Seattle Medical Post-Acute Care
The Oaks at Forest Bay
The Terraces at Skyline
Washington Care Center for Comprehensive
Rehabilitation
Wesley Homes Health Center
Avamere Rehabilitation of Richmond Beach
Enumclaw Health and Rehabilitation Center
Benson Heights Rehabilitation Center*

- **Pharmacy Benefit Manager:** *Providence Hospice has an agreement with Northwest Pharmacy Services to be its Pharmacy Benefits Manager. Providence Hospice has an agreement with Providence Infusion and Pharmacy Services to provide 24-hour oral dose and infusion medications. Providence Hospice also has an agreement with Omnicare to provide emergent medications as a backup to Providence Infusion and Pharmacy Services. Providence Hospice has an agreement with Pacific Northwest Courier Services and Mountain West Logistics to courier medications to patients urgently as needed. We have a close working relationship with Bartell Pharmacy – Queen Anne for 24-hour medication needs.*
- **Home Medical Equipment:** *Providence Hospice has an agreement with Bellevue Healthcare to provide Home Medical Equipment.*
- **Oncology Cancer Center:** *Providence Hospice has a strong working relationship with Seattle Cancer Care Alliance, which supports patients from Pierce County.*
- **Veterans Administration:** *Providence Hospice has a strong working relationship with the Veterans Administration, including inpatient and outpatient palliative care, which supports patients from Pierce County.*
- **Pediatric Care:** *Providence Hospice has strong working relationships with Seattle Children’s Hospital and Mary Bridge Children’s Hospital in Tacoma, including the palliative care teams at both facilities.*

Avoiding fragmentation to care delivery is a key reason why Providence Hospice is requesting certificate of need approval to operate a Medicare certified and Medicaid eligible hospice agency to serve residents in Pierce County. Providence offers exceptional inpatient and specialty care in the King County service area, such that many Pierce County residents seek specialty care in King County with Providence. As these residents return to their homes in Pierce County, Providence aims to maintain continuity of care, ensuring the availability of Providence primary care and ambulatory care services and, as care needs change, a seamless transition to home-based and hospice services.

Not only does Providence Hospice have strong existing relationships in the community, we utilize the Epic electronic health record in our hospice and home health services, which is a very valuable tool to help decrease the risk of fragmentation, improve the quality and timeliness of communication between caregivers, and enhance the overall level of clinical excellence offered.”

Providence provided the following clarification regarding other agreements currently in place for the proposed hospice services. [source: Application, pdf 38]

“Management and Operating Agreements. *Providence Hospice is part of Providence Health & Services, a large integrated health system that administers key elements associated with the provision of care and of operations and administration services. An Allocated System Expense that is equal to 7% of Net Operating Revenue covers the cost of services, such as Human Resources, Finance, Information Services, Revenue Cycle, and others(see Exhibit 14, Other Expense Assumptions). There are no management or operating agreements for the proposed project.*

Medical Director Agreement. *The medical director is employed by Providence Hospice, so there is no medical director agreement. Please see Exhibit 17 for the medical director job description.*

Joint Venture Agreement. *There is no joint venture agreement for the proposed project. Providence Hospice is wholly owned by Providence Health & Services – Washington.”*

As stated above, Providence provided a copy of the medical director’s job description within the application. The job description provides roles and responsibilities for both Providence and the physician. It includes the essential functions of the medical director, which includes regulatory compliance, quality improvement, and coordination with the interdisciplinary team. While the job description does not identify a specific physician, Providence stated that the medical director for the current Seattle hospice agency is Bruce Smith, MD.. [source: Application, pdf 48 and Exhibit 17]

There was no public comment or rebuttal comment provided under this sub-criterion for this applicant.

Department Evaluation

Providence Hospice of Seattle is currently a Medicare and Medicaid hospice provider in King County and proposes to expand the services into Pierce County. The proposed hospice agency would be located in Tukwila, in King County. Information provided in the application demonstrates that the hospice agency would continue to have access to all ancillary and support services used. This includes the existing medical director arrangement.

Information reviewed in the application demonstrates that Providence has the experience and expertise to maintain appropriate ancillary and support relationships for their existing hospice agency’s operations in Pierce County. Based on the information, the department concludes **this sub criterion is met.**

AccentCare, Inc.

In response to this sub-criterion, the applicant provided the following information. [source: Application, pdf 92-93, screening responses pdf 13]

“A sample nursing home contract for inpatient care is provided in Exhibit 6 (Page 193 of the application). Exhibit 17 (page 445 of the application) included policies that describe how ancillary and support services function with the care team. Specifically, these policies included #202 Contracted Services; #206 Standards of Practice; and #606 Financial Management. These policies have now been updated with the policies identified below and found in Attachment 6 to this screening response. A reference page is also provided in the attachment, identifying the previous and current policy number and name. Exhibit 19 (page 567) includes the Medical Director Agreement and a sample Physician Independent Contractor Agreement.

- *HOS 3-007 Contracted Services Providers*
- *C 1.4.1 Clinical Policies and Procedures*

- C 3.3.5 Financial Management

“Seasons Pierce County uses employees to deliver services, and contract personnel to supplement the skills that may not be routinely available among the employees when the plan of care requires such services. Most often, these contract services include physical, respiratory, speech, and occupational therapists. A patient may also require acupuncture, massage, or other palliative treatments for which a licensed professional is required.

Because ancillary personnel serve under contracts, they augment the plan of care by adding some additional services specified in the plan of care. At all times, AccentCare employees are in control of the delivery of care, and retain control, thus assuring that the contracted personnel can meet the service demand. Contract employees are also discussed in previously mentioned policies, appearing in Exhibit 17.

Some hospices consider music therapy and dieticians as ancillary services but AccentCare identifies them as core team members; they are included in the interdisciplinary group.

Active in the community, Seasons Pierce County’s educational, promotional, and outreach efforts intersect with facilities, advocacy groups, religious institutions, service providers, physicians, social workers, funeral directors, and insurers (including HMOs). Working relationships often occur from the following groups:

- | | | |
|------------------------------------|-----------------------------|---------------------------------|
| • Nursing homes | • Physicians | • Churches |
| • Hospitals | • Dialysis Centers | • Funeral Directors |
| • Assisted Living Facilities | • Social Workers | • Social Services Organizations |
| • Health Maintenance Organizations | • Home Health Organizations | • Families and Individuals |

In order to assure access and availability of general inpatient care close to the patients’ homes, AccentCare proposes contractual agreements with nursing homes and hospitals throughout Pierce County. Letters of support will be provided during the public comment period identifying individuals and facilities with which the applicant will establish working relationships.”

The applicant also provided a copy of the Medical Director Agreement to be used for the new Pierce County agency executed on January 1, 2021. The agreement is between Seasons Hospice & Palliative Care of Pierce County, LLC and Balakrishnan Natarajan, MD. The agreement outlines roles and responsibilities for both the agency and the physician and identifies compensation for the medical director before and after the agency is licensed. The agreement is effective for one year, with automatic annual renewals in perpetuity (evergreen clause).

AccentCare also provided an example ‘Physician Independent Contractor Agreement’ that will be used for this Pierce County project. The role of the physician independent contractor, also referenced in the application as ‘physician team support,’ is explained below: [source: screening response, pdf 10-11 and Attachment 6]

“The term “physician support team” refers to the individual physicians who lead hospice teams in providing direct patient care, e.g., making visits to patients. These services are separate and distinct Active in the community, Seasons Pierce County’s educational, promotional, and outreach efforts intersect with facilities, advocacy groups, religious institutions, service providers, physicians, social workers, funeral directors, and insurers (including HMOs).”

There was no public comment provided on this sub-criterion

Department Evaluation

AccentCare, Inc. is not currently a Medicare and Medicaid hospice provider in Washington State; however, the parent organization does operate hospice agencies in a number of other states.

AccentCare, Inc. provided a listing of the types of ancillary and support agreements it would use for the new hospice agency. Given that the facility is not yet operational, the listing does not identify every entity and no agreements have been finalized.

AccentCare, Inc. provided a copy of its executed Medical Director Agreement with Balakrishnan Natarajan, MD. The agreement includes a job description and outlines roles and responsibilities for both the physician and the agency. The applicant also provided a copy of the draft Physician Independent Contractor Agreement. This agreement was previously reviewed and discussed in this evaluation.

AccentCare, Inc. provided a copy of the Services Agreement between Seasons Healthcare Management and Seasons Hospice & Palliative Care of Pierce County, LLC. The agreement was executed on January 1, 2021, and outlines roles and responsibilities for both entities. The agreement is used to ensure the new agency would have consulting services available, including billing and collection.

Information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all hospice ancillary and support services used by the facility.

Based on the information reviewed in the application, the department concludes that AccentCare, Inc. has the experience and expertise to establish appropriate ancillary and support relationships for the new hospice services in Pierce County. If this project is approved, the department would include conditions related to the listing of ancillary and support services. With agreement to the specific conditions, the department concludes **this sub criterion is met.**

Bristol Hospice, LLC

In response to this sub-criterion, Bristol provided the following statements. [source: Application, pdf 25]

“Bristol uses the following support services partners and services for ancillary needs:

- *Durable Medical Equipment*
- *Pharmacy*
- *Medical Supplies*
- *Physical Therapy*
- *Dietitian*
- *X-Ray*
- *Laboratory*
- *Ambulance or medical transport*
- *Biowaste disposal*
- *Inpatient care”*

Bristol provided a copy of the executed Medical Director and Physician Services Agreement between Bristol Hospice-Pierce, LLC (hospice) and Sabine VonPreyss, MD (medical director). The agreement was executed on October 25, 2019, and is effective for one year, with automatic renewals. The agreement outlines roles and responsibilities for both entities and includes compensation at \$300/hour.

Bristol also provided a copy of the executed Limited Liability Company Agreement of Bristol Hospice-Pierce, LLC. This agreement is between Bristol Hospice-Pierce, LLC (company) and Bristol Hospice, LLC (manager). The agreement was executed on January 18, 2022, and outlines roles and responsibilities for both entities. The terms of the agreement are restated below.

“Section 3: Term. The Company shall continue to exist in perpetuity until the first of the following to occur: (i) the dissolution and termination of the Company upon the determination of the Manager, or (ii) the dissolution and termination of the Company in accordance with the Act.”

There are no costs identified in the agreement for the services provided by the manager.

There were no public comments or rebuttal comments submitted for the Bristol project related to this sub-criterion.

Department’s Evaluation

Bristol does not currently provide Medicare and Medicaid-certified hospice agency in Pierce County, although it is approved to operate in Thurston and Snohomish counties within Washington State. This project proposes to serve Pierce County patients from an office in Thurston County.⁵⁶

Bristol provided a listing of the types of ancillary and support vendors it would use for the new hospice agency. Given that the agency is not yet operational, no vendor agreements have been executed. If this project is approved, the department would include a condition requiring Bristol to provide a listing of ancillary and support vendors prior to providing hospice services in Pierce County.

Bristol also provided two executed agreements that would be used for the new hospice agency. Both agreements include specific information regarding roles and responsibilities of the signing entities. The Medical Director Agreement identifies all costs associated with the services. The Limited Liability Company agreement references no compensation for the services.

Information provided demonstrates that the applicant would have the experience and likely access to all hospice ancillary and support services used by the proposed hospice agency located in Thurston County to serve Pierce County residents. Provided the applicant agrees to a condition regarding the ancillary and support vendor listing, the department concludes **this sub criterion is met.**

The Pennant Group, Inc.

In response to this sub-criterion, Pennant provided the following statements. [source: Application, pdf 38]

“As a long-established provider in Pierce County, Puget Sound Home Health has strong, established relationships with existing healthcare systems in Pierce County and surrounding counties. Puget

⁵⁶ To clarify, Bristol Hospice, Thurston’s office is located in King County, within Federal Way. Bristol Hospice-Snohomish’s office is located in Everett, within Snohomish County. This project under review proposes to establish a new agency in Thurston County that would serve Pierce County residents.

Sound Home Health works closely with community partners, local hospital systems, private duty providers, physicians, and in home care physician groups. In fact, as mentioned above, Pennant’s operational model is for each agency to engage in and seek market-specific care and opportunities within each county services are available. This is best accomplished through partnerships with other health care providers. This partnership takes many forms, including sharing of coordination of care, assisting and coordinating appropriate admissions, mutually driven quality outcomes, preventing hospital readmissions, and patient satisfaction.

Puget Sound Home Health has been involved in the community’s ongoing efforts in Pierce County and other counties to battle COVID-19 pandemic. With the most recent COVID-19 pandemic surges, Puget Sound Home Health was able to utilize its narrowed network with MultiCare and CHI Franciscan to provide overflow for their increased number of referrals and COVID-19 positive patients. In addition, Puget Sound Home Health is a member of the Northwest Healthcare Response Network that helps assist with disaster preparedness, responses, and surge efforts.”

As a new agency, Pennant did not provide a listing of current contracts in place, rather, Pennant provided the following listing of ancillary and support services anticipated to be established for the new hospice agency. [source: Application, pdf 35]

“Strategic Healthcare Programs (SHP)

Home Care Home Base (HCHB)

DME Vendor

Pharmacy Vendor

Medical Supply Vendor

eSolutions – accounting interface

Workday – HR interface

Lippincott – electronic educational/procedural tool for clinicians

Focura – Leading document management and HIPPA compliant communication for clinicians

Provider Link – for community physicians

Relias Learning – clinician focused learning tool

TigerConnect—HIPAA compliant communication for clinicians”

Pennant also provided the following clarification:

“Note, the Applicant has contracts with many of these vendors as part of Pennant- or Cornerstone-wide enterprise contracts, which helps with cost containment.”

[source: Application, pdf 35, footnote 17]

Pennant provided a copy of the executed Medical Director Service Agreement between William Elledge, MD, and Symbol Healthcare, Inc. located at 4002 Tacoma Mall Boulevard, #204A, in Tacoma [98409]. The agreement was executed on December 21, 2020, and outlines roles and responsibilities for each entity, as well as compensation. Additionally, there is an expense line item to account for this cost in Pennant’s projected Revenue and Expense Statements. The agreement is effective for one year, with automatic annual renewals in perpetuity. [source: Application, Exhibit 3]

Further, Pennant provided a copy of the executed Consulting, Professional, and Operational Support Services Agreement between Cornerstone Service Center, Inc., a Nevada Corporation (consultant) and Symbol Healthcare, Inc. dba Puget Sound Home Health (facility). The agreement was executed on October 1, 2019, and focuses on administrative services to be provided to the hospice agency. The agreement also outlines roles and responsibilities for each entity, as well as compensation.

Additionally, there is an expense line item to account for this cost on Pennant's projected Revenue and Expense Statements. The agreement is effective for one year, with automatic annual renewals in perpetuity. [source: Application, Exhibit 8]

Exhibit A included with the agreement referenced above focuses on clinical services to be provided to the hospice agency. The exhibit also outlines roles and responsibilities for each entity. Exhibit B is the Business Associate Agreement between Cornerstone Service Center, Inc. and Symbol Healthcare, Inc. This exhibit also outlines roles and responsibilities for each entity.

There were no public comments or rebuttal comments submitted for the Pennant project related to this sub-criterion.

Department's Evaluation

As previously stated, Pennant proposes to serve Pierce County hospice patients from a new agency to be located in Pierce County. Pennant operates eight home health or hospice agencies in Washington State and operates several home health and hospice agencies in other states.

Pennant provided a listing of ancillary and support vendors that would likely be used for the new agency, and noted it has existing agreements with some of the vendors for other agencies. If this project is approved, the department would include a condition requiring Pennant to provide a listing of ancillary and support vendors prior to providing hospice services in Pierce County.

Pennant also provided a copy of its executed Medical Director Service Agreement and its executed Consulting, Professional, and Operational Support Services Agreement. Pennant further detailed its existing area relationships and network.

Information provided in the application demonstrates that the applicant has the experience and access to all necessary hospice ancillary and support services that would be needed for a new agency in Pierce County to serve Pierce County patients. Provided the applicant agrees to a condition regarding the ancillary and support vendor listing, the department concludes **this sub criterion is met.**

Wesley Homes Corporation

Wesley Homes provided the following information to demonstrate compliance with this sub-criterion. [source: Application, pdfs 29-30]

"WHH's CN approved agency in King County works closely with local physicians, hospitals, family and other providers to ensure patients' comprehensive medical, social, and spiritual needs are met. We have done the same since beginning to serve Pierce in early 2020 under the Governor's Proclamation. We work closely with the following ancillary and support providers:

Ancillary Services:

- *Bellevue Health Care, Bellevue, WA (DME)*
- *Medtrak Services dba Elixir Overland Park, KS (PBM)*
- *TriMed Ambulance, Kent, WA*
- *Medline (nursing supplies)*
- *Functional Integrative Training, Sumner, WA (Physical Therapy)*
- *Career Staff Unlimited, Tacoma, WA (OT and SLP)*
- *Matrixcare EMR*

*In addition, Wesley has established the below working relationships in Pierce County:
Facilities:*

- *MultiCare Good Samaritan Hospital*
- *MultiCare Tacoma General Hospital*
- *MultiCare Allenmore Hospital*
- *CHI Franciscan St Joseph Medical Center*
- *CHI Franciscan St Elizabeth*
- *CHI Franciscan St Anthony*
- *CHI Franciscan St Clare*
- *Kaiser Permanente*
- *Life Care Center- South Hill*
- *Wesley Bradley Park*
- *Wesley at Tehaleh*

Other Providers and Community Resources:

- *Primary care and specialty providers*
- *Home Health agencies*
- *Pierce County Health and Human Services Departments*
- *Other long-term care providers*
- *Local Churches*

None of the existing relationships or agreements are expected to change.”

In addition to the information above, Wesley provided a copy of the existing Medical Director Agreement between Wesley Homes at Home, LLC and Jude Verosa, MD. The agreement was executed on December 14, 2016 and outlines necessary qualifications for the medical director and describes roles and responsibilities for both the medical director and the agency. The agreement is effective unless terminated by either entity with 30 days’ notice. The applicant also provided an Addendum to the Medical Director Agreement clarifying compensation. The compensation for medical director services for King County is \$4,500 / monthly and \$54,000 annual. The compensation for the Pierce County services is \$2,500/monthly, which equates to \$30,000 annual. [source: Application, Exhibit 5 and March 31, 2022, screening responses, Attachment 4]

There were no public comments or rebuttal comments for the Wesley project related to this sub-criterion.

Department’s Evaluation

As previously stated, Wesley proposes to serve Pierce County hospice patients by expanding the service area of its existing King County hospice agency. Wesley does not operate outside of Washington State, but it operates a number of healthcare facilities, including a home health and a hospice agency, in Washington State.

Wesley provided a listing of ancillary and support vendors currently used for the King County agency that would also be used for the expanded services in Pierce County.

Wesley also provided a copy of its executed Medical Director Agreement between Wesley Homes at Home, LLC and Jude Verosa, MD. Wesley further detailed its existing area relationships and network.

Information provided in the application demonstrates that the applicant has access to all necessary hospice ancillary and support services that would be needed to expand into Pierce County. The department concludes **this sub criterion is met.**

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

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 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 each applicant's history in meeting these standards at other facilities owned or operated by each applicant.

As a part of this review, the department must conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.⁵⁷ For in-home services agencies, the department reviews two different areas when evaluating this sub-criterion. One is a review of the Centers for Medicare and Medicaid Services (CMS) *Terminated Provider Counts Report* covering years 2019 through current. The department uses this report to identify facilities that were involuntarily terminated from participation in Medicare reimbursement.

The department also reviews an applicant's conformance with Medicare and Medicaid standards, with a focus on Washington State facilities. The department uses the CMS *Survey Activity Report* to identify Washington State facilities with a history of condition level findings. For CMS surveys, there are two levels of deficiencies: standard and condition.⁵⁸

- Standard Level
A deficiency is at the Standard level when there is noncompliance with any single requirement (or several requirements) within a particular standard that is not of such character as to substantially limit a facility's capacity to furnish adequate care, or which would not jeopardize or adversely affect the health or safety of patients if the deficient practice recurred.
- Condition Level
Deficiency at the Condition level may be due to noncompliance with requirements in a single standard that, collectively, represent a severe or critical health or safety breach, or it may be the result of noncompliance with several standards within the condition. Even a seemingly small breach in critical actions, or at critical times, can kill or severely injure a patient, and such breaches would represent a serious or severe health or safety threat.

Although some of the applicants in this review own and/or operate post-acute facilities,⁵⁹ none are without in-home services⁶⁰ operations. Since the proposed projects are for hospice services, the focus of this review will be historical hospice and home health operations as they are either the same or functionally the most similar to the services proposed in these projects.

⁵⁷ WAC 246-310-230(5).

⁵⁸ Definitions of standard and condition level surveys: <https://www.compass-clinical.com/deciphering-tjc-condition-level-findings/>

⁵⁹ Nursing homes and assisted living facilities

⁶⁰ Home health or hospice

Continuum Care of Snohomish LLC

Continuum Snohomish's response to this sub-criterion is also used to evaluate the sub-criterion under WAC 246-310-230(5). Continuum Snohomish provided the following statement when asked to identify whether any facility or practitioner associated with this application has a history of actions which relate to non-compliance with federal and/or state laws, and if so, to provide evidence that ensures safe and adequate care to the public will be provided. [source: Application, pdf 40]

"Neither Continuum, its managing members nor the proposed medical director has any history with respect to the items noted in Q18."

Continuum Snohomish provided the following statement and discussion regarding its method for assessing customer satisfaction and quality improvement.

"Continuum uses a Quality Assessment and Performance Improvement (QAPI) Committee to oversee patient/family/caregiver satisfaction and quality improvement. Continuum will use a similar process for identifying and addressing quality issues and implementing corrective action plans, as necessary. The Administrator will be the chairperson for the Committee and responsible for creating the QAPI culture, environment for change and facilitating quality assessment and performance improvement process. Committee members include:

- *Administrator (serves as chairperson)*
- *Clinical Director*
- *Medical Director*
- *3-5 members of the agency staff*

Ad hoc teams may be appointed by the QAPI Committee to participate in quality projects. Team members will be selected depending on the Performance Improvement Project (PIP) problem or issue identified.

The QAPI Committee has the overall responsibility and authority to conduct a confidential review of information for the identification of concerns and trends for negative findings. The completion of tasks may be accomplished through designated individuals or quality project teams. Specific responsibilities include:

- *Identify trends in clinical outcomes.*
- *Evaluation of data related to systems and services offered to patients.*
- *Monitor new systems and services.*
- *Monitor customer and patient satisfaction."* [source: Application, pdf 37]

Continuum Snohomish provided the following statements regarding agencies owned and operated by its members.

"Continuum has previously been advised by CN Program staff the quality of care analysis will use QCOR data. QCOR data is an online data system produced by the Centers for Medicare and Medicaid Services. It includes survey and certification data collected by CMS to track and oversee providers of Medicare and Medicaid services. This information includes provider information such as name, address, size, ownership, and inspection (survey) results. Under QCOR Continuum does not have any existing complaint surveys or terminations listed since at least 2017. None of the agencies operated by Continuum's managing members have any consistent pattern of condition level negative findings." [source: Application, pdf 41]

"Continuum does not have any existing complaint surveys or terminations listed since at least 2017 and this statement includes all of the recently divested agencies.

Continuum and its affiliates have demonstrated a consistent history of quality operations, under both publicly reported data and internal data. Continuum is unaware of any survey, metric, or other quality review mechanism indicating that it, its current or recently divested affiliates, or its owners have any significant negative quality issues. We anticipate that public comments will further demonstrate the remarkable quality of care provided by Continuum in Snohomish and under its PHE operations in King and Pierce counties.” [source: April 28, 2022, screening response, pdf 20]

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

Department Evaluation

As stated in the Applicant section of this evaluation, Continuum Care of Snohomish LLC is the applicant. According to this application Continuum Snohomish members currently or recently own(ed) and operate(ed) agencies in the following states: California, Florida, Massachusetts, Missouri, New Hampshire, New Jersey, Ohio, Rhode Island, Virginia, and Washington. [source: Application, pdfs 4-6 and Exhibits 1 and 2]

**Department’s Table 47
Continuum’s Members’ Count of Current or Recent
In-Home Services Agencies by State**

State	# of Agencies	State	# of Agencies
California	2 ⁶¹	New Jersey	1
Florida	2	Ohio	1
Massachusetts	1 ⁶²	Rhode Island	1 ⁶³
Missouri	1	Virginia	1
New Hampshire	1 ⁶⁴	Washington	2

Terminated Provider Counts Report for Agencies Owned and/or Operated by the Members of Continuum Care of Snohomish LLC

Focusing on years 2019 through 2021 and partial year 2022, none of Continuum Snohomish’s members’ hospice agencies were involuntarily terminated from participation in Medicare reimbursement. [Source: CMS Quality, Certification, and Oversight Reports as of August 28, 2022]

Conformance with Medicare and Medicaid Standards for Continuum Care of Snohomish LLC

The department reviewed the survey history for the applicant using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review included full years 2019 through 2021 and partial year 2022.

Continuum Snohomish’s members currently own three separate agencies in Washington State which provide in-home services. Following is a summary of Continuum Snohomish’s members’ Washington State hospice agencies’ survey activity reports as of August 28, 2022.

⁶¹ Divested 07/16/2020.

⁶² Divested 07/16/2020.

⁶³ Divested 07/16/2020, change of ownership and operational control completed 06/21/2021.

⁶⁴ Divested 07/16/2020.

**Department's Table 48
Summary of Continuum's Members' Washington State Hospice Surveys**

Service Type	State	# of Agencies	Standard Surveys	Complaint Surveys	Number of Surveys with Specific Types of Deficiencies		
					No Deficiencies	Standard Only	Condition & Standard
Hospice	Washington ⁶⁵	3	1	0	1	0	0

In addition to its Washington State agencies, Continuum Snohomish's members currently or recently own(ed) and operate(ed) 11 separate agencies in an additional nine different states, which provide in-home services. Following is a summary of Continuum's members out-of-state hospice agencies' survey activity reports as of August 28, 2022.

**Department's Table 49
Summary of Continuum's Members' Out-of-State Hospice Surveys**

Service Type	State	# of Agencies	Standard Surveys	Complaint Surveys	Number of Surveys with Specific Types of Deficiencies		
					No Deficiencies	Standard Only	Condition & Standard
Hospice	California	2	0 ⁶⁶	0	0 ⁶⁷	0	0
	Florida	2	2	0	2	0	0
	Massachusetts	1	1	0	1	0	0
	Missouri	1	0 ⁶⁸	0	0 ⁶⁹	0	0
	New Hampshire	1	1	0	1	0	0
	New Jersey	1	1	0	1	0	0
	Ohio	1	1	0	1	0	0
	Rhode Island	1	1	0	1	0	0
	Virginia	1	1	0	1	0	0
Totals		11	8	0	8	0	0

Washington State Healthcare Agencies

Of the three Washington State agencies, only two were currently Medicare and Medicaid-certified,⁷⁰ for full years 2019 through 2021 and partial year 2022, there is one standard survey completed in Washington, which resulted in no deficiencies at all.

Out-of-State Healthcare Agencies

⁶⁵ One of the Washington State agencies did not have any surveys in the period reviewed (Continuum of King LLC) since it is relatively new and is not yet certified.

⁶⁶ Continuum Care North Bay, LLC (CCN 921776) has no surveys in the review period. Continuum Care Hospice, LLC (CCN 751626/A01559) had one survey (standard survey, August 25, 2021) in the review period, but the agency was already under new ownership (divested July 16, 2020).

⁶⁷ Ibid.

⁶⁸ Affinity Care of Missouri LLC (CCN 261609) has no surveys in the quality survey review period.

⁶⁹ Ibid.

⁷⁰ Continuum Care of Snohomish LLC (the applicant) CCN 501545 and Continuum Care of King LLC CCN 501549.

Of the remaining 11 hospice agencies currently or recently own(ed) and operate(ed) by a member of Continuum Snohomish, two had not experienced any surveys⁷¹ for full years 2019 through 2021 and partial year 2022. There were nine standard surveys, of which, one was of an agency during the review period, but ownership control had already transferred to the new owners. Of the remaining eight surveys attributable to this applicant none resulted in and deficiencies.

In summary, since year 2019, none of the agencies Continuum Snohomish's members currently or recently own(ed) and operate(ed) had surveys which resulted in any deficiencies.

Continuum Snohomish provided the name and professional license number of its medical director Don Nguyen, MD. Using data from the department's provider credential search, the department found that Dr. Nguyen is compliant with state licensure and has no enforcement actions on his license.

Continuum Snohomish identified a few administrative staff whose job responsibilities do not require a credential. Being that this is a service area expansion of an existing agency Continuum Snohomish also provided a listing of its credentialed staff members. This includes one social worker associate, 24 registered nurses, ten nursing assistants, three physicians, one social worker, one licensed practical nurse, four home care aides, and one advanced registered nurse practitioner. Of these staff all except one⁷² have active licenses. Several have previous enforcement action all of which have been resolved. If this project is approved, the department would attach a condition requiring Continuum Snohomish to provide documentation that all its staff whose job requires a credential have active licenses prior to providing newly approved services.

In review of this sub-criterion, the department considered the total compliance history of Continuum Snohomish, as well as other agencies currently or recently owned and/or operated by its members. The department also considered the compliance history of the agency's medical director and staff of the agency. The department concludes that Continuum Snohomish entities with overlapping owners have been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's service area expansion would not negatively impact the compliance history of Continuum Snohomish's members. If this project is approved, the department would attach a condition requiring the applicant to provide documentation that all its staff whose job requires a credential have active licenses prior to providing newly approved services. With the applicant's agreement to this condition, the department concludes **this sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

The applicant provided the following information to demonstrate compliance with this sub-criterion and the sub-criterion under WAC 246-310-230(5). [source: Application, pdf 59 and 61]

"Providence Hospice of Seattle has neither facilities nor practitioners associated with the application with a history of any of the actions listed above.

...This question is not applicable, as the applicant does not own or operate any facilities or agencies that "reflect a pattern of condition-level findings."

⁷¹ Continuum Care North Bay, LLC, CCN 921776 and Affinity Care of Missouri LLC, CCN 261609.

⁷² Amber Bach's registered nurse license is expired (RN00157805).

The applicant provided the following discussion regarding its proposed assessment for customer satisfaction and quality improvement. [source: Application, pdf 53-54]

“Providence Hospice has an established Quality Assessment and Performance Improvement (“QAPI”) program that employs a number of methods and processes in assessing customer satisfaction and quality improvement. The Providence Hospice Clinical Quality Manager is responsible for facilitating the QAPI program for Providence Hospice. The Clinical Quality Manager, along with the Hospice Directors, Medical Director, Hospice Operation Managers, supervisors, and primary interdisciplinary team, are responsible for assuring Providence Hospice continues to monitor the quality of service it provides and develops performance improvement projects. The 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 26 for a copy of the QAPI program.

As required by CMS, Providence Hospice also participates in the Hospice Item Set. Our results in the survey scores have been consistently above the national rate. Please see Table 19 for the most recently published data.”

Applicant’s Table

Table 19. Providence Hospice of Seattle (Hospice Item Set) Quality Measures Reporting Period: 1/1/19 – 12/31/19

Measure	CMS National Rate	Providence Hospice of Seattle
Treatment Preferences (NQF #1641)	99.3%	99.7%
Beliefs/Values (NQF #1647)	97.6%	99.9%
Pain Screening (NQF #1634)	97.1%	100.0%
Pain Assessment (NQF #1637)	92.6%	99.1%
Dyspnea Screening (NQF #1639)	98.6%	100.0%
Dyspnea Treatment (NQF #1638)	96.8%	99.9%
Bowel Regimen (NQF #1617)	94.4%	100.0%

Source: CMS

Department Evaluation

Providence Health & Services owns or operates a total of 175 healthcare facilities in six states, including in-home services, hospitals, nursing homes, assisted living facilities, and other healthcare services. The following table shows the number of the 47 Providence in-home services (home health or hospice) for each state.

**Department’s Table 50
Providence Hospice or Home Health Agencies**

State	# of Agencies	State	# of Agencies
Alaska	2	Oregon	15
California	20	Texas	1
Montana ⁷³	0	Washington	9

⁷³ Texas is included in this list because Providence operates healthcare facilities in that state, but none are hospice or home health agencies.

Providence subsidiaries operate nine separate agencies in Washington State which provide home health or hospice services. Following is a summary of Providence’s Washington State subsidiaries’ home health and hospice agencies’ survey activity reports as of August 2, 2022.

Department’s Table 51
Summary of Providence’s Washington State Home Health & Hospice Surveys

Service Type	# of Agencies	Standard Surveys	Complaint Surveys	Specific Types of Deficiencies Cited		
				No Deficiencies	Standard Only	Condition & Standard
Home Health	5	4	0	1	3	0
Hospice	4	4	1	1	4	0
Totals	9	8	1	2	4	0

Below is a summary of the two areas reviewed for Providence Health & Services and its healthcare facilities.

Terminated Provider Counts Report

Focusing on years 2019 through 2022, none of Providence Health & Services healthcare facilities were involuntarily terminated from participation in Medicare reimbursement.

Conformance with Medicare and Medicaid Standards

In Home Service Agencies

Of the 47 in home service agencies, 21 are hospice and 26 are home health. Focusing on years 2019 through 2022, a total 16 agencies were not surveyed during the timeframe—8 hospice agencies and 8 home health agencies. All of the Washington State home health and three of the four hospice agencies were surveyed.

The 22 agencies surveyed resulted in a total of 27 surveys. Some surveys resulted in minor deficiencies and three agencies required one follow up visit. All agencies are in conformance with CMS standards at this time.

Providence Health & Services provided a listing of 217 staff persons associated with the current hospice agency in King County. Within the listing, included key staff for medical director-Bruce C. Smith, MD; medical social worker-Stacey Jones; and the director of hospice-MacKenzie L. Daniek. Using data from the Medical Quality Assurance Commission, the department confirmed that all three key staff persons hold an active medical license with no enforcement actions. Thirty-one of the listed staff members hold positions for which no credential is required. The department also reviewed the license/credential for the remaining 186 staff in the listing and confirmed all hold an active medical license with no enforcement actions.

In review of this sub-criterion, the department considered the total compliance history of Providence Health & Services. The department also considered the compliance history of the total of 189 identified staff persons who would be associated with the agency. Based on the information reviewed and the lack of public comment in opposition to the project, the department concludes that Providence Health & Services has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant’s expansion of hospice services into Pierce County would not cause a

negative effect on the compliance history of Providence Health & Services. The department concludes that this project **meets this sub-criterion.**

AccentCare, Inc.

The applicant provided the following information to demonstrate compliance with this sub-criterion and the sub-criterion under WAC 246-310-230(5). [source: Application, pdf 93]

“Seasons Hospice & Palliative Care of Pierce County, LLC has no history. The entity is a newly created limited liability company formed for the purpose of obtaining a certificate of need for a hospice entity that will operate in the state, serving residents of Pierce County. No healthcare agency nor any principle or officer affiliated with the applicant have had any denials or revocations of licenses nor criminal convictions.”

The applicant provided the following discussion regarding its proposed assessment for customer satisfaction and quality improvement. [source: Application, pdf 90-91]

“Although this criterion is not applicable, as the applicant is not an existing agency, the proposed Seasons Pierce County agency will have a method for assessing customer satisfaction and quality improvement.

The Centers for Medicare and Medicaid Services (CMS) mandates that all hospices measure quality through the use of the Hospice Item Set (HIS) quality measures and Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey results, with both methods linked to specific National Quality Forum endorsed measures of quality. Both components of the Hospice Quality Reporting Program allow individual hospices to compare their results to the national benchmark for the measure. Seasons Pierce County also plans to use the CHECKSTER Pulse survey for employee satisfaction. A copy of the CHECKSTER survey appears in Exhibit 26. Exhibit 17 contains applicable policies that Seasons Pierce County will implement to assure quality assessment and program improvement:

- *Quality Assessment & Performance Improvement, policy #501*
- *Sentinel Events, policy #502*
- *Program Evaluation, policy #612*

Seasons Pierce County will review all policies on an annual basis and conforms the policies to location-specific requirements. Please note that draft policies, currently in use at other Seasons facilities and applicable to Seasons Pierce County, are provided from Seasons Hospice & Palliative Care who is in the process of rebranding to AccentCare.

In addition to the local sites performing their own Performance Improvement Projects, AccentCare, Inc. provides a National Workgroup of quality experts to help the organization find root causes to problems impacting quality, find creative solutions, and make changes nationally that directly improve the quality of care for patients and families. By performing National Performance Improvement Projects, the sites are able to double their quality focus - one at the local level and the other at the national level impacting the local program. This attention to quality led by quality experts has resulted in reducing survey deficiencies, improved quality outcomes, and greater patient and staff satisfaction.”

Pennant Public Comment – Oppose

“Seasons states, “A total of five Seasons hospice agencies received condition-level findings during this timeframe (2019-2021), but exhibit adherence to quality standards and timely implementation

of corrective action plans followed by satisfactory compliance survey. Although the results do not rise to the level of a pattern of condition-level findings, for transparency, copies of the surveys are provided in Exhibit 27". We disagree, five is a pattern. Seasons application is inferior."

Providence Public Comment – Oppose

"B. The pattern of condition-level survey findings at five of AccentCare's hospice agencies over the period from 2019 through 2021 establishes that AccentCare's application does not satisfy the structure and process of care review criterion. Therefore, the Department must deny the application.

In order to satisfy the structure and process of care CN review criterion, AccentCare must demonstrate that (1) its Pierce County hospice program "will be in conformance with" the Medicare and Medicaid conditions of participation and (2) "[t]here is reasonable assurance that the services to be provided through the proposed project will be provided in a manner that ensures safe and adequate care to the public to be served and in accord with applicable federal and state laws, rules, and regulations." To assess whether a hospice CN application satisfies these criteria, the Department requires applicants to disclose whether any of the hospice agencies which they own or operate "reflect a pattern of condition-level findings" with respect to Medicare or Medicaid surveys. In addition, if the information submitted by an applicant "shows a history of condition-level findings," the Department requires the applicant to "provide clear, cogent and convincing evidence that the applicant can and will operate the proposed project in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements."

In response to the Department's information requests, AccentCare has disclosed that five hospice agencies owned or operated by AccentCare "received condition-level findings" during the period from 2019 through 2021. However, AccentCare asserts that the survey findings "do not rise to the level of a pattern of condition-level findings." AccentCare further asserts that a "quality review" apparently performed by AccentCare "did not disclose any pattern of conditional [sic]-level findings that would jeopardize the delivery of safe and adequate care." Finally, AccentCare asserts: "A root cause analysis reveals documentation inconsistencies as a primary basis for citations in routine surveys." AccentCare then asserts that it has addressed the problems with "documentation inconsistencies" by "changing the electronic medical record (EMR) platform," which will purportedly "prevent these documentation inconsistencies" in the future. In an exhibit to its application, AccentCare provides survey documents for the five AccentCare hospice agencies which received condition-level findings.

1. At an organizational level, there is "a pattern of condition-level findings" among AccentCare hospice agencies.

As noted above, the Department's hospice application form requires an applicant to disclose whether any hospice agencies owned or operated by the applicant "reflect a pattern of condition-level findings." Thus, an agency-specific disclosure is required. The application form does not address a situation in which the applicant's organization itself "reflect[s] a pattern of condition-level findings" among the hospice agencies which the organization owns and/or operates. However, it stands to reason that the presence of organization-wide condition-level findings would be of equal, or perhaps greater, concern to the Department in its evaluation of whether a hospice CN application satisfies the criteria set forth in WAC 246-310-230(3) and (5).

In this case, AccentCare has disclosed that five hospice agencies located in five different states received condition-level findings during the period from 2019 through 2021. This would appear to be enough to establish "a pattern of condition-level findings" among AccentCare's hospice agencies. AccentCare owns or operates 49 hospice agencies. Thus, during the period from 2019

through 2021, 10% of AccentCare's hospice agencies received condition-level findings. Accordingly, there appears to be a pattern of organization-wide condition-level issues over a relatively short period of time.

In order to determine whether AccentCare's application satisfies the structure and process of care criteria, the Department must conduct a fully-informed evaluation of whether AccentCare has provided "clear, cogent and convincing evidence" that AccentCare's proposed Pierce County hospice agency, as well as AccentCare as an organization, can be operated "in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements." However, as discussed below, there are significant issues as to whether the explanations and information submitted by AccentCare are sufficient to enable the Department to conduct its required evaluation.

2. The explanations and information provided by AccentCare with respect to the condition-level findings are not sufficient to enable the Department to determine whether AccentCare's application satisfies the structure and process of care criteria.

As noted above, in its application AccentCare offers explanations for, and provides survey documents relating to, the admitted condition-level findings at five of AccentCare's hospice agencies during the period from 2019 through 2021. However, as discussed below, the explanations and information do not provide "clear, cogent and convincing evidence" that either AccentCare's proposed Pierce County hospice agency or AccentCare as an organization can operate in a manner that satisfies the requirements of the structure and process of care criteria.

a. AccentCare has not identified which of the survey findings for the five hospice agencies (1) are condition-level findings and/or (2) are findings relating to "documentation inconsistencies." AccentCare has provided 140 pages of documents relating to the surveys conducted at the five AccentCare hospice agencies that received condition-level findings. However, AccentCare does not identify for the Department which of the survey findings (1) are condition-level findings and/or (2) are findings relating to "documentation inconsistencies," which AccentCare claims are "a primary basis for citations in routine surveys." Nor does AccentCare identify for the Department which of the five surveys were in fact "routine surveys." Simply placing 140 pages of survey documents in the Department's hands does not constitute "clear, cogent and convincing evidence" that AccentCare "can and will operate the proposed project in a manner that ensures safe and adequate care and conforms to applicable federal and state requirements."

Perhaps AccentCare anticipates that the Department will forward the survey documents to the unit within the Department which is responsible for conducting hospice agency surveys in order to obtain a detailed evaluation of the nature of the survey findings. Of course, we defer to the Department as to its future course of action. However, a review of the survey documents suggests that "documentation inconsistencies" do not appear to be the basis for several of the survey findings. Based upon the review, we have prepared a matrix which, with respect to the five agencies, identifies, to the extent possible, several findings which do not appear to be based solely upon "documentation inconsistencies." The matrix is attached hereto as Exhibit 2.

Again, we defer to the Department as to how it wishes to address the survey documents. However, we respectfully suggest that AccentCare's submission of the documents without any explanation or summary of the survey findings does not provide sufficient information to enable the Department to conduct a fully-informed evaluation of whether AccentCare's application satisfies the structure and process of care criteria.

b. AccentCare has not provided either (1) the “quality review” that purportedly demonstrates that there is not a pattern of condition-level findings at the five AccentCare hospice agencies or (2) the “root cause analysis” which purportedly demonstrates that “documentation inconsistencies” are “a primary basis for citations in routine surveys.”

In its application, AccentCare states that a “quality review” that it apparently conducted “did not disclose any pattern of conditional [sic]-level findings that would jeopardize the delivery of safe and adequate care.” AccentCare also states in the application: “A root cause analysis reveals documentation inconsistencies as a primary basis for citations in routine surveys.” However, to our knowledge AccentCare has not provided either of these documents to the Department. In the absence of these documents, which AccentCare relies upon as evidence that its application satisfies the structure and process of care review criteria, the Department cannot perform an evaluation of whether the application does in fact satisfy the criteria.

3. Conclusion.

AccentCare acknowledges that five of its hospice agencies “received condition-level findings” during the period from 2019 through 2021. In order to determine whether AccentCare’s application satisfies the structure and process of care review criteria, the Department must conduct a fully-informed evaluation of whether AccentCare has provided “clear, cogent and convincing evidence” that AccentCare’s proposed Pierce County hospice agency, as well as AccentCare as an organization, can be operated “in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements.” However, as discussed above, AccentCare has not provided such evidence. Accordingly, AccentCare’s application does not satisfy the structure and process of care criteria set forth in WAC 246-310-230(3) and (5).

C. There are significant questions regarding the sufficiency of the services to be provided by AccentCare’s medical director given that (1) he will only be providing one hour of services per week and (2) he will apparently be based in Illinois.

There are significant questions regarding the sufficiency of the services to be provided by AccentCare’s medical director for the proposed Pierce County hospice agency. First, the medical director is only required to provide one hour of services per week to the agency. Second, the medical director is also serving as the Chief Medical Officer of AccentCare’s Seasons Hospice unit, and, in that position, will be based in Illinois. This raises concerns with respect to both (1) the reliability of AccentCare’s financial projections under the financial feasibility criterion and (2) the reliability of AccentCare’s FTE projections under the structure and process of care criterion.

Dr. Balakrishnan Natarajan has been identified as the proposed medical director for AccentCare’s proposed Pierce County hospice agency. Dr. Natarajan also serves as “the Chief Medical Officer of Seasons Hospice,” which is a hospice unit owned and operated by AccentCare. It appears that he will be based in Illinois, not Washington: the Medical Director Agreement submitted by AccentCare identifies his address as being in Illinois.

Dr. Natarajan will only be providing one hour of medical director services per week to the Pierce County hospice agency. The Medical Director Agreement states: “Physician shall provide approximately 1 hour of Medical Director Services per week, which may vary from week to week.” AccentCare confirmed the one hour per week figure in its response to a screening question asked by the Department: “The proposed Medical Director contract for Seasons Pierce provides for the minimum required time for this position, estimated at one hour per week, and to perform the minimum necessary administrative services.”

The fact that Dr. Natarajan will only be providing one hour of services per week to AccentCare's Pierce County hospice agency raises significant questions regarding the sufficiency of the medical director services that will be provided to the agency. One hour of services per week is equal to only 0.025 FTE per year. AccentCare's FTE projection for the medical director position in each of the first three full years of operation is 0.030 FTE per year, suggesting that AccentCare has rounded up from 0.025 per year.

Of additional concern is the fact that the "Medical Director Services" to be provided by Dr. Natarajan include the following requirement: "Prior to a Patient's third and subsequent recertifications, Physician shall ensure a face-to-face encounter with the Patient to gather clinical findings that support continued hospice care and also attest that such a visit took place, all in the manner required under Applicable Laws." Given that Dr. Natarajan will only be providing one hour of services per week, there are questions as to his ability to engage in the required "face-to-face encounters" in view of (1) the volume of patients and (2) his other duties.

Accordingly, there are legitimate concerns regarding the sufficiency of the medical director services to be provided by Dr. Natarajan to AccentCare's proposed Pierce County hospice agency. These concerns in turn raise issues with respect to the reliability of AccentCare's FTE projections for the medical director position and of its concomitant financial projections."

AccentCare Rebuttal to Pennant

"Pennant overreacts to a few survey deficiencies among a large group of Joint Commission certified hospice agencies. While five Seasons hospice agencies received condition-level findings during the 2019-2021 timeframe, that is only 10% of the total hospice agencies operated by AccentCare and does not rise to the level of a pattern of condition-level findings. See page 96-97 of the application in response to question 21 regarding condition-level findings. The Joint Commission (TJC) accreditation is the highest standard any hospice can be held to. TJC has considerably more standards/evidence of performance than other accrediting agencies for Hospice such as CHAP (Community Health Accreditation Partner.) For example, TJC crosswalk to CMS Conditions of Participation (COP) is a 214-page document, compared to the CHAP crosswalk with 84 pages. In support of their "state of the art" standards [this is how TJC describes their standards on their website], they use a "see one-cite one" approach. This means if they review 20 patient records and if a single incident in a single record is noted, they will give a standard citation on that documentation area. If more than one patient record is noted or more than one incident in a single patient record is noted, they will upgrade the standard to a condition level. That means that documentation from a single hospice employee on a single patient can lead to a condition level deficiency. This is not related to patient care but to documentation of that care. Joint Commission surveyors consistently tell Seasons Hospice staff that patient care witnessed at the bedside during survey visits is "excellent", "inspiring", "wonderful", and that patients and families interviewed by TJC express extreme satisfaction with the care we provide.

The statement that there is "a pattern of condition-level findings" is erroneous. Citations may indicate that there was insufficient documentation to accurately reflect the care provided, but that is the only conclusion that can be drawn. TJC allows 60 days to work a plan of correction for any standard citation and 45 days for any condition level deficiency to be resolved. Seasons Hospice programs have successfully cleared every standard and condition level deficiency within the time frames provided by TJC, demonstrating ongoing commitment to providing the highest quality care

to each and every patient/family served and compliance with the conditions of participation in the Medicare and Medicaid programs.”

AccentCare Rebuttal to Providence

“Providence overreacts to a few survey deficiencies among a large group of Joint Commission certified hospice agencies. While five Seasons hospice agencies received condition-level findings during the 2019-2021 timeframe, that is only 10% of the total hospice agencies operated by AccentCare and does not rise to the level of a pattern of condition-level findings.” See page 96-97 of the application in response to question 21 regarding condition-level findings. The Joint Commission (TJC) accreditation is the highest standard any hospice can be held to. TJC has considerably more standards/evidence of performance than other accrediting agencies for Hospice such as CHAP (Community Health Accreditation Partner.) For example, TJC crosswalk to CMS Conditions of Participation (COP) is a 214-page document, compared to the CHAP crosswalk with 84 pages. In support of their “state of the art” standards [this is how TJC describes their standards on their website], they use a “see one-cite one” approach. This means if they review 20 patient records and if a single incident in a single record is noted, they will give a standard citation on that documentation area. If more than one patient record is noted or more than one incident in a single patient record is noted, they will upgrade the standard to a condition level. That means that documentation from a single hospice employee on a single patient can lead to a condition level deficiency. This is not related to patient care but to documentation of that care. Joint Commission surveyors consistently tell Seasons Hospice staff that patient care witnessed at the bedside during survey visits is “excellent”, “inspiring”, “wonderful”, and that patients and families interviewed by TJC express extreme satisfaction with the care we provide..

The statement that there is “a pattern of condition-level findings” is erroneous. Citations may indicate that there was insufficient documentation to accurately reflect the care provided, but that is the only conclusion that can be drawn. TJC allows 60 days to work a plan of correction for any standard citation and 45 days for any condition level deficiency to be resolved. Seasons Hospice programs have successfully cleared every standard and condition level deficiency within the time frames provided by TJC, demonstrating ongoing commitment to providing the highest quality care to each and every patient/family served and compliance with the conditions of participation in the Medicare and Medicaid programs.

...

The explanations and information provided by AccentCare with respect to the condition-level findings are not sufficient to enable to Department to determine whether AccentCare’s application satisfies the structure and process of care criteria.”

Response: The above statement is false. As addressed in the Screening Response and pages 96-97 of the application, AccentCare provides adequate explanation and information with respect to the condition-level findings. AccentCare confirms that a quality review did not disclose a pattern of condition-level findings that would jeopardize the delivery of safe and adequate care and provides plans of correction where applicable.

.....

AccentCare has not identified which of the survey findings for the five hospice agencies (1) are condition level-findings and/or (2) are findings relating to “documentation inconsistencies.”

Response: As stated in the Screening Response, five Seasons hospice agencies received condition-level findings during the timeframe of 2019-2021. To exhibit adherence to quality standards and timely interpretation of corrective action plans, a quality review was conducted which did not disclose any pattern of condition-level findings. A root-cause analysis revealed documentation inconsistencies as a primary basis for citations in routine surveys. As a corrective measure, SHCM

invested in changing the EMR platform to a system that prevents such documentation inconsistencies to better reflect the high quality of care clinicians routinely provide.

.....

AccentCare has not provided either (1) the 'quality review' that purportedly demonstrates that there is not a pattern of condition-level findings at the five AccentCare hospice agencies or (2) the 'root cause analysis' which purportedly demonstrates that 'documentation inconsistencies' are 'a primary basis for citations in routine surveys.'

Response: As stated in the Screening Response, for transparency, the surveys used to conduct the quality review and root-cause analysis are provided in Exhibit 27 of the application.

.....

There are significant questions regarding the sufficiency of the services to be provided by AccentCare's medical director given that (1) he will only be providing one hour of services per week and (2) he will apparently be based in Illinois."

Response: These concerns are addressed in the Screening Response.

Although the proposed Medical Director resides in Illinois, he is licensed in the State of Washington and will direct the program by providing in person site visits and interacting remotely in between site visits.

The proposed Medical Director contract for Seasons Pierce County provides for the minimum required time for this position, estimated at one hour per week, and to perform the minimum necessary medical administrative services.

The proposed Medical Director, Dr. Natarajan, serves a medical administrative role as specified in Exhibit A of the Medical Director Agreement (found in Exhibit 19 of the application). Responsibilities include participating in monthly leadership and quality meetings, providing quality oversight and medical expertise, supervising team physicians, establishing relations with the medical community, assist in developing education and research programs, and performing other administrative duties as necessary.

The applicant believes that 1 hour per week is the minimum commitment required to provide these administrative services. This is consistent with the experience of other Seasons hospice agencies in operation and meets the conditions of participation for Medicare and Medicaid services.

In addition to the administrative role, the Medical Director may also become a contract provider for patient care. (See the Physician Independent Contractor Agreement, provided in Exhibit 19 of the application). Furthermore, Exhibit 19 includes Dr. Balakrishnan Natarajan's credential verification (MD61027396) for the State of Washington confirming eligibility for these roles."

Department Evaluation

AccentCare, Inc. owns and operates a total of 111 in home services agencies in 27 states. The table below shows the breakdown of type by state.

**Department’s Table 52
AccentCare, Inc. Hospice or Home Health Agencies**

State	# of Agencies	State	# of Agencies
Arizona	1	Missouri	1
California	17	Nebraska	1
Colorado	3	Nevada	1
Connecticut	1	New Jersey	1
Delaware	1	New Mexico	1
Florida	9	Ohio	1
Georgia	4	Oklahoma	1
Illinois	2	Oregon	2
Indiana	2	Pennsylvania	5
Maryland	1	Tennessee	7
Massachusetts	3	Texas	41
Michigan	2	Virginia	1
Minnesota	3	Wisconsin	1
Mississippi	4	Missouri	1

If this project is approved for Pierce County, it would be the applicant’s third approved hospice agency in Washington State. Below is a summary of the two areas reviewed for AccentCare, Inc. and its healthcare facilities.

Terminated Provider Counts Report

Focusing on years 2019 through 2022, none of AccentCare, Inc.’ healthcare facilities were involuntarily terminated from participation in Medicare reimbursement.

Conformance with Medicare and Medicaid Standards

In Home Service Agencies

Focusing on years 2019 through 2022, of the 111 in home service agencies, a total of 21 were not surveyed during the timeframe—10 hospice agencies and 11 home health agencies. The 90 agencies surveyed resulted in a total of 181 surveys. Of these, 22 surveys resulted in minor deficiencies that required follow up visits, 19 surveys resulted in minor deficiencies that required no follow up visits, and two resulted in condition-level deficiencies that were resolved on follow-up. All agencies are in conformance with CMS standards at this time.

AccentCare provided a thorough rebuttal to Providence’s discussion of AccentCare’s quality of care history. The department reviewed AccentCare’s response, as well as the survey information provided in the AccentCare application in combination with the quality of care review above and does not conclude that a pattern of care sufficient to warrant denial of this project has been demonstrated

AccentCare, Inc. identified the physician that would provide medical director services: Balakrishnan Natarajan, MD. Using data from the Medical Quality Assurance Commission, the department confirmed that the physician holds an active medical license with no enforcement actions.

Given that AccentCare, Inc. would be establishing a new agency, no other staff have been identified. If this project is approved, the department would attach a condition requiring the applicant to provide the name and professional license number to the CN program prior to providing Medicare and Medicaid hospice services in Pierce County.

In review of this sub-criterion, the department considered the total compliance history of AccentCare, Inc. organization. The department also considered the compliance history of the proposed Medical Director who would be associated with the agency. Based on the information reviewed, the department concludes that AccentCare, Inc. has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a hospice agency in Washington State would not cause a negative effect on the compliance history of AccentCare, Inc.. The department concludes that this project **meets this sub-criterion.**

Bristol Hospice, LLC

In response to this sub-criterion, Bristol provided the following statements. [source: Application, pdfs 26-27]

“Bristol Hospice does not have any facility or practitioner associated with this application who has had any of the actions listed. Bristol Hospice does not reflect a pattern of condition-level findings.”

In addition to the statements above, Bristol provided a listing of all owned and operated facilities. [source: Application, Exhibit 2]

Given that Bristol is proposing a new agency in Thurston County to serve the residents of Pierce County, Bristol states that it does not have a method for assessing customer satisfaction and quality improvement for the new hospice agency. [source: Application, pdf 25]

There were no public comments or rebuttal comments submitted for the Bristol project related to this sub-criterion.

Department's Evaluation

As stated in the Applicant Description section of this evaluation, Bristol Hospice, LLC is a Washington State limited liability company and 100% owner of Bristol Hospice-Pierce, LLC, also a Washington State limited liability company. Bristol Hospice, LLC operates, through its subsidiaries, a total of 43 hospice agencies in 14 states, including Washington State. The states and the number of agencies is broken down in the table below.

**Department's Table 53
Bristol Hospice, LLC Hospice Agencies**

State	# of Agencies	State	# of Agencies
Arizona	1	Michigan	1
California	16	Nevada	1
Colorado	4	Oregon	6
Florida	1	Texas	2
Georgia	2	Utah	2
Hawaii	1	Washington	2
Louisiana	2	Wisconsin	2

Terminated Provider Counts Report for Bristol Hospice, LLC

Focusing on full years 2019 through 2021 and partial year 2022, none of Bristol's hospice agencies were involuntarily terminated from participation in Medicare reimbursement. [source: CMS Quality, Certification, and Oversight Reports as of August 3, 2022]

Conformance with Medicare and Medicaid Standards for Bristol Hospice LLC

Using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website, the department's review included full years 2019 through 2021 and partial year 2022 for all 14 states.

Of the 43 agencies, 16 were not surveyed during the timeframe identified above. Of the remaining 27 agencies, 7 had one or more surveys under Bristol ownership that resulted in no deficiencies; and 20 agencies had minor deficiencies that required one or two follow up visits and are noted to be in compliance.

Washington State Healthcare Agencies

Focusing on its Washington State facilities, Bristol Hospice, LLC subsidiaries operate, or are approved to operate, one agency in the counties of King and Snohomish. Neither of the agencies have been surveyed under Bristol Hospice, LLC ownership.

In summary, since year 2019, none of Bristol Hospice, LLC's hospice agency surveys resulted in termination from participation; for those agencies surveyed, all deficiencies were resolved through plans of correction and/or follow-up survey.

Bristol provided a copy of the executed Medical Director and Physician Services Agreement between Bristol Hospice-Pierce, LLC and Sabine VonPreyss, MD. Using data from the Medical Quality Assurance Commission, the department found that Dr. VonPreyss is compliant with state licensure and has no enforcement actions on his license.

Bristol has not yet identified its Director of Clinical Services, or any other staff, for the new hospice agency. If this project is approved, the department would attach a condition requiring Bristol to provide the name and professional license number for its licensed/credentialed staff, including the Director of Clinical Services, prior to providing hospice services to residents of Pierce County.

Additionally, if this project is approved, the department would attach a condition requiring Bristol to provide a copy of its document to be used to assess customer satisfaction and quality improvement for the new hospice agency.

In review of this sub-criterion, the department considered the total compliance history of the Bristol Hospice, LLC organization, by reviewing hospice agencies owned and operated by its subsidiaries. The department also considered the compliance history of the Medical Director to be associated with the new agency.

Based on the information reviewed, the department concludes that Bristol has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's proposed Pierce County agency would be operated in compliance with state and federal requirements and not cause a negative effect on the compliance history of Bristol Hospice, LLC. With the applicant's agreement to the conditions identified above, the department concludes that this project **meets this sub-criterion**.

The Pennant Group, Inc.

In response to this sub-criterion, Pennant provided the following statements. [source: Application, pdfs 37-38]

“Neither Symbol, Cornerstone, nor Pennant have any history of criminal convictions, denial or revocation of license to operate a health care facility, revocation of license to practice a health profession, or decertification as a provider of services in the Medicare or Medicaid program. Further, they have never been adjudged insolvent or bankrupt in any state or federal court. And, none have been involved in a court proceeding to make judgment of insolvency or bankruptcy with respect to the applicants. We are proud to share that none of Pennant’s 63 home health and hospice agencies have exhibited a pattern of conditional level findings.”

In addition to the statements above, Pennant provided a listing of all owned and operated facilities, including those recently acquired. [source: Application, Exhibit 2]

Even though the applicant is proposing establishment of a new agency in King County to serve the residents of Pierce County, Pennant provided information regarding its method for assessing customer satisfaction and quality improvement for its existing hospice agencies. [source: Application, pdfs 34-35]

“While this is not an existing agency, all Pennant hospice agencies (and home health agencies) have a method for assessing customer satisfaction and quality improvement. Each of these agencies has a robust process to ensure Federal, State and local guidelines for customer satisfaction and quality improvement are met.

Customer Satisfaction is a critical element for our quality program and reflects the patient and family experience. We partner with Strategic Healthcare Programs (SHP) for this process. SHP mails the Consumer Assessment of Healthcare Providers and System (CAHPS) survey to the appropriate designee identified by our electronic medical record (EMR) system vendor, Home Care Home Base (HCHB), and collects the data from the responses. Those responses are then summarized into useable data for use in interdisciplinary meetings (IDG) and quality assurance/performance improvement (QAPI) programs to address customer perceptions and improve community relationships.

To help drive our quality improvement, we have partnered with SHP. Through SHP we are able to view our quality metrics in real time. We also utilize partnership with HCHB to provide data and reporting based on direct patient contact and the patient record. These partners combined with our processes related to IDG meetings and QAPI programs drive patient satisfaction and quality

improvement and help build a reputation within our communities of being a hospice provider of choice.

Accurate documentation is a critical necessity that is supported by our internal compliance department and agency leadership with regular review intervals. HCHB helps ensure we have all required documentation at the initiation of service and subsequent visits in areas such as Hospice Item Set (HIS) information, Symptom Management, and Service Intensity. HCHB is integrated with SHP to help us develop trends related to Hospice Quality Reporting Program (HQRP) elements. HCHB also provides an avenue to document opportunities for improving on avoidable events in areas like infection control, patient complaints, falls, and medication errors. We can then use this information to help focus the discussion in our IDG meetings and to drive areas of improvement in our QAPI programs.

Quality improvement is largely driven by our IDG. The main purpose of our IDG meeting is to bring together key hospice professionals to review and discuss the hospice needs for each individual patient and their family. We mentioned above, individualized care plans help drive the best patient outcomes. The IDG also establishes policies governing the day-to-day provision of services, which include agency programs to ensure our clinicians are skilled in providing hospice care.

Lastly, our QAPI program is designed to drive great patient outcomes. Our QAPI program will be regularly reviewed by our leadership team and our governing body. More frequency reviews of performance improvement projects (PIP) developed through our QAPI program occur in the IDG meeting. One of the main purposes of our QAPI program is to measure, analyze and track quality indicators to drive the best quality outcomes and patient satisfaction possible.”

There were no public comments or rebuttal comments submitted for the Pennant project related to this sub-criterion.

Department’s Evaluation

As stated in the Applicant Description section of this evaluation, Pennant owns Cornerstone Healthcare, Inc., which in turn, owns Symbol Healthcare, Inc., a Washington State foreign profit corporation. Symbol Healthcare, Inc. would operate the new Washington State agency to be known as Puget Sound Hospice of Pierce County. Based on the ownership structure, Pennant is the applicant for this project.

Pennant offers several post-acute lines of service, which includes in-home care through its subsidiary Cornerstone Healthcare, Inc. and senior living communities through its subsidiary Pinnacle Senior Living LLC.

Pennant operates through its subsidiaries 10 home care agencies, 44 hospice agencies, 37 home health agencies, 4 physician groups, and 2 therapy groups nationally. Since the proposed project is for hospice services, the focus of this review will be hospice and home health operations as they are either the same or functionally the most similar to the services proposed in this project. The table below shows the total of 81⁷⁴ Pennant-owned home health or hospice agencies broken down by 14 states.

⁷⁴ This count includes six recent acquisitions by Pennant.

Department's Table 54
Pennant's Cornerstone Home Health or Hospice Agencies

State	# of Agencies	State	# of Agencies
Arizona	16	Oklahoma	2
California	13	Oregon	3
Colorado	3	Texas	13
Idaho	6	Utah	8
Iowa	2	Washington	8
Montana	1	Wisconsin	2
Nevada	2	Wyoming	2

Terminated Provider Counts Report for Cornerstone Healthcare, Inc.

Focusing on full years 2019 through 2021 and partial year 2022, none of Pennant's hospice or home health agencies were involuntarily terminated from participation in Medicare reimbursement. [source: CMS Quality, Certification, and Oversight Reports as of August 3, 2022]

Conformance with Medicare and Medicaid Standards for Cornerstone Healthcare, Inc.

Using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website, the department's review included full years 2019 through 2021 and partial year 2022 for all 14 states.

Of the 81 agencies, 19 were not surveyed during the timeframe identified above. Of the remaining 62 agencies, 35 had one or more surveys with no deficiencies and 17 had minor deficiencies that required no follow up survey. For the remaining 10 agencies, all required one or two follow up visits and are noted to be in compliance.

Washington State Healthcare Agencies

Focusing on its Washington State facilities, Pennant subsidiaries operate a total of eight separate agencies in the counties of Asotin (2), Benton (1), Pierce (3) Snohomish (2). All eight agencies were surveyed, and four agencies had no deficiencies and the other four agencies had minor deficiencies with no required follow up survey.

In summary, since year 2019, none of Pennant's home health or hospice agency surveys resulted in termination from participation; and all deficiencies were resolved through plans of correction and/or follow-up survey.

Pennant provided a copy of the executed Medical Director Service Agreement between William Elledge, MD and Symbol Healthcare, Inc, to be located at 4002 Tacoma Mall Boulevard, E2004A in Tacoma. Using data from the Medical Quality Assurance Commission, the department found that Dr. Elledge is compliant with state licensure and has no enforcement actions on his license.

Pennant has not yet identified its Director of Clinical Services, or any other staff, for the new hospice agency. If this project is approved, the department would attach a condition requiring Pennant to provide the name and professional license number for its licensed/credentialed staff, including the Director of Clinical Services, prior to providing hospice services to residents of Pierce County.

In review of this sub-criterion, the department considered the total compliance history of the Pennant organization, by reviewing agencies owned and operated by its subsidiaries which are similar in

function to in-home hospice services. The department also considered the compliance history of the Medical Director to be associated with the new agency.

Based on the information reviewed, the department concludes that Pennant has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's proposed King County agency would be operated in compliance with state and federal requirements and not cause a negative effect on the compliance history of Pennant. With the applicant's agreement to the conditions identified above, the department concludes that this project **meets this sub-criterion**.

Wesley Homes Corporation

The applicant provided the following statements in response to this sub-criterion. [source: Application, pdf 32 and March 31, 2022, screening response, pdf 15]

"No facility or agency owned or operated by Wesley has a pattern of condition level findings. We do note that the last published CMS data for hospice is from 2019. In that year, our "n's" were too small in a number of metrics to be scored. We want to assure that we will not be penalized in any comparative review because of a lack of data.

Our response was intended to address facilities, providers, and staff. To confirm, neither Wesley nor WHH's owned/operated/managed facilities nor any persons associated/employed/contracted by Wesley or WHH have any history with respect to the actions noted in CN regulation WAC 246-310-230."

In addition to the statements above, Wesley included the following clarification in footnote #3: *"In the first half of 2021, we experienced non-compliance, which was resolved by the end of 2021."*

There were no public comments or rebuttal comments submitted for the Wesley project related to this sub-criterion.

Department's Evaluation

As stated in the Applicant Description section of this evaluation, Wesley Homes Corporation owns 100% of Wesley Homes Community Health Services which owns 100% of both Wesley Home at Home LLC and Wesley Homes Hospice, LLC. Both Wesley Home at Home LLC and Wesley Home Hospice, LLC are Washington State corporations. [source: Application, pdf 4, Exhibit 1, and Washington State Secretary of State website] For this project, Wesley Homes Corporation is the applicant.

Wesley Homes Corporation does not operate outside of Washington State. The corporation offers a variety of healthcare services through its total of 9 healthcare facilities: homecare (1), home health (1) and hospice (1) agencies, assisted living facilities (4), and nursing homes (2).

Terminated Provider Counts Report for Wesley Homes Corporation

Focusing on full years 2019 through 2021 and partial year 2022, neither the hospice nor the home health agency was involuntarily terminated from participation in Medicare reimbursement. Neither of the two nursing homes were involuntarily terminated from participation in Medicare reimbursement.⁷⁵ [source: CMS Quality, Certification, and Oversight Reports as of August 3, 2022]

⁷⁵ Assisted Living Facilities are not included in the CMS Quality, Certification, and Oversight Reports.

Conformance with Medicare and Medicaid Standards for Wesley Home Corporation.

Using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website, the department’s review included full years 2019 through 2021 and partial year 2022 for all nine healthcare facilities.










Washington State Healthcare Facilities


Both the home health and the hospice agency were surveyed in 2021. The hospice agency’s survey resulted in minor deficiencies that did not require a follow up survey. The home health agency’s survey resulted in no deficiencies.


Homecare agencies are not included in the CMS Quality, Certification, and Oversight Reports, therefore, the department relied on its own database for this facility. The homecare agency’s survey shows an open inspection as of July 2022.

For nursing homes, a *Scope and Severity Grid* is used to assess the seriousness of deficiencies cited. The grid is shown below.

Assessment Factors Use to Determine the Seriousness of Deficiencies Matrix

	Isolated	Pattern	Widespread
Immediate jeopardy to resident health or safety	J PoC Required 	K PoC Required 	L PoC Required 
Actual harm that is not immediate	G PoC Required	H PoC Required 	I PoC Required 
No actual harm with potential for more than minimal harm that is not immediate jeopardy	D PoC Required	E PoC Required	F PoC Required 
No actual harm with potential for minimal harm	A <u>No</u> PoC Required  No remedies Commitment to Correct Not on CMS-2567	B PoC Required 	C PoC Required 

 *Standard quality of care* means one or more deficiencies related to participation requirements under §483.10 “Resident rights”, paragraphs (a)(1) through (a)(2), (b)(1) through (b)(2), (e) (except for (e)(2), (e)(7), and (e)(8)), (f)(1) through (f)(3), (f)(5) through (f)(8), and (i) of this chapter; §483.12 of this chapter “Freedom from abuse, neglect, and exploitation”; §483.24 of this chapter “Quality of life”; §483.25 of this chapter “Quality of care”; §483.40 “Behavioral health services”, paragraphs (b) and (d) of this chapter; §483.45 “Pharmacy services”, paragraphs (d), (e), and (f) of this chapter; §483.70 “Administration”, paragraph (p) of this chapter, and §483.80 “Infection control”, paragraph (d) of this chapter, which constitute either immediate jeopardy to resident health or safety; a pattern of or widespread actual harm that is not immediate jeopardy; or a widespread potential for more than minimal harm, but less than immediate jeopardy, with no actual harm.

 Substantial compliance

A summary of the CMS Quality, Certification, and Oversight Reports for the two nursing homes is below.

Department's Table 55
Wesley Homes Corporation Nursing Home Survey Summary

	Wesley Homes Health Center	Wesley Lea Hill Rehab Care Center
Year 2019 # of Surveys*	15	5
Number of Follow Up Visits	4	2
Year 2020 # of Surveys*	11	6
Number of Follow Up Visits	2	2
Year 2021 # of Surveys*	12	9
Number of Follow Up Visits	2	2
Year 2022 # of Surveys*	10	4
Number of Follow Up Visits	2	0

The number of surveys shown in the table above capture the total number of surveys conducted for standard health surveys, compliant surveys, and special surveys.⁷⁶

Using the scope and severity grid above for Wesley Homes Health Center, all deficiencies ranged in the level G or below for severity and scope. For these, a plan of corrections from the nursing home is required, no actual harm was found. The facility is noted to be in compliance.

For Wesley Lea Hill Rehab Care Center, the majority of the deficiencies ranged in the level F or below for severity and scope. For these, a plan of corrections from the nursing home is required, no actual harm was found. During a 2021 survey, this nursing home received one level K deficiency under the topic of ‘Accident Hazards/Supervision/Devices.’ This deficiency required a plan of corrections and a follow up visit before the nursing home was noted to be in compliance.

In summary, since year 2019, none of Wesley Homes Corporation’s healthcare surveys resulted in termination from participation; and all deficiencies were resolved through plans of correction and/or follow-up survey.

Wesley provided a copy of the executed Hospice Medical Director’s Agreement between Wesley Homes at Home, LLC and Jude G.D. Verosa, MD. Using data from the Medical Quality Assurance Commission, the department found that Dr. Versoa is compliant with state licensure and has no enforcement actions on her license.

As an existing agency, Wesley also provided its current staffing listing that includes six registered nurses, one nursing assistant certified, one social worker, and one physician identified as a hospice physician, and one alternate physician medical medical director. A review of data from the Medical Quality Assurance Commission demonstrates that all current staff are compliance with state licensure and hold no enforcement actions on the license.

In review of this sub-criterion, the department considered the total compliance history of the Wesley Home Corporation, by reviewing healthcare facilities owned and operated by its subsidiaries. The department also considered the compliance history of the current staff that would be associated with the Pierce County services.

⁷⁶ Special surveys were conducted in years 2020 and 2021 and focused on infection and prevention control.

Based on the information reviewed, the department concludes that Wesley has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's proposed Pierce County operations would be operated in compliance with state and federal requirements and not cause a negative effect on the compliance history of Wesley Homes Corporation. The department concludes that this project **meets this sub-criterion.**

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

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 projects of this type and size. Therefore, using its experience and expertise the department assessed the materials in each application.

In addition to documents provided in the application and screening responses, the public's interest in a community's access to a specific service may be raised during the review. If the topic raised is related to the program's review criteria, the information may inform the department's decision. In this review, there was extensive public comment requesting each applicant provide clarification related to Washington State's Death with Dignity Act. Under this sub-criterion, the department can assess whether applicants are able to maintain continuity of health services when services such as death with dignity are requested by a community.

The department does not, under this sub-criterion, have the authority to approve or deny an applicant on the basis that it does or does not directly provide death with dignity services. However, the department finds it important in order to promote continuity in the provision of requested services and to ensure that each applicant has a plan on how requested services would be provided directly, in-directly, or referred.

The department's discussion and evaluation of the death with dignity comments and rebuttal can be found for each applicant at this end of this sub-criterion.

Continuum Care of Snohomish LLC

In response to this sub-criterion, Continuum Snohomish provided the following statements and information.

“There is a need for additional providers demonstrated via WAC and, as noted in other sections of this application, Continuum already serves Pierce County under the PHE. In addition, and consistent with the previous 2021 application, Continuum has provided updated data on Pierce County disparities that continues to be both compelling and documented. While serving all, Continuum will focus on the reduction of disparities in access to and use of hospice among certain historically underserved ethnicities and races. We will do so by outreach, building trust, developing culturally appropriate services and by assuring our staff is trained and respectful of culture, values, and beliefs.

Across the board, when providing hospice care in Pierce County, Continuum has and will continue to work directly with community organizations, places of worship and gathering, trusted physicians and other health care providers to deploy specific tools and outreach mechanisms that address

populations with unmet needs. Such activities are part and parcel of our program model and our mission and will be employed to improve accessibility for all special populations. Our efforts will ensure that all persons who would benefit from hospice care will have the knowledge and opportunity to choose that option if they so desire. In this way we expect to contribute toward the improvement of the broader system of care in the County and support collaboration and coordination and reduce fragmentation of services, particularly for the most underserved in our community.” [source: Application, pdf 40]

“As detailed in Question 16, Continuum will work directly with the existing health and social services systems in Pierce County to ensure to ensure patients’ comprehensive medical, social, and spiritual needs are met.” [source: Application, pdf 41]

Continuum Snohomish provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, pdf 36]

“Continuum’s business hours are Monday through Friday from 8:30 a.m. to 5:00 p.m. In addition, a Hospice RN will be available 24 hours a day/7 days per week. Families are able to access the hospice nurse after hours by calling the 24/7/365 triage phone line. Response time is programmed to be 30 minutes or less. This RN will have access to the patient’s record and will assist them with any concerns and help manage their symptoms and facilitate any needed additional care.”

Public Comment

Following are comments the department received related to this sub-criterion on Continuum Snohomish’s project.

Lori Stiff, General Manager, Aegis Gardens, Newcastle, Washington – Support

“Please accept this letter as strong support for the Continuum Hospice Certificate of Need application proposing to expand its existing agency to serve Pierce County.

With more than 40 senior living communities in three states, including Washington, Aegis Living embraces innovation and creativity and provides the highest level of care, comfort and service to seniors. Aegis Living is a leader in assisted living, memory care and short-term care, and we offer a range of services designed to support residents as their needs change.

We also seek the best partners to support residents for services we do not provide. Aegis first worked with Continuum Hospice in California. When they began providing services in the Puget Sound, our partnership expanded as well. Continuum Hospice has far exceeded our expectations related to responsiveness and quality. Their approach to caring is consistent with that of Aegis: creating an environment where the resident is the focus and programming of their choice is available to support their needs and preferences. In our experience, Continuum Hospice empowers patients and families to make informed decisions to support their medical, psychological, and spiritual needs. Patient needs are determined through an initial case assessment and continued monitoring.

Aegis Living understands that the Department of Health has identified a need for an additional three hospice agencies in Pierce County and that Continuum Hospice has applied to meet a portion of that need. We have no doubt that the senior community in Pierce County will benefit by having access to Continuum Hospice’s skill and expertise, including their unique virtual reality and their other therapy programs.

And there are other therapy programs and on a very personal note, I would like to just say my teammate Angela, the Health Services Director, spoke on the nursing perspective, but I am actually new to senior living as of almost three years ago. And so, when Continuum came into the Washington market, a little over a year ago, I welcomed them with open arms because their partnership is a true partnership and they have taken me through so many experiences with my residents. And supported me in ways that I couldn't ever imagine or nor did I experience in my previous community before they came into California. You know their response time is actually... my community liaison is always available on text. We'll certainly respond to me by phone within a half hour, and she's always also there to just ask and answer any questions I might have in regards to hospice, whether this patient is gonna end up having services with them or not. So, they are a true partner and I would highly recommend that Pierce County bring them on.

I understand that there are more than three providers that have applied to offer hospice services in Pierce County, and that the Department of Health will be required to pick the best options. In addition to their access, their quality staff and their complementary therapies, Continuum Hospice's sustained willingness and ability to respond within hours separates them from most other providers. For each of these reasons, I trust that the Department of Health will find Continuum Hospice to be the best choice."

Angela Moua, Health Service Director in Assisted Living – Support

"I would like to advocate on behalf of Continuum Hospice. I am currently a Health Service Director in assisted living and they've been with us for about a year now and I could feel the difference in the care that our residents are getting. I'm starting off with their whole team from the triage nurse to the admitting nurse, the nurse that comes and sees us in our community and their bath aid they provide. Just exceptional care. We don't ever have to ask for supplies, refill. They will know where we're short. And their nurses, they come in with... I don't feel that they're ever rushed. They check in with our nurses. Communication is excellent. And even when we call the triage nurse, whether that what, no matter what time that is, they answer and get back to us so. Umm, I we've just been having some really a great time with them.

And then also one thing that I would like to say is that, uh, they truly listen to what the patients and the, their families need. Umm, sometimes when we try to when we talk to hospice and we're trying to communicate as a nurse and getting things for the residents, a hospice will kind of redirect us to something that they feel will work. And for us, when I talk to my hospice nurse or with Continuum, they first try to understand what's going on and they listen to the families, and then they go forth and. You know, help us that way. So that's been really helpful.

Also, Continuum checks in on us, their nurses check in weekly whether there's something that needs to be checked or not. They come in and talk to us about how the residents are doing. And they really take a good time of taking care of our residents in terms of the bath aid. But the music therapist also helps out a lot to some of our residents and dementia. But that helps to relieve them, when they're anxious, I remember I was doing a wound care and their music therapist really helped with that, just calming the residents down. And overall, I would just say that their customer services and that they're providing for the nurses and for the patients have just been exceptional."

Following are comments in opposition of Continuum Snohomish's project related to this sub-criterion.

Lee Johnson, Treasurer, Symbol Healthcare INC. – Oppose [source: pdf 5]

"ii) Continuum

- (1) *Continuum is proposing a service area expansion from Snohomish County to serve Pierce County. The problem is, Snohomish County is not adjacent to Pierce County, as King County separates Snohomish and Pierce Counties. Continuum does not explain adequately how this is the best approach, considering all the potential sharing or not sharing of staff, etc., especially compared to other applicants that will serve Pierce County patients from their locations in Pierce County, such as Puget Sound Hospice of Pierce County. The structure and process of Continuum’s project is inferior.”*

Russell Hilliard, PhD, LCSW, LCAT, MT-BC, CHRC, CHC, Senior VP, Market Expansion Initiatives, AccentCare, Inc. – Oppose [source: pdf 11]

“Continuum offers an after-hours call service, with a nurse available to respond within 30 minutes. Having a call service and having to locate an ‘on-call’ nurse raises serious concerns about accessibility during evenings and weekends. Failing to respond timely to patient needs during these times will result in revocations of the hospice benefit and returns to the hospitals. Unmet need will not be met.”

In the rebuttal phase of this review Continuum Snohomish provided the following statements.

Continuum Care of Snohomish LLC General Rebuttal Comment [source: pdfs 2-3]

“As our CEO stated at the public hearing, Continuum accomplished this success at a challenging time, and despite the fact that a number of other agencies approved at around the same time are still not operational today. We did so by standardizing workflows and work processes to ensure that every referral received is timely responded to; and we do not say ‘no.’ Hospice needs cannot wait. As a result, more than 85% of our patients see a nurse within 24 hours of initial referral; well above the Puget Sound regional average. We also:

...

- *We have an agreement in place with Kaiser and accept all admissions when their agency is at capacity.*
- *We offer services that are unheard of in the counties we serve such as a hospice caregiver up to 7 days a week, board certified music therapists on every team, robust virtual reality program and many more additional services.*
- *We inform patients about, and support patients that elect, Death with Dignity. Our staff are encouraged, but not required to be in attendance.*
- *Our philosophy is that our patients and their families do better when we partner with other organizations. To that end, we have agreements in place with nearly every SNF, assisted living and adult family homes in the 2 Counties.*

...”

Continuum Care of Snohomish LLC Rebuttal to Symbol’s Comment [source: pdf 13]

“ii. Location of office in Snohomish County

In addition to the above, Pennant also raised the same issue regarding the fact that the existing Snohomish County adjacent is not adjacent to Pierce County. Please see the earlier response to this issue under the Accent/Seasons response.”

Continuum Care of Snohomish LLC Rebuttal to AccentCare’s Comment [source: pdfs 5 and 7]

“Continuum provides real and substantive data to document we will address the needs of Pierce County residents

First, our actual experience in Snohomish and King documents that we have walked our walked - we have grown our volume well beyond the 35 ADC and have done so even as existing providers

continue to see volume increases. In other words, a significant percentage of our growth has come from reaching individuals that historically did not access hospice. Our specific indicators that we have addressed community need in Snohomish and King [sic] Counties and will do in Pierce are summarized below:

- *Continuum has demonstrated an understanding of Pierce-specific needs, which were discussed in the application. Access issues in Pierce County are discussed on page 15 of our application, including poverty, language barriers, racial/ethnic barriers to care, and general underservice to various groups.*
- *As shown in response to Question 7 on page 11 of the application, Continuum offers a number of programs and services that increase service offerings over what is currently offered in the service area. These include music therapy, equine therapy, virtual reality, homemaker services, massage therapy, and pet therapy.*

...
An address in Everett does not impede access or service, and our delivery model assures responsiveness to patient and family needs

- ...
- *As noted in the application, Continuum provides a 24/7 Triage Service - after hour calls. Specifically, when the office is closed, calls are answered by a dedicated service that immediately connects patients and/or their family members or facility staff, while they are still on the phone, with a Continuum Triage RN. If the Triage Nurse is on another call, s/he will be notified by secure text, with all of the details and the call back number, that another caller is awaiting a call back and will return the call within 15 minutes. If they do not respond in 15 minutes and mark the call as handled, the call is elevated to the RN supervisor to handle. If the Triage Nurse determines that a visit is needed (regardless of the time of day or night), the local on-call nurse assigned to that shift and location is dispatched to the patient's home. Snohomish has a dedicated salaried after-hours nursing team, separate from the nurses working during office hours. These teams are assigned to specific geographic areas to reduce travel time and therefore improve response time."*

Department Evaluation

Continuum Snohomish provided statements detailing how it plans to reach currently underserved populations, emphasized partnerships it will continue to work on, and briefly discussed how its project would contribute to the broader health care system to reduce fragmentation of services.

Continuum Snohomish received comments in support and opposition to its project related to continuity of care. Support comments were received from post-acute care providers which stated in summary that Continuum Snohomish worked as a *true partner* and from an assisted living provider that they never had to ask for supplies and the applicant's *[c]ommunication is excellent*. Further that Continuum Snohomish checks in with the patient's facility's staff to make sure everyone's needs are being met.

Opposition comment related to this sub-criterion mentioned the fact that this applicant's office will not be in the service area or an adjacent county. This comment was discussed earlier in this evaluation⁷⁷ and found to not be a compelling rationale to deny the project.

⁷⁷ WAC 246-310-210(2)

Another opposition comment questioned whether an after-hours call service is sufficient and that it may result in timeliness and hospital readmit issues. To rebut this comment the applicant detailed its process for after-hours calls, connecting directly to a Continuum triage RN. It also pointed to its actual performance reaching underserved populations in Washington State. Earlier portions of comment from Continuum Snohomish also detailed recent examples of the lengths its staff will go through to timely admit patients in unconventional living situations, in the rural extents of the service area, and at all hours of the day and night.⁷⁸ This was reaffirmed by comment provided by a post-acute healthcare provider⁷⁹ that currently refers patients to Continuum Snohomish.

Additionally, Continuum Snohomish confirmed its existing ties to the health care system, atypical programming and services, and connection to widely requested services.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and earlier sub-criteria in 230. The department concluded this application was compliant with the need criteria under WAC 246-310-210 and the financial feasibility criteria under WAC 246-310-220. The application is also consistent with the previous sub-criteria addressed in the structure and process of care under WAC 246-310-230.

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence provided the following statements regarding hours of operation and patient access to services outside of the hours of operation. [source: Application, pdf 53]

“The intended hours of operation will be from 8:00 a.m. - 4:30 p.m. daily for regular office hours, with 24/7 access to nursing and other hospice services, including nursing visits.

Providence Hospice has three shifts of staff who work 24 hours a day. During the hours of 4:30 p.m. – 8:00 a.m., patients and families who call the main number speak with a Providence Hospice nurse who triages the call, either helping the patient/family over the phone or by sending a nurse to the patient/family based on their needs. We contract with Total Triage/Care XM for back-up service. If all our nurses are on calls or making visits, a Total Triage/Care XM nurse will assist the patient or family over the phone and escalate the situation to our nursing staff if further assistance or a visit is needed. We also have social worker, chaplain, adult physician, pediatric physician, and administrator on-call services during this time.”

Providence also provided the following statements in response to this sub-criterion. [source: Application, pdf 58-59]

“Avoiding fragmentation to care delivery is a key reason why Providence Hospice is requesting certificate of need approval to operate a Medicare certified and Medicaid eligible hospice agency to serve residents in Pierce County. Providence offers exceptional inpatient and specialty care in the King County service area, such that many Pierce County residents seek specialty care in King County with Providence. As these residents return to their homes in Pierce County, Providence aims to maintain continuity of care, ensuring the availability of Providence primary care and ambulatory care services and, as care needs change, a seamless transition to home-based and hospice services.

Not only does Providence Hospice have strong existing relationships in the community, we utilize the Epic electronic health record in our hospice and home health services, which is a very valuable

⁷⁸ Comment under WAC 246-310-210(2)

⁷⁹ Kelly Smith, Vice President of Sales and Marketing, Care Partners Senior Living in Washington State

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.”

Envision public comment – Oppose

“Admissions, Charity Care and Discharge Policies and Procedures: The hospice certificate of need application instructions recommend that applicants submit their Death with Dignity policy with their application. Providence has not included such a policy. In fact, National Catholic Directives do not allow Catholic Hospitals to provide Death with Dignity services or referrals. This is a distinct barrier to hospice care and Death with Dignity is a right in Washington State. Many upset community members point out this barrier to full hospice care during hospice public hearings and forums. Providence will not change its stance on this heated albeit important topic.”

Providence Rebuttal Comment to Envision

“Envision’s comments regarding the Death with Dignity Act reflect a lack of knowledge of Providence Hospice’s policies and practices with respect to the Act and should be disregarded. Envision asserts: “National Catholic Directives [sic] do not allow Catholic Hospitals [sic] to provide Death with Dignity services or referrals. This is a distinct barrier to hospice care.” This erroneous characterization reflects a fundamental lack of knowledge by Envision of Providence Hospice’s (and the Providence organization’s) actual policies and practices with respect to patients who elect to exercise their rights under the Death with Dignity Act. We discuss those policies and practices in detail in Section E below, so we will not address Envision’s erroneous comments at this point. However, we would like to state for the record that the comments are inaccurate.”

Department Evaluation

Given that Providence currently provides hospice services in Pierce County through its King County hospice agency, the applicant provided a listing of existing referral sources for its proposed hospice agency and submitted statements assuring that referral sources would be sought in the county. This approach is acceptable for a new provider in a county.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210 and 220. The department concluded this application was not compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. For this sub-criterion, the department cannot conclude that the project promotes continuity in the provision of healthcare services for Pierce County residents.

Based on the information reviewed, the department concludes that the Providence project would likely result in unwarranted fragmentation of hospice services in the planning area.

AccentCare, Inc.

AccentCare provided the following statements regarding this sub-criterion. [source: Application, pdf 93-94]

“The application requires a certificate of need in order to implement a hospice program. Persons who receive a physician-determined terminal prognosis may qualify for hospice for end of life care. Some individuals also may elect home health agency care.

Under the hospice benefit and program of care, the hospice’s interdisciplinary team coordinates a range of palliative care and provides patient and family support for end of life care. The patient’s attending physician participates with the hospice medical director and the interdisciplinary team, of

which the patient and family belong, to identify the services that will maintain comfort for the patient based on his or her terminal diagnosis.

Seasons Pierce County's plan for general inpatient care requires contracts with nursing homes to serve as the short-term placement of the patient to stabilize the patient and control symptoms, including medicinal management, so that the patient attains a level of comfort and returns home. Nursing homes also provide the family with respite care, caring for the patient for a brief stay, so that the family caregiver has a break from daily care of the patient. A sample copy of a nursing facility services agreement is found as Exhibit 6.

Seasons Pierce County intends to work with nursing homes and assisted living facilities that are residences of patients enrolled in the hospice program. These facility residences also have staff that provide services to those who reside within them. Seasons Pierce County's training program for nursing home and assisted living facilities' employees explains the roles and responsibilities, the accountability for care, and defines the roles of the facility staff and that of the hospice staff. The result in cooperation and avoidance of duplication while ensuring care for the hospice patients.

In the proposal, another specialty population subgroup are the homeless. Seasons Pierce County's commitment to this group requires cooperation and coordination with agencies and advocates that serve the homeless, as well as hospitals and emergency departments that also may encounter the homeless. Promotional materials and direct outreach to hospitals, fire departments, police departments and advocacy groups about the program acts as a coordination hub for assuring that homeless persons do not die alone. The homeless program provides housing vouchers and other means to provide a qualifying home with caregiver so that hospice services can be provided to them.

Seasons Pierce County's Inclusive Initiative develops diversity councils to identify impediments for those groups to hospice services, and to create pathways to remove them. Volunteers with hospice employees staffing the councils work cooperatively within and across the broader communities within the county to provide appropriate and sensitive materials that address those identified factors that can be overcome. Ways of outreach, such as community meetings, church visits, special programs, revised or newly developed educational materials, expand how minority groups can reach out to hospice. One important lesson learned from other states is to diversify the workforce so that the workforce's diversity reflects the broader community's makeup.

Hospitals are often the place where case identification occurs for end of life prognosis. The hospice social workers share information with hospital discharge planners and patient advocates about the program and services, and explain that Seasons Pierce County's staff will make assessment visits 24 hours a day, seven days a week. The ability to interact with the patient and family and provide assessments with care and compassion relieves the hospital of longer stays.

Seasons Pierce County targets community physicians to provide CEUs and other information about hospice, informing them of the benefits the hospice provides and the services. Information regarding how to open communication about palliative care and end of life care equips the community physicians with the material to engage in productive communication with the patient and family. Seasons Pierce County's assessment team or other personnel offer the community physicians to pursue palliative care discussions and planning for end of life care."

AccentCare provided the following information regarding its intended hours of operation. [source: Application, pdf 90]

“Seasons Pierce County’s hours of operation are 24 hours a day, seven days a week. The administrative office will be open Monday-Friday 8:30-5:00 p.m. with the clinical team working and available 24 hours a day, seven days a week. A call center and clinical team respond to patient/family and referral source needs 24 hours a day, seven days a week, year round, even during times of administrative office closings due to inclement weather or emergencies.”

In addition to the information above, AccentCare also provided a copy of its Medical Aid in Dying Policy. Specifics regarding the policy are below. [source: March 31, 2022, screening response, Attachment 6]

Medical Aid in Dying Policy

Purpose: “To guide staff on the specific state approved Medical Aid-in-Dying regulations which allow terminally ill, mentally capable state residents who are adults, 18 years or older, with a prognosis of six months or less the option to request from a medical or osteopathic physician, twice orally at least 15 days apart and once in writing, medication that they can choose to self-administer to shorten their dying process and bring about a peaceful death.”

Stated Policy: “It is the policy of this agency to provide reasonable and necessary care to patients, comply with the state requirements as they apply to end-of-life care, and support patients who may wish to avail themselves of their legal right to pursue medical aid-in-dying as their end-of-life option.

This agency seeks neither to hasten nor to postpone death, but acknowledges that there are patients who may wish to avail themselves of their legal right, in applicable states, to pursue medical aid-in-dying as their end-of-life option.”

The policy provides the following statements under various ‘Procedures’ sections. Only select portions are quoted, hence the inconsistent numbering of the paragraphs.

“16. The Hospice / Palliative Medical Director may serve, if he or she chooses, as the attending or consulting physician as defined in the medical aid-in-dying regulations to determine patient’s eligibility.

17. If the Hospice /Palliative Medical Director chooses to act as the attending physician for the purposes of certifying the patient as terminally ill and prescribing aid-in dying medication, the physician must take the patient under care in a practice outside of the hospice/palliative scope of services.

18. If the Hospice /Palliative Medical Director chooses not to be the attending for medical aid-in-dying, he/she may refer the patient to a community physician. The patient is ultimately responsible for obtaining a physician who may fulfill their wishes for aid in dying.

...

22. Agency staff shall respect the patient’s decision, continue to provide care as indicated by the patient’s physical, emotional, and spiritual needs, communicate, and coordinate, as needed, with the designated staff, RN case manager and DPCS.

...

1. The hospice /palliative program recognizes that each patient care staff member including volunteers and physicians will need to thoughtfully consider whether it is within his/her ability, values, and beliefs to provide care for patients who are requesting medical aid-in-dying medications.

2. It is not the intent of the management team to assume staff involvement.

3. *It is the staff member's responsibility to inform appropriate staff (Administrator or Director of Patient Care Services) of concerns or reluctance around caring for patients who are requesting medical aid-in-dying prescriptions, including discussions and requests for information."*

Department Evaluation

Given that AccentCare, Inc. does not currently provide hospice services in Pierce County, the applicant provided a listing of potential referral sources for its proposed hospice agency and also submitted statements assuring that referral sources would be sought in the county. This approach is acceptable for a new provider in a county.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application was compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. The application is also consistent with the previous sub-criterion addressed in the structure and process of care under WAC 246-310-230. Based on the information above, the department concludes that approval of the AccentCare, Inc. project would not result in unwarranted fragmentation of hospice services in the planning area.

Bristol Hospice, LLC

Bristol provided the following information and statements related to this sub-criterion. [source: Application, pdfs 26-27]

"Across all of Bristol Hospice affiliated companies, year to date we have served over 2,000 different referral sources. This includes referrals from Assisted Living Facilities, Hospitals, Skilled Nursing Facilities, and Physicians. Each of these referral sources exhibited confidence in Bristol Hospice to promote continuity and unwarranted fragmentation in services. Bristol Hospice takes pride in providing care for each patient on an individual level based on their specific needs and disease process. Bristol Hospice will develop relationships with the entire continuum of care in Pierce County including:

- *Local government agencies providing guidance to the community such as the Arc Agency of Aging*
- *Local chapters of AARP*
- *Local chapter of National Hospice and Palliative Care Organization*
- *Local Home Health Agencies*
- *Local Nursing Homes*
- *Local chapter of the Alzheimer's Association*
- *Local Veterans Association. Bristol has participated in the Honors flight and some affiliated companies are We honor Veterans level 4.*
- *Local insurance providers such as Asuris Northwest Health, Molina Healthcare, Bridgespan, Coordinated Care, Lifewise Health Plan of Washington, Kaiser Permanente, and Regence BlueShield.*
- *Local Senior Centers and Community Centers*
- *Local Senior Olympics*
- *Local Emergency Preparation & Disaster Recovery with Local Fire/EMS/Police Departments*
- *Local radio and television news stations*
- *Local support groups and grief discussions*
- *Local groups that support Diversity and Inclusion such as Zoo Walk, Memory Cafe, Tacoma Traumatic Brain Injury Group, Tacoma Caregiver Matters, Hearing Loss Association of Tacoma, DadsMOVE, Northwest Parkinson's Foundations, Kinship Caregiving"*

Bristol also provided a list of healthcare facilities with which the new agency would establish working relationships. The listing is below. [source: Application, Exhibit 17]

Applicant's Table

COMPANY	CONTACT	ADDRESS1	CITY	STATE	ZIP	PHONE	FAX	SIZE	LEVEL OF CARE	COUNTY
Bridgeport Place	Letitia London	5250 Bridgeport Way W	University Place	WA	98467	(253)565-1960	(253)565-1996	77	ASL	Pierce
Brookdale Allenmore Assisted Living	James Coumbs	3615 S 23rd St	Tacoma	WA	98405	(253)759-7770	(253)759-7776	80	ASL	Pierce
Brookdale Courtyard Puyallup	Ruthmarie Zimmerman	4610 6th Pl SE	Puyallup	WA	98374	(253)841-9722	(253)435-5466	120	ASL	Pierce
Brookdale Harbor Bay	Jerry Lee	9924 N Harborview Dr	Gig Harbor	WA	98332	(253)858-7790	(253)858-7041	44	ASL	Pierce
Cascade Park Gardens	Kristina Singh	4347 S Union Ave	Tacoma	WA	98409	(253)475-3702		85	ASL	Pierce
Cascade Park Vista	Lincoln Strand	242 St Helens Ave S	Tacoma	WA	98402	(253)627-8833	(253)680-1960	117	ASL	Pierce
Cedar Ridge Retirement & Assisted Living	Travis McDaniel	9525 198th Ave E	Bonney Lake	WA	98391	(253)299-6461		70	ASL	Pierce
Charlton Place	James Severa	9723 S Steele St	Tacoma	WA	98444	(253)589-1834	(253)581-8540	105	ASL	Pierce
Cottages at Edgewood, The	Robert Chapman	2510 Meridian Ave E	Edgewood	WA	98371	(253)881-1435		60	ASL	Pierce
Country Cottage	Robert Judd	12109 Kapowsin Hwy E	Graham	WA	98338	(253)847-2004		15	ASL	Pierce
Emerald Care Center	Lydia Waweru	23809 46th Ave E	Spanaway	WA	98387	(253)847-9452		14	ASL	Pierce
Gibraltar Senior Living	Maria Sales	10816 18th Ave E	Tacoma	WA	98445	(253)537-5395		46	ASL	Pierce
Gig Harbor Court	MaryKay Duran	3213 45th St Ct NW	Gig Harbor	WA	98335	(253)858-5300	(253)858-5323	55	ASL	Pierce
Harbor Place at Cottasmore	Administrator	1016 29th St NW	Gig Harbor	WA	98335	(253)859-3354		90	ASL	Pierce
Hearthside Manor	Kimberlee Fry	3615 Drexler Dr W	University Place	WA	98466	(253)460-3390		36	ASL	Pierce
Heritage House Buckley	Peggy Jensen	28833 Highway 410 E	Buckley	WA	98321	(360)829-5292		85	ASL	Pierce
Hope Guest Home	Paula Wetterlind	915 S 7th St	Tacoma	WA	98405	(253)627-3620		18	ASL	Pierce
Kats Care Center	Kenosha Turner	321 S 116th St	Tacoma	WA	98444	(253)537-3022		23	ASL	Pierce
King's Manor Senior Living Community	Nichol Coit	8609 Portland Ave	Tacoma	WA	98445	(253)538-7222	(253)531-4228	76	ASL	Pierce
Living Hope Care Center	Fetene Fasika	402 North J St	Tacoma	WA	98403	(253)572-7977		56	ASL	Pierce
Lodge At Mallard's Landing, The	Steve Brudnick	7083 Wagner Way NW	Gig Harbor	WA	98335	(253)858-4990		136	ASL	Pierce
Maple Creek Of Lakewood	David Langdon	10420 Gravelly Lake Dr SW	Lakewood	WA	98499	(253)588-0227		60	ASL	Pierce
McGee Guest Home	Toni Anderson	21520 82nd Ave E	Spanaway	WA	98387	(253)847-2292		64	ASL	Pierce
Meridian Hills Assisted Living	Robert Chapman	1813 S Meridian St	Puyallup	WA	98371	(253)841-4909	(253)841-2523	97	ASL	Pierce
Mill Ridge Village	Jennifer Reich	607 28th Ave	Milton	WA	98354	(253)925-9200		55	ASL	Pierce
Northwest Retirement Center	Thomas Gallucci	610 N Fife St	Tacoma	WA	98406	(253)272-8600		110	ASL	Pierce
Olympic Alzheimer's Residence	Angela Conner	3025 14th Ave NW	Gig Harbor	WA	98335	(253)851-5306		60	ASL	Pierce
Pacific Avenue Residential Care	Gerilyn Arenas	5621 Pacific Ave	Tacoma	WA	98408	(253)473-3577		16	ASL	Pierce
Peoples Retirement Community	Sindrella Brown	1720 E 67th St	Tacoma	WA	98404	(253)474-1741		110	ASL	Pierce
Pioneer Place Alzheimer's Residence	Peggy O'Donnell	11519 24th Ave E	Tacoma	WA	98445	(253)539-3410		65	ASL	Pierce
Puyallup Valley Enhanced Residential	Gerald Pratt	723 2nd St NW	Puyallup	WA	98371	(253)845-5398		51	ASL	Pierce
Silver Creek Retirement & Assisted Living	Michael Ball	17607 91st Ave E	Puyallup	WA	98375	(253)875-8644		104	ASL	Pierce
Sound Vista Village	Kristi Knox	6633 McDonald Ave	Gig Harbor	WA	98335	(253)851-9929		36	ASL	Pierce
Spring Ridge Retirement Community	Tonya Hamilton	6856 Portland Ave	Tacoma	WA	98404	(253)474-1093	(253)474-0662	75	ASL	Pierce
Tacoma Lutheran Home Retirement Comm	Janice Dion	1301 N Highlands Pkwy	Tacoma	WA	98406	(253)752-7112	(253)752-7265	59	ASL	Pierce
Village Retirement & Assisted Living	Tamala Morris	4707 S Orchard St	Tacoma	WA	98466	(253)475-4707		110	ASL	Pierce
Waller Road Home	Gerilyn Arenas	4710 Waller Rd E	Tacoma	WA	98443	(253)922-2550		9	ASL	Pierce

Bristol provided the following clarification regarding the listing above. [source: March 31, 2022, screening response, pdf 11]

“We have informally through phone outreach let some know that we intend on serving the area. Due to the unknown nature of the application process, we have not directly marketed to them at this time.”

Bristol provided the following information regarding its intended hours of operation for the new hospice agency. [source: Application, pdfs 24-25]

“Bristol Hospice general office hours are from 0800 to 1700; our actual operations are 24/7/365. There are always staff that are required to work after hours, weekends and holidays to meet patient needs. Further, it does not rely solely on third party answering services after office hours. All calls are routed to Bristol Hospice hired and trained on-call RN's for resolution. This is done through advanced technology that can track down available staff. Even if all staff are on visits, a call will NEVER go to voicemail. A live clinically trained person will answer 100% of the time to address any need. Our lights are always on. We dispatch trained staff at any hour of the day and night and our goal is to arrive within 30 minutes of any needed after hours visit.”

Providence Public Comment [source: pdf 25]

“Bristol's description of its “24/7/365” staffing raises questions regarding the adequacy of its RN FTE projections. In its application, Bristol provides the following description of its hours of operation, its on-call services, and the staffing for its hours of operation and on-call services:

Bristol Hospice general office hours are from 0800 to 1700; our actual operations are 24/7/365. There are always staff that are required to work after hours, weekends and holidays to meet patient needs. Further, it does not rely solely on third party answering services after office hours. All calls are routed to Bristol Hospice hired and trained on-call RNs for

resolution. This is done through advanced technology that can track down available staff. Even if all staff are on visits, a call will NEVER go to voicemail. A live clinically trained person will answer 100% of the time to address any need. Our lights are always on. We dispatch trained staff at any hour of the day and night and our goal is to arrive within 30 minutes of any needed after hours visit.

Bristol states that “it does not rely solely on third party answering services after office hours. All calls are routed to Bristol Hospice hired and trained on-call RNs for resolution.” (Emphasis added.) This, as well as the other statements regarding “24/7/365” staffing made in the above-quoted paragraph, raise concerns regarding the adequacy of Bristol’s RN FTE projections. For instance, in 2024 (its first full year of operation), Bristol projects an ADC of 19 and a “Registered Nurse” staffing level of only 1.9 FTE. Without further explanation by Bristol, it is not clear how the projected RN staffing level in 2024 can support the “24/7/365” staffing commitments with respect to RNs described by Bristol in its application.”

Bristol Rebuttal Comment

None

Department’s Evaluation

Bristol provided information within the application materials to demonstrate it intends to establish relationships with vendors and the relationships would be adequate to support the hospice services to be provided in the county.

Focusing on its intended hours of operation, Providence expressed concerns with Bristol’s projected number of staff and its ability to be available 24/7/365 as asserted in the application. Providence used year 2024, Bristol’s first full year of operation, as an example. Bristol’s RN staffing level is 1.9 FTEs, its average daily census is 19, yet Bristol asserts it would have a trained, on-call RN available outside the 8:00am – 5:00pm workday and on weekends.

Given that Bristol did not provide rebuttal comments to explain its staffing approach, the department cannot reconcile Bristol’s projected RN staffing and after-hours availability that appear to be in conflict.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210 and 220. The department concluded this application was not compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. For this sub-criterion, the department cannot conclude that the staffing promotes continuity in the provision of healthcare services for Pierce County residents.

Based on the information reviewed, the department concludes that Bristol’s project would likely result in unwarranted fragmentation of hospice services in the planning area.

The Pennant Group, Inc.

Pennant provided the following statements related to this sub-criterion. [source: Application, pdf 37-38]

“Much like Community Health Assessment Pierce County 2019, we are committed to collaboration, data-driven, communitive, community engagement and observation. Puget Sound Home Health has already established continuity in the provision of health care services by aligning with hospitals/health systems and the post-acute care community to improve access to care for Pierce

County residents. Puget Sound Home Health has strong relationships with assisted living facilities and adult family homes to help provide and advocate for the continuity of services. Relationships and partnerships have already been established with our home health agencies in King, Pierce, Snohomish, Skagit, and San Juan counties. Examples are MultiCare and CHI Franciscan hospitals 2020 narrowed home health networks in Pierce County. Strong community and large hospital systems referral relationships exist in all of these counties to address the needs of Pierce County.

The Ensign Group, Pennant’s former parent company, has partnered with the Pennant Group to improve the care continuum. Ensign provides skilled nursing and rehabilitative services in the post-acute care sphere. Specific to this project, Ensign has a long standing skilled nursing facility within Pierce County that we will partner with and address unwarranted fragmentation of healthcare upstream and downstream services. With the above relationships, partnerships, and associations, we will provide much needed continuity of care and prevent unwarranted fragmentation of services through quick, thoughtful patient bridging and referrals to hospice services.”

Pennant provided a list of healthcare facilities with which it has established working relationships for the home health agency located in King County, Puget Sound Home Health. The listing is below. [source: Application, pdfs 36-37]

Applicant’s Table

<i>Swedish First Hill Campus</i>	<i>Seattle VA Medical Center</i>
<i>Harborview Hospital</i>	<i>Seattle Cancer Care Alliance</i>
<i>Felton Health Care Specialists</i>	<i>The Hearthstone</i>
<i>Shoreline Health and Rehab Center</i>	<i>Saint Joseph Medical Center</i>
<i>Good Samaritan Hospital Puyallup</i>	<i>Tacoma General Hospital</i>
<i>Allenmore Hospital</i>	<i>Madigan Army Medical Center</i>
<i>Orchard Park Care Center</i>	<i>Puyallup Tribal Health Authority</i>
<i>Tacoma VA Medical Center</i>	<i>Saint Anthony Skilled Nursing Facility</i>
<i>MultiCare Auburn Medical Center</i>	<i>St. Anne Hospital CHI Franciscan</i>
<i>Canterbury House</i>	<i>Avalon Care Center Federal Way</i>
<i>MultiCare Covington Medical Center</i>	<i>Judson Park</i>
<i>Burien Nursing and Rehab Center</i>	<i>St. Francis Hospital CHI Franciscan</i>
<i>The Home Doctor</i>	<i>Dr. Jude Verzosa</i>
<i>North Auburn Rehab & Health</i>	<i>Stafford Suite SeaTac</i>
<i>Virginia Mason Medical Center</i>	<i>Dr. Ranu Choudhary</i>
<i>CrownHealth</i>	<i>Garden Terrace Healthcare Center</i>
<i>Renton Rehab</i>	<i>Talbot Rehab Center</i>
<i>Redmond Care and Rehab</i>	<i>Aegis Living West Seattle</i>
<i>Park West Care Center</i>	<i>MultiCare Dispatch Health</i>
<i>Saint Clare Medical Center</i>	<i>Community Health of Pierce County</i>
<i>Tacoma Nursing and Rehab</i>	<i>UW Medical Center Hospital</i>
<i>Rainier Rehabilitation</i>	<i>MultiCare Home Health Tacoma</i>

In addition to the information above, Pennant also provided a copy of its Death With Dignity Policy and clarified that the policy is used at all Pennant-owned hospice agencies in Washington State. Specifics regarding the policy are below. [source: Application, Exhibit 6 and March 29, 2022, screening response, pdf 14]

Death With Dignity Policy

Purpose: *“This policy provides direction to the Agency’s employees and independent contractors, regarding Agency’s decision not to participate in DWD related activities.”*

The policy provides the following statements under the ‘Participation in the DWD’ section.

- “1. Agency employees and contractors are prohibited from participating in activities outlined in the DWD while under the management or direct control of the Agency or while acting within the course and scope of any employment by, or contract with, the Agency.*
- 2. Agency employees and contractors are prohibited from informing a hospice or home health patient or such patient’s family, guardian, or agent, regarding the patient’s participation in the DWD, and shall not refer an individual to a physician for the purpose of participating in activities authorized by the DWD.*
- 3. Agency employees and contractors that participate in activities outlined in the DWD while under the management or direct control of the Agency or while acting within the course and scope of any employment by, or contract with, the Agency, or who otherwise act in violation of this policy, shall be subject to disciplinary action or termination of contract, as outlined below.*
- 4. Agency will not prohibit any employee, independent contractor (including physicians), or other affiliated entity from participating in the DWD while such individuals or entities are acting outside the management or control of or the course and scope of any employment duties by, or contract with, the Agency. Should an employee, contractor, agent or other affiliated entity participate in DWD related activities outside of their employment/ affiliation with the Agency, such individuals or entities shall clearly identify his or her self to the patient, patient’s family, and/or patient’s agent and make clear the he or she is acting in a capacity that is not affiliated with the Agency.”*

There were no public comments or rebuttal comments submitted for the Pennant project related to this sub-criterion.

Department’s Evaluation

Given that Pennant does not currently provide Medicare and Medicaid hospice services in Pierce County, the applicant provided a listing of potential referral sources for its proposed hospice agency and also submitted statements assuring that referral sources would be sought in the county. This approach is acceptable for a new provider in a county.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application was compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. The application is also consistent with the previous sub-criterion addressed in the structure and process of care under WAC 246-310-230. Based on the information above, the department concludes that approval of the Pennant project would likely not result in unwarranted fragmentation of hospice services in the planning area.

Wesley Homes Corporation

Wesley provided the following statement to demonstrate compliance with this sub-criterion. [source: Application, pdf 31]

“Wesley is already a well-respected provider of long-term care services in Pierce and King Counties and collaborates closely with local physicians, hospitals, and other providers to ensure patients’ comprehensive medical, social, and spiritual needs are met. Permanently extending Wesley’s King County Hospice operations into Pierce County will enhance and promote continuity in care delivery

in Pierce County and support the needs of hospice patients and their families overall and specifically promote continuity of care for Pierce County patients currently served by Wesley in its Pierce County facilities. This comprehensive continuum of care ensures the provision of excellent, high quality, comprehensive and compassionate care.

The proposed project will not result in duplication of services or unwarranted fragmentation of care for all of the reasons outlined in the Need section of this application. WHH will address the unmet need and long waiting times for admission currently faced by patients desiring hospice services in Pierce County. WHH's on dementia, Parkinson's and traditionally underserved groups will also address the specific unmet need for these populations. The recently published Hospice Numeric Need Methodology shows a need for 3 additional hospice agencies in Pierce County in 2023. WHH will work closely, and in partnership with existing providers to improve access and reduce wait times and provide services to underserved populations."

Wesley provided the following information regarding its intended hours of operation. [source: Application, pdf 28]

"WHH's hospice business hours are Monday through Friday from 8:30 a.m. to 5:00 p.m. In addition, we have a Hospice nurse available 24 hours a day/7 days per week."

In addition to the information above, Wesley also provided a copy of its Death With Dignity Policy. Specifics regarding the policy are below. [source: March 31, 2022, screening response, Attachment 3]

Death With Dignity Policy

Purpose: The purpose of this policy is to provide guidelines for Wesley Homes Hospice staff and providers to assist patients who express their desire to utilize "Death with Dignity."

The policy references RCW 70.245.020 and includes specific definitions for 'attending physician' and 'consulting physician.'

The policy provides the following statements under the 'Procedure' section.

"Wesley Homes Hospice providers will not actively participate in the "Washington State Death with Dignity Act".

- *Hospice providers will not perform the duties of an attending physician;*
- *Hospice providers will not perform the duties of a consulting physician;*
- *Hospice providers will not prescribe life-ending medication;*
- *Hospice providers will not fill a prescription for life-ending medication;*

Our goal is to help patients make well informed decisions about end-of-life care.

- A. *Contact information can be provided by hospice staff but patient/family is responsible for appointment thereafter.*
 - B. *Hospice MSW will counsel patient/family for appropriateness with mental health screening.*
 - C. *Chaplain may be available per patient and family wishes as it pertains to religion or spiritual beliefs.*
- *Hospice Medical Director may not actively participate in the life-ending medication administering or provide prescription needed to end life.*

- Core staff i.e., RN, Aide, MSW, Chaplain may be available after ingestion of medication to monitor and support family as well as prepare patient with postmortem care.
- Bereavement counseling will be available for up to 13 months.”

AccentCare/Seasons Public Comment [source: pdf 16]

“*Question 10. Identify your intended hours of operation and explain how patients will have access to services outside the intended hours of operation. Wesley indicates it has a hospice nurse available 24/7, but does not explain how patients have access to this nurse outside the business hours of operation which is from 8:30 a.m. to 5:00 p.m. If more than one patient has an urgent need while the nurse is busy serving another patient, the hospice cannot respond. With no program to properly provide service 24/7, access is limited.*”

Wesley Rebuttal Comment to AccentCare/Seasons Public Comments

“*Seasons comments on our after-hours call are also unwarranted. Our on-call program ensures immediate access to our patients no matter the time of day or day of week. Wesley Hospice’s after hours call number is answered 24/7/365 by the on-call coordinator, and then the call is routed to the Hospice on-call RN. If the Hospice RN is busy with another patient, then the calls are routed to the Clinical Director or Executive Director, both are RNs with Hospice experience.*”

Department’s Evaluation

Given that Wesley proposes to expand the service area of its existing King County hospice agency into Pierce County, the applicant has established relationships for King County that could translate to Pierce County. This approach is acceptable for an existing provider in an adjacent county.

In public comment, AccentCare expressed concerns with Wesley’s after-hours coverage stating “*If more than one patient has an urgent need while the nurse is busy serving another patient, the hospice cannot respond. With no program to properly provide service 24/7, access is limited.*”

In rebuttal, Wesley clarified that after-hours calls are answered by an ‘on-call coordinator’ then is routed to the on-call RN. If the RN is busy with another patient, then the calls are routed to the hospice agency’s clinical director or executive director. Both are RNs with hospice experience. This coverage approach described by Wesley is acceptable.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210 and 220. The department concluded this application was compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. The application is also consistent with the previous sub-criterion addressed in the structure and process of care under WAC 246-310-230. Based on the information above, the department concludes that approval of the Wesley project would likely not result in unwarranted fragmentation of hospice services in the planning area.

Additional Access to Care Comments-Death with Dignity Topic Related to All Six Projects

During the review of these six projects, the department received public comments under this sub-criterion regarding the availability of ‘Death with Dignity⁸⁰’ options in Pierce County. While each commentor provides a different perspective, all comments urge consideration of patient choice for end-of-life options that may include those allowed in the Death with Dignity Act. Below is excerpts

⁸⁰ Washington State’s Death with Dignity Act has been in effect since March 5, 2009, except for section 24 that was effective July 1, 2009. [Revised Code of Washington 70.245]

from the comments received. While not all comments are restated in this evaluation, all comments are considered in this review.

Linda Hood, University Place, Pierce County Washington

“This testimony regarding six hospice Certificate of Need applications in Pierce County reflects the position of the undersigned individuals. Please inform us of the decision by sending an email addressed to Linda Hood. [e-mail address not included in this evaluation]

In 2008, 57.82% of Washington residents voted for passage of Initiative Measure 1000, which allows certain terminally ill competent adults to obtain lethal prescriptions. In Pierce County, the percentage of voters that supported this measure fifteen years ago was 53.54%. (Washington Secretary of State, Elections Division, 2008). By 2020, a Gallup Poll of Americans reported that national support for Death with Dignity laws had risen to 74%.

Why do we bring this to your attention? It is because state data show that, in Oregon and Washington, 90% of the terminally ill persons who opt to exercise their right to access Death with Dignity are enrolled in hospice care (Campbell and Black, 2014). The Washington Department of Health’s annual report about the Act shows that, of the 252 persons who died after taking the medication in 2020, 90% were hospice patients at the time. In light of this, we are concerned that the Department of Health’s current Certificate of Need review process is not ensuring that the hospice applications being approved reflect the best interests of the state’s hospice patients. As it becomes increasingly important that citizens make their end-of life choices clear—both for themselves and in order to influence public policy and regulatory decision making—we see that the information needed for a terminally ill person to make an informed selection of a hospice provider is not available.

By either refusing or ignoring their hospice patients’ legal rights to access Washington’s Death with Dignity provisions, many of the state’s existing hospices do not meet at least two of the CON review criteria: Need and Process of Care. In part, this is a mark of a Washington healthcare environment that is increasingly controlled by organizations which are free to interject their moral or religious beliefs into the private relationship between Washington patients and their physicians.

It is important to recognize the wishes of the majority of Washington citizens by approving more hospice providers that will provide complete information on end-of-life options and assist their patients in seeing their choices carried out. By way of this public comment during the Pierce County Certificate of Need (CON) review process, we want to ensure that any applications that are approved meet these needs and thus the proportion of hospice care provided in Pierce County moves toward a reflection of that majority vote.”

An applicant must also demonstrate that it will address the needs of all residents, particularly low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly. Without any doubt, most hospice patients fit in one or more of these categories. Specifically:

- *The majority are elderly women, many of whom have lower than average incomes, and many are disabled by their terminal illness.*
- *The data show that 90% of Washington residents electing Death with Dignity are hospice patients. The required physician’s assurance that access to Death with Dignity is clinically appropriate for an individual further emphasizes the vulnerability of those hospice patients.*

- *Recent testimony to the Washington legislature regarding a bill to improve timely access to Death with Dignity provided extensive documentation that many hoping to access its benefits have died before the required waiting period expired.*
- *Coupled with Washington's below average hospice length of stay compared to national average provides further evidence that terminally ill persons in Washington are a group that is underserved. The fact that a quarter of those persons die within a week of hospice admission certainly underscores the difficulties many have in obtaining reasonable access to hospice care."*

Yet, based the information available, Table 1 below shows that very few of the hospice patients in Pierce County have access to information and support from their existing hospice providers regarding Death with Dignity. Keep in mind that hospice patients must trade their curative care for palliative hospice care and most give up their own primary care physicians as their care is overseen by hospice medical directors. It has become apparent that most of these vulnerable Pierce County residents are not being informed that election of the hospice benefit also means they relinquished their access to information about and/or support from their hospice in any future effort to benefit from Washington's Death with Dignity law.

We believe that a hospice refusing or neglecting to inform a vulnerable person being admitted to its care that it will not support a patient's access to Death with Dignity ignores two important aspects of healthcare need:

- 1. The patient's right to respect and dignity*
- 2. The patient's right to informed consent*

And, while these attributes of a hospice's patient care are also part of its compliance with the Structure and Process of Care Criteria, they are an inextricable aspect of the healthcare needs of all elderly, female, low income, disabled and disadvantaged hospice patients in Pierce County who, by virtue of imminent death, are all disadvantaged individuals."

....

"Findings regarding six applicant's hospice policies regarding Death with Dignity.

- *Bristol does not provide a hospice Death with Dignity policy nor mention medical aid in dying in its application materials. Its policy and practices are therefore unknown.*
- *Continuum does provide staff training how to address a patient's questions or requests for Death with Dignity. It also allows limited participation by its physicians: a Continuum contracted physician may serve as "consulting physician," that is, provide the second physician-required signature on a Continuum hospice patient's application form for Death with Dignity. Yet, Continuum prohibits its contracted physicians from participating in any other way and prohibits its staff from participation other than attendance during the patient's ingestion of the lethal medication.*
- *Seasons and Wesley each provided their hospice Death with Dignity policies with their Pierce CON applications.*
 - *Wesley Homes prohibits its staff from participating in DWD but permits some staff such as social workers and chaplains to discuss the matter with patients.*
 - *While Seasons' earlier Death with Dignity policy took a supportive tone, it nevertheless prohibited its own physicians or staff from participating in DWD on behalf of a hospice*

patient. Under the new ownership by AccentCare, the Seasons policy has been replaced by a different policy.

- *Pennant provided a hospice DWD policy. Its policy clearly prohibits any Pennant physician or employee from discussing DWD with a patient or referring a patient to any supportive organization or participating physician:
Agency employees and contractors are prohibited from informing a hospice or home health patient or such patient's family, guardian, or agent, regarding the patient's participation in the DWD, and shall not refer an individual to a physician for the purpose of participating in activities authorized by the DWD.*

The Pennant policy states that termination of employment is a potential result for a Pennant staff member providing such aid.

As an existing Washington provider that prohibits its physicians and licensed staff from participating in Death with Dignity, Pennant has not notified the public of this prohibition as required by law at RCW 70.245.190(2)(a). Accordingly, Pennant is not in compliance with Washington state law.

- *Providence has not provided a Death with Dignity policy for hospice. It does follow the Ethical and Religious Directives, and that prohibits it or any of its providers from participating."*

....

Thank you for the opportunity to provide public comment. The undersigned appreciate the Department's consideration of our comments and expect to see our volunteer efforts treated with the respect due to us as concerned citizens of Washington and future hospice patients. While we have studied Certificate of Need rules and procedures, we do not have the institutional advantages of paid staff and attorneys funded by the billion-dollar operating budgets of the national religious and secular chains that care for most of Washington's Medicare hospice patients.

*Linda Hood, University Place
Dennis Barnes, Lake Forest Park
Carolynn Zimmers, Poulsbo
Susan Young, Bremerton
Adrienne Dorf, Seattle
Irvalene Moni, Poulsbo
Ellen Floyd, Tacoma
Judith Chelotti, Buckley
Linda Museus, Bremerton
Roger Museus, Bremerton
Paul Dutky, Bremerton*

*Hanna Floss, Bellevue
Amber Koens, Tacoma
Karen Archer, Poulsbo
Karen Bachelder, Seattle
Pam Hamon, Poulsbo
Dorothy Wayne, University Place
Breck Lebegue, Steilacoom
Barb Andersen, Edgewood
Anne Arntson, Puyallup
Daisy Compton, Tacoma
Chris Fruitrich, Tacoma*

Susan Young, resident of Bremerton, Kitsap County Washington

My name is Susan Young. I live in Bremerton and I am speaking for myself today. I am a resident of health service area 1 and use Pierce County healthcare services. I'm approaching an age where hospice may become a real need for me at some point. I'm increasingly concerned that my ability to choose a hospice program that offers me access to all legal end of life options is surprisingly restricted.

*I live in Kitsap County. In 2019, just one of Kitsap County's three hospices, representing 11.3% of the market share, supported DwD. In Pierce County where I access healthcare services, **two of the County's six hospices, representing just 7.4% of the market share, supported DwD in 2020.** Those percentages might be greater, but I can't tell because the Department of Health doesn't require hospice programs to have DwD policies in place for patients to review prior to entering a program despite the fact that Washington law requires providers that don't offer DwD to inform the public of that intent.*

People who are dying are in critical need. Terminally ill, they are often low-income women, disabled by their illnesses and who aren't fully informed when they enter a hospice program that they may be relinquishing access to DwD options or that their end of life directives might not be honored. Their dignity as human beings and access to fully informed consent are both denied. The Department must take this into account when it considers whether an applicant fully addresses and meets non-numeric need.

Simply referring patients to an outside agency is not the same as providing patients direct access to DwD. Accordingly, all but one of the current applicants are legally required to inform the public and patients that they do not offer DwD. Five applicants routinely may or may not offer information about DwD to their patients and their policies regarding physician/staff participation are muddy at best, but appear to prohibit it. Continuum permits just partial participation. As a result, none sufficiently address non-numeric need and all should be denied.

Based on the county's 53.54% vote for Death with Dignity in 2008, until at least 50% of Pierce County hospice patients are able to rely on their hospice provider to access Death with Dignity, no hospice applicant that refuses to participate in it should be granted a Certificate of Need."

Four of the six Pierce County hospice applicants provided rebuttal statements focusing on the death with dignity comments above.

Continuum Care of Snohomish LLC Rebuttal Comments [sources: pdf 9 and pdf 16 and during the hearing]

"Continuum supports Washington's Death With Dignity Act

While Death with Dignity is not a CN requirement, our Snohomish CEO testified at the public hearing that:

We inform patients about, and support patients that elect Death with Dignity. Our staff are encouraged, but not required to be in attendance, and our Medical Director does prescribe.

In the past 12 months, we have supported more than 20 patients in the two Counties.

...

Hood et. al provided information that examined applicant compliance related to Death with Dignity standards. These standards are not a CN requirement and therefore, not relevant to this review."

"We encourage our staff to participate in conversations ... We are present at the time of consumption. We will stay through all the way until the patient passes and be there to support with a nurse, with a chaplain, with the social worker, with anyone who is needed at the time of consumption and ultimately death.

We have a very robust volunteer program as well. We involve our volunteers in that we get them involved. We wanna provide as much support as possible to those who choose to use the death with dignity program. And it's a program that Continuum Care Hospice fully supports.

...

And just we bring this up and talk about it at the admission. So Continuum's ability to participate fully in life with dignity is brought up at the admission.

...

Yes, Continuum does have providers. In fact, currently all of our medical directors are willing to participate in in prescribing death with dignity, the medication for death with dignity. It is not as it isn't required with any of our staff. Every person who we employ in contract with, has the ability or the option to opt out of the program, just as our patients have the option to opt in or opt out. But currently all of our medical directors are willing and available to prescribe and communicate about death with dignity."

Providence Hospice of Seattle Rebuttal Comments

"Speaking to the Providence organization's policies and practices with respect to Washington's Death with Dignity Act, Terri Warren, Chief of Hospice and Palliative Care of Providence Home and Community Care, stated at the public hearing:

Providence has a comprehensive system-wide policy that is consistent with provider-hastened death or aid in dying laws in all the states we serve. To provide transparency to patients and their families, that policy is posted on the Providence Hospice of Seattle website. All regional or facility-level policies have been aligned to the new system-level policy, as well. Accompanying the policy is a set of internal FAQs, toolkits, operational guidelines, and training modules to assist all caregivers and providers in promoting clinical best practices and in adhering to the policy. Providence actively supports patients who inquire or decide to legally proceed with provider-hastened death, and we share publicly available information and ensure they are connected with the appropriate resources. To suggest that Providence would abandon any patient inquiring about provider-hastened death is simply false. As you will hear later today, on any given day Providence has multiple hospice patients on our census who are partaking in this process.

Reinforcing Providence Hospice's commitment to all hospice patients, Dr. Patricia Zimburean, of Providence Hospice and Home Care Snohomish, shared the following at the public hearing:

I want to speak to Providence's deep commitment to all our patients. Today we may hear from the public that Providence does not directly participate in Death with Dignity or provider hastened death. It is true that Providence providers do not prescribe the medications used to hasten death. But to be clear, almost no hospice providers around the country are actually prescribers for provider hastened death. This stance is consistent with the American Medical Association, the American College of Physicians, and the National Hospice and Palliative Care Organization.

In our hospice agency here in Snohomish we have about 300 patients on service today. At any point in time, we may have at least 10 patients actively pursuing DWD services in some form or another. This is a typical amount, and these patients are discussed and supported. Earlier this week at one of my team meetings, we discussed a patient who has the medications for DWD ready for them at the pharmacy. On that same team, a patient completed the act of provider hastened death last fall. That patient remained on our service throughout that process. To suggest that patients under Providence's care do not have access to these services is absolutely incorrect. When a patient inquires about these services, we do not discourage them. We refer them to End of Life Washington. Let me be very clear: we do not abandon our patients at any point in time. We continue to support them, regardless of their choice to engage with services under the Death with Dignity Act. After the act, we attend to them and their families as needed.

Additionally, Providence accepts and supports patients, regardless of their ability to pay. As a Providence hospice physician and medical director, I feel confident that I can provide quality end of life care to all patients who have that need.

At the public hearing, Dennis Barnes, a member of the public, asked the representatives of Providence Hospice: "Where can we find the public information about DWD that you agreed to provide as conditions of your current Pierce County CN?" Lisa Crockett, a Providence representative, responded:

For sake of clarity, it would be best if we could just go ahead and provide that link to you as part of our comments. It is available on our website."

AccentCare/Seasons Rebuttal Comments

"While the updated AccentCare policy include a summary of Washington's Death with Dignity Act, it also:

- Confirms hospice staff will continue to provide the full suite of hospice care, regardless of a patient's election. This ensures patients are not denied hospice services if they elect medical aid-in-dying.*
- Requires hospice staff to review a patient's desire for the election to ensure any contributing factors are addressed in the care plan. If, for example, a patient wants to move forward with a medical aid-in-dying election due to pain, the hospice team will make sure pain is being addressed as part of the plan of care while the patient's election and process moves forward.*
- Confirms the hospice physician may serve as the physician participant in the patient's election. Hospice physicians are not prohibited from serving in this capacity.*
- Confirms hospice staff may be present during a patient's administration. Staff are not prohibited from attending.*

AccentCare supports a patient's election of medical aid-in-dying consistent with the Washington Death with Dignity Act. AccentCare ensures patients electing medical aid-in-dying have access to hospice care."

Bristol Hospice Rebuttal Comments

No rebuttal.

The Pennant Group Rebuttal Comments

No rebuttal

Wesley Homes Corporation Rebuttal Comments

"Public comments also claim that Wesley does not "address" the Death with Dignity Act. This claim is completely inaccurate. We provided our Death with Dignity policy with our screening response and testified at the public hearing that we are 100% committed to respecting each patient and family's choices at the end of life and ensuring they are treated with the utmost respect and dignity. Wesley's patients do and will continue to have access to Death with Dignity services if that is their choice, and Wesley's policy is fully compliant with state law. Wesley also noted in our CN filings that if the Program found any specific concern with any of our policies (which we do not anticipate), that we would be amenable to a condition on our CN to revise such policy. This includes our Death with Dignity policy."

Department's Evaluation of Death with Dignity Topic Related to All Six Projects

Pertinent sections of RCW 70.245.190 are restated below.

RCW 70.245.190(1)(d) states:

Only willing health care providers shall participate in the provision to a qualified patient of medication to end his or her life in a humane and dignified manner. If a health care provider is unable or unwilling to carry out a patient's request under this chapter, and the patient transfers his or her care to a new health care provider, the prior health care provider shall transfer, upon request, a copy of the patient's relevant medical records to the new health care provider. [emphasis added]

RCW 70.245.190(2)(a) states:

A health care provider may prohibit another health care provider from participating under chapter 1, Laws of 2009 on the premises of the prohibiting provider if the prohibiting provider has given notice to all health care providers with privileges to practice on the premises and to the general public of the prohibiting provider's policy regarding participating under chapter 1, Laws of 2009. This subsection does not prevent a health care provider from providing health care services to a patient that do not constitute participation under chapter 1, Laws of 2009. [emphasis added]

[note: 'notify' and 'participate' in chapter 1, laws of 2009' are both defined in this sub-section.]

While RCW 70.245.190(1) does not require all hospice providers to offer these services, sub-section (2) above requires a provider that prohibits participation under RCW 70.245.190 to provide notification to both practicing providers associated with the agency and the public.

As a result, the department does not have the authority deny a Certificate of Need application if a provider chooses not to provide services under RCW 70.245. However, for those applications that are approved and choose not to provide services under RCW 70.245, the department could include a condition requiring the applicant to agree to adhere to RCW 70.245.190.

Continuum Care of Snohomish LLC WAC 246-310-230(4) Conclusion

Continuum Snohomish provided documentation that the department concluded meets this specific sub-criterion. Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the Continuum Snohomish project would not result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is met.**

Providence Health & Services-Washington WAC 246-310-230(4) Conclusion

While Providence provided documentation specific to this sub-criterion, the department must also consider its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and previous sections of 230. The department concluded this project failed the need sub-criterion under WAC 246-310-210(1) because of a failure to demonstrate need for this project. The department also concluded this project failed under WAC 246-310-220(1) and (2) because the applicant did not demonstrate need for its project. The department also concluded this project failed under WAC 246-310-230(4) because it would likely result in unwarranted fragmentation of care. For these reasons, the department concludes that approval of the Providence Health & Services - Washington project could result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met.**

AccentCare, Inc. WAC 246-310-230(4) Conclusion

While AccentCare provided documentation specific to this sub-criterion, the department must also consider its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and previous sections of 230. The department concluded this project met the need criteria in WAC 246-310-210(1) and (2), and the financial feasibility criteria in WAC 246-310-220(1), (2), and (3), and the previous structure and process of care criteria in WAC 246-310-230(1), (2), and (3).

Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the AccentCare project would not result in unwarranted fragmentation of hospice services in the planning area. This sub-criterion is met.

Bristol Hospice, LLC WAC 246-310-230(4) Conclusion

While Bristol provided documentation specific to this sub-criterion, the department must also consider its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and previous sections of 230. The department concluded this project failed the need sub-criterion under WAC 246-310-210(1) and (2) because of unclear information regarding pediatric patients. The department also concluded this project failed under WAC 246-310-220(1) because the applicant did not provide rebuttal comments to refute any of the public comments submitted for its project. For these reasons, the department concludes that approval of the Bristol Hospice, LLC project could result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met.**

The Pennant Group, Inc. WAC 246-310-230(4) Conclusion

While Pennant provided documentation specific to this sub-criterion, the department must also consider its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and previous sections of 230. The department concluded this project met the need criteria in WAC 246-310-210(1) and (2), and the financial feasibility criteria in WAC 246-310-220(1), (2), and (3), and the previous structure and process of care criteria in WAC 246-310-230(1), (2), and (3).

Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the Pennant project would not result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is met.**

Wesley Homes Corporation

While Wesley provided documentation specific to this sub-criterion, the department must also consider its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and previous sections of 230. The department concluded this project met the need criteria in WAC 246-310-210(1) and (2), and the financial feasibility criteria in WAC 246-310-220(1), (2), and (3), and the previous structure and process of care criteria in WAC 246-310-230(1), (2), and (3).

Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the Pennant project would not result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is met.**

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

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

- Continuum Care of Snohomish LLC
- Providence Health & Services - Washington
- AccentCare, Inc.
- Bristol Hospice, LLC
- The Pennant Group
- Wesley Homes Corporation

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

Based on the source information reviewed, the department determines the following applicants **met the applicable cost containment criteria in WAC 246-310-240:**

- Continuum Care of Snohomish LLC
- AccentCare, Inc.
- The Pennant Group
- Wesley Homes Corporation

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable cost containment criteria in WAC 246-310-240:**

- Providence Health & Services - Washington
- Bristol Hospice, LLC

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

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

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

WAC 246-310-290(10) provides the following direction for review this sub-criterion of applications for hospice agencies. It states:

In addition to demonstrating numeric need under subsection (7) of this section, applicants must meet the following certificate of need requirements:

- Determination of need under WAC 246-310-210;*
- Determination of financial feasibility under WAC 246-310-220;*
- Criteria for structure and process of care under WAC 246-310-230; and*
- Determination of cost containment under WAC 246-310-240.*

If there are multiple applications, the department’s assessment is to apply any service or facility superiority criteria in WAC 246-310-290(11), which includes the superiority criteria used to compare competing projects and make the determination of the best alternative between two or more approvable projects.

Continuum Care of Snohomish LLC

Step One

For this project, Continuum Snohomish met the applicable review criteria, therefore the department moves to step two below.

Step Two

Continuum Snohomish provided the following listed options it considered and a table detailing its rationale prior to submission of its project.

- “▪ *Do nothing,*
- *Establish a licensed only agency,*
- *Establish a separate hospice agency in Pierce County only*
- *Undertake the project described in this application.”* [source: Application, pdfs 42-43]

Applicant’s Table

	No Action	Licensed Only Hospice Agency	New Hospice Agency in Pierce County	Expand Existing Medicare Certified/Medicaid Eligible Hospice Agency
Patient Access to Health Care Services	No ability to improve access, especially for the underserved described in earlier section of this application.	Won't increase access to the majority of patients needing hospice services, and particularly the underserved, because won't be accessible to Medicare and Medicaid patients.	Ability to serve the entire underserved population but requires additional regulatory steps to be operational and serving the community.	Greatest ability to immediately address current gaps, especially related to underserved populations and meeting need per methodology in WAC 246-310-290.
Capital Cost	No capital	No capital	Capital cost for Pierce County separate office location for independent agency.	No capital
Legal Restrictions	None	None	Certificate of Need required	Certificate of Need required.
Staffing Impacts	None	Requires additional staff, but fewer than a Medicare certified agency would.	Requires highest level of additional staff, but still a relatively small number.	Allows for the most efficiency, through staff sharing, joint staff training, supervision and management.
Quality of Care	No improvement	Not able to enhance access or quality to the majority of patient in need of services	Ability to provide a high quality hospice option for Pierce County residents.	Ability to provide a high quality hospice option for Pierce County residents. Utilizes existing QI/QI program.
Cost or Operation Efficiency	None	Low volumes; cannot provide the same level of service as a Medicare/ Medicaid certified agency, so will have difficulty maintaining financial viability.	Will allow for the provision of services to all patients needing services but does not allow for efficiencies/ shared operations.	Allows for the most efficient and coordinated program, through shared staffing, management administrative staff, and Medical Directorship.

Source: Applicant

Public Comment

Following are comments the department received related to this sub-criterion on Continuum Snohomish's project.

Lori Stiff, General Manager, Aegis Gardens, Newcastle, Washington – Support

"... I understand that there are more than three providers that have applied to offer hospice services in Pierce County, and that the Department of Health will be required to pick the best options. In addition to their access, their quality staff and their complementary therapies, Continuum Hospice's sustained willingness and ability to respond within hours separates them from most other providers. For each of these reasons, I trust that the Department of Health will find Continuum Hospice to be the best choice."

Shirley Mackey, National Clinical Director for Affinity Health Management – Support

"Good morning. I am Shirley Mackey, and I am the National Clinical Director for Affinity Health Management, where I am responsible for the clinical quality and operations of our hospices around the country, including Continuum Care of Snohomish and King.

By the close of the business day today, Continuum will be submitting public comment that documents that several of other applications proposing to establish a new hospice agency in Pierce County contain fundamental flaws, and, based on these flaws, we believe that several will be eliminated by the CN Program at 'Cost Containment.' As such we do not believe that there will be a superiority review in the current concurrent review cycle.

In the event that a superiority review is conducted, I am here today to remind the Program of some limitations in the current CMS dataset that the Program has historically used to review quality. As the CN Program will likely recall, CMS halted collection and reporting of HIS and CAHPS hospice quality data during the initial outbreak of COVID. In late May of this year, hospice agencies did receive a Provider Preview Report from CMS. This report contains the most current HIS data for the reporting period October 1, 2020, through September 30, 2021, and it also included the state and national averages for each measure. From this report, we can see that Continuum Care of Snohomish performed better than the state and national averages for every measure except one - and in that one measure, our score was basically statistically the same as state and national averages.

Even though the old Hospice Visits when Death is Imminent measure is no longer being reported on Compare.gov, its new measure, Hospice Visits in the Last Days of Life, was included in the Preview. This new claim-based measure looks back over 8 quarters of claims to see actual in-person RN and MSW visits on at least two out of the final three days of a patient's life. The fact that Continuum's Observed Percentage is significantly higher, thus better, than both the state and national average speaks to the frequency of in-person visits that Continuum Care of Snohomish has provided since opening, even in the middle of the pandemic. This is important because it ensures that good care is given in a patient's final days and that families are supported.

The limitation of this data is that it is simply Preview data— providers only received their own scores and state and national averages. At this time, the data cannot be used to compare individual providers, and, per CMS, we understand that data to do so will not be available until late 2022.

In terms of this CN review process, the challenge is that superiority rule requires the Department to 'compare' the applications in a meaningful way. Because of the lag in quality data, and while

Continuum Care of Snohomish is immensely proud of its scores, it will be appropriate and necessary for the Department to make qualitative comparisons among any qualifying applicants using other factors. Our application record provided guidance to the Program on how to consider those other factors.”

Samuel Stern, Managing Member and Chief Executive Officer, Continuum Care of Snohomish LLC – Support [source: pdf 9]

“In support of this conclusion, Continuum demonstrates that in addition to meeting all applicable criteria in WACs 246-310-210 through 246-310-240, it now has Washington State specific experience to demonstrate its ability to operationalize quickly and to serve all regions of a County, and all persons that seek care. This clearly distinguishes us from the other concurrent review applicants. Our application and supplemental screening response provides more distinguishing characteristics and more consideration of criteria for superiority.”

In contrast the following is comment in opposition of Continuum Snohomish’s project related to this sub-criterion.

Russell Hilliard, PhD, LCSW, LCAT, MT-BC, CHRC, CHC, Senior VP, Market Expansion Initiatives, AccentCare, Inc. – Oppose [source: pdf 10]

“Absent from the list of services provided by Continuum are IV Services, pediatric services, dementia care, and cardiac care. Continuum also fails to address Washington’s Death with Dignity Act. Furthermore, no detail is provided about the services offered. This fails to demonstrate the hospice agency superiority criteria found in WAC 246-310-290(11).”

In the rebuttal phase of this review Continuum Snohomish provided the following statements.

Continuum Care of Snohomish LLC Rebuttal to AccentCare’s Comment [source: pdf 9]

“Continuum supports Washington’s Death With Dignity Act

While Death with Dignity is not a CN requirement, our Snohomish CEO testified at the public hearing that:

We inform patients about, and support patients that elect Death with Dignity. Our staff are encouraged, but not required to be in attendance, and our Medical Director does prescribe. In the past 12 months, we have supported more than 20 patients in the two Counties.

In summary, Seasons comments are largely inaccurate and out of context; and were easily rebutted. The Continuum application meets all general CN criteria.”

Continuum Care of Snohomish LLC Rebuttal to Envision’s Comment [source: pdf 15]

“iii. Continuum will prevail under Superiority should the Program need to undertake a superiority analysis.

In its public comments, Envision notes that the ‘...Department can select the most qualified application through its normal Superiority Analysis methodology.’ and conformance with the four criteria. The Program does not have a ‘normal superiority analysis methodology’ because it has performed it rarely and inconsistently. In our screening response, Continuum suggested an approach, outlined our conformance to the superiority criteria and provided quality data specific to Washington State (see response to Question 34).”

Department Evaluation

The numeric methodology demonstrated need for three agencies in Pierce County. The applicant provided information to demonstrate its project would meet all review criteria to expand its Medicare and Medicaid-certified hospice services to Pierce County residents.

Continuum Snohomish received comment in support and opposition of its project related to this sub-criterion. A post-acute care facility general manager commented on her experience with Continuum Snohomish qualifying it as the best option due to its access, quality, complementary therapies, and response times. Continuum Snohomish affiliated persons state that the applicant's quality scores and operational performance showcase that it is the best alternative.

Opposition comment was also received from a competing applicant in this review and an existing Pierce County hospice provider. The comment suggested Continuum Snohomish was not the superior applicant because of lack of specific services offered. The applicant rebutted the comment correctly pointing out that it is inaccurate and out of context. The department agrees with the applicant's rebuttal statements.

Based on this information, the options rejected by Continuum Snohomish are appropriate. The department did not identify any superior alternative for this applicant in terms of cost, efficiency, or effectiveness that is available or practicable.

Continuum Snohomish provided a comprehensive rationale regarding the appropriateness of its project based on the need in Pierce County, lack of capital cost, efficiencies of sharing staff, and potential to increase quality. The department concludes approval of Continuum Snohomish's application can be considered an available alternative for Pierce County. **This sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

For this project, Providence did not meet the applicable review criteria in need (WAC 246-310-210), financial feasibility (WAC 246-310-220), and structure and process of care (WAC 246-310-230). Therefore, the department concludes that this project is not the best alternative for the county. **This sub-criterion is not met.**

AccentCare, Inc.

Step One

For this project, AccentCare met the applicable review criteria, therefore the department moves to step two below.

Step Two

AccentCare provided the following listed options it considered and a table detailing its rationale prior to submission of its project. [source: Application, pdf 97-98]

"Seasons Pierce County, is responding to the Department of Health's November 2021 methodology documenting a need for an additional hospice agency to serve residents of Pierce County. Any alternative that does not include adding a program in Pierce County does not address the unmet need identified by the Department of Health.

Regardless of need, the only alternative in a state that requires CN is to acquire an existing hospice agency. However, no opportunities to purchase an existing agency have been identified.

The alternatives rejected by Seasons Pierce County include:

- **Maintain the status quo and do nothing.** This fails to address the hospice needs within Pierce County and does nothing to contain health care costs.*
- **Purchase an existing hospice agency.** This alternative is unavailable. Seasons Pierce County has not been able to identify any Pierce County Hospice Agencies for sale.*

• **Joint Venture with an existing health care provider.** This alternative is unavailable. Seasons Pierce County has not been able to identify any Pierce County Hospice Agencies willing to enter a Joint Venture to expand hospice care.

Establishing new hospice agencies in areas where they are needed most, such as Pierce County, Washington, the principals of AccentCare Hospice & Palliative Care are able to continue the mission of honoring life and offering hope to the terminally ill and their families. As business opportunities increase, so do the benefits the companies offer to the communities they serve. The alternative of not pursuing this project results in lack of choice in hospice providers and diminished access to hospice care within Pierce County.

As stated above, no viable alternatives exist for establishing a new hospice program within Pierce County, given the announcement of need. There is no hospice currently serving Pierce County that is available for purchase or to enter a joint venture with, and not applying for a CN to establish a new hospice limits patient access to hospice in an area with documented need.

Patient Access. As the methodology in use by the Department of Health demonstrates, the current capacity of hospices serving the market is 3,596, lower than the forecast of 4,246 by CY 2023. The import of the methodology shows that without program expansion, existing providers' program growth lags the future forecast, limiting patient access. Approval of a new hospice program spurs market growth through innovations and new services, thereby improving access and quality of care. Maintaining the status quo does nothing to improve access. Likewise, expansion of hospice service either through acquisition of an existing hospice or through a joint venture is unavailable.

As discussed previously, racial and ethnic disparities in accessing hospice care are seen in Pierce County. Seasons Pierce County believes it can overcome many of the cultural barriers through its proposed outreach efforts, diversity in staffing, and programs developed to overcome such racial and ethnic barriers. This is based on the experience of AccentCare Hospice affiliates throughout a diverse range of communities across the nation. Furthermore, a recent article, Closing the Gap in Hospice Utilization for the Minority Medicare Population, concludes that "the prevalence of for-profit hospices was associated with significantly increased hospice utilization among racial/ethnic minorities." The article provides evidence that while racial and ethnic disparities in hospice care exist, for-profit hospices enroll more minorities, which in turn leads to increased access and overall lower healthcare costs. A copy of this article is found in Exhibit 14. Therefore, with establishment of a new hospice under Seasons Pierce County, access to hospice care improves.

Capital cost. Capital costs are minimal to establish a new hospice agency. Since care is provided at the patient's location - in the home, assisted living facility, nursing home, or hospital, the only capital costs are to furnish and equip a base office for employees. Therefore, capital costs have little impact on the project. Capital costs are addressed in Section III.B., Financial Feasibility, on pages 64-77, and in the Pro Forma provided in Exhibit 18.

Capital cost outlays are small relative to establishment of a new healthcare facility, as the service for hospice care is delivered in home. Seasons Pierce County's hospice agency is funded with \$2 million in cash to furnish and equip office space and fund initial operating deficits during the start-up period. The program reaches a breakeven point during the second full year of operations, CY 2025. Moreover, as indicated in the above referenced article, increasing access to minorities, an under-served population, lowers Medicare costs, with an average savings of approximately \$2,105 per Medicare hospice enrollee. Overall, this leads to improved access and quality of life while

producing a cost savings. Maintaining the status quo limits access to hospice and does nothing to lower healthcare costs.

Staffing. The applicant is able to staff the project with minimal impact to the service area as discussed in Section C, Structure and Process (Quality) of Care, Question #9, pages 4-91. The parent corporation's vast experience in operating hospice agencies, including starting new facilities, demonstrates its ability to operate quality, efficient programs in a variety of markets.

Furthermore, Seasons Pierce County addresses staffing issues in Section C, Structure and Process (Quality) of Care, Question #9, pages 84-91, and is not repeated here. Recruitment and retention efforts, along with education and outreach efforts ensure a strong workforce results with establishment of Seasons Pierce County. This improves operating efficiencies throughout the healthcare system. Therefore, the impact on staffing is positive as development opportunities increase for the healthcare workforce. Without the project, staffing issues continue.

Quality Improvement. Hospice care reflects a highly personalized and specialty managed regimen of services. End of life care requires personal interactions among medical and nursing professionals, the patient, the family, significant others and volunteers aligned to meet the last wishes of the patient for a painless experience during the process of dying. Sensitivity, compassion, attention to detail, managing emotions and reactions, and producing comfort form a hallmark of hospice care. Adherence to state licensing regulations, maintaining accreditation, and participation in the Medicare and Medicaid programs ensure quality. Through choice of a wide variety of hospice programs with various services and offerings, many tailored to the needs of the community, quality improves for the population served.

Overall, Seasons Pierce County's proposed hospice program is consistent with the Department's need methodology, assures residents of Pierce County with ongoing access to quality hospice services, and improves job opportunities for nursing and social services. The hospice promotes cost containment within the healthcare delivery system for Pierce County. The opportunity to expand hospice service through acquisition or joint venture is unavailable, and maintaining the status quo limits availability, access and does not contain health care costs."

There were no public comments or rebuttal comments submitted for the AccentCare project related to this sub-criterion.

Department Evaluation

AccentCare identified no options for ensuring provision of hospice services to Pierce County other than establishing a new hospice or purchasing an existing hospice agency. AccentCare noted that purchasing an existing agency would not necessarily increase the availability of hospice services, so it discarded that option.

Since there are no construction costs necessary to establish hospice services in Pierce County, the department acknowledges that the applicant's hospice services can be provided with very little financial impact to the applicant or the community.

AccentCare also provided appropriate rationale regarding the staff efficiency and appropriateness of hospice care for patients who request it. Further, the information provided by the applicant related to system impacts and hospice care is accurate and reasonable.

The department concludes approval of the AccentCare application can be considered an available alternative for Pierce County. **This sub-criterion is met.**

Bristol Hospice, LLC

For this project, Bristol did not meet the applicable review criteria in financial feasibility (WAC 246-310-220) and structure and process of care (WAC 246-310-230). Therefore, the department concludes that this project is not the best alternative for the county. **This sub-criterion is not met.**

The Pennant Group, Inc.

For this project, Pennant met the applicable review criteria, therefore the department moves to step two below.

Step Two

In response to this sub-criterion, Pennant provided a listing of three alternatives considered prior to submission of this application, then provided a table comparing the three alternatives using five criteria. The three alternatives are:

- Take no Action
- Apply for and Receive CN
- Purchase Existing Hospice

Criteria used by Pennant to evaluate the three alternatives are:

- Access to Healthcare Services
- Quality of Care
- Cost and Operating Efficiency
- Staffing Impacts
- Legal Considerations

Pennant’s evaluation of the three alternatives is recreated in the tables below. [source: Application, pdfs 39-41]

**Department’s Tables 56
Recreation of Pennants Alternative Evaluation Tables**

Alternative A: Take No Action	
Criteria	Results
Access to Healthcare Services	There is no advantage to taking no action in terms of improving access. The disadvantage is that taking no action does nothing to address the need for additional hospice agencies in Pierce County. Therefore, this option does not address the access to care problem that exists.
Quality of Care	There is no advantage to taking no action regarding quality of care. The disadvantage with taking no action is driven by shortages in access to hospice services. With time, access would tighten and there would be adverse impacts on quality of care.
Cost and Operating Efficiency	With this option, there would be no impacts on costs. The disadvantage is that there would be no improvements to cost efficiencies.
Staffing Impacts	The advantage is not hiring/employing additional staff. There are no disadvantages from a staffing perspective.
Legal Considerations	No Legal considerations.
Decision	This alternative was not chosen; it does not improve access to health care services, and it could have a negative impact on the quality of care.

Alternative B: Apply for and Receive CN	
Criteria	Results
Access to Healthcare Services	This project meets current and future access issues identified in Pierce County. It will increase access to care. With this project, there are no disadvantages to access to health care services.
Quality of Care	This project meets and promotes quality of care in Pierce County. There are no disadvantages.
Cost and Operating Efficiency	Puget Sound Hospice of Pierce County will be able to leverage fixed costs, such as the lease, by spreading fixed costs over the hospice and home health services. Cost and operational efficiency will be affected by minimal operating expenses during the initial startup period before it achieves volume that covers fixed and variable costs.
Staffing Impacts	This project will create new jobs that benefit Pierce County. These new jobs also provide paths for staff who are dedicated to efficient delivery of hospice services. There are no disadvantages; Cornerstone Healthcare Inc. and Symbol have a proven track record of hiring and retaining quality staff.
Legal Considerations	The advantage: Puget Sound Hospice of Pierce County staff will be able to provide hospice services to Pierce County residents. This will improve access, quality, and continuation of care. The disadvantage: CN approval is required; this requires time and expense.
Decision	This alternative was selected because it will improve access to health care services, it enhances quality and continuation of care, it leverages existing fixed costs and has no negative impacts on staffing. Finally, this project will quickly be executed and it does not require undue legal or regulatory requirements.

**Department's Tables 56
Recreation of Pennants Alternative Evaluation Tables, cont'd**

Alternative C: Purchase Existing Hospice	
Criteria	Results
Access to Healthcare Services	The disadvantage is that an acquisition may not add additional capacity for hospice services in Pierce County when compared to alternative A and alternative B. Also, at present, we do not know of a hospice agency for sale in King Co.
Quality of Care	The advantage: This option could enhance quality and continuation of care in Pierce County. There are no apparent disadvantages to this option.
Cost and Operating Efficiency	The disadvantage: The acquisition of an existing hospice requires considerable up front cost and time to purchase and complete due diligence.
Staffing Impacts	The advantage for staffing is that the staff from the existing agency already exists. This option potentially creates no new jobs, which does not benefit Pierce County.
Legal Considerations	There are no advantages. The disadvantage is that an acquisition takes considerable time and resources to conduct due diligence.
Decision	This alternative was not chosen; it does not improve access to health care services, it may add additional costs and effort related to acquiring an existing agency, and it requires considerable time and resources related to legal and due diligence requirements. Finally, we are not aware of any hospice agencies in Pierce County for sale.

There were no public comments or rebuttal comments submitted for the Pennant project related to this sub-criterion.

Department's Evaluation

Pennant considered and rejected two options prior to submission of this application. The two options were do nothing or purchase an existing Medicare and Medicaid-certified hospice agency that already serves Pierce County hospice agency. Pennant provided sound rationale for rejection of those two options. The department did not identify any other alternatives in terms of cost, efficiency, or effectiveness that is available or practicable for the applicant.

Since there are no construction costs necessary to begin providing hospice services in Pierce County, the department acknowledges that the applicant's hospice services can be provided with very little financial impact to the applicant or the community.

Pennant also provided comprehensive rationale regarding the staff efficiency and appropriateness of hospice care for patients who request it. Further, the information provided by the applicant related to system impacts and hospice care is accurate and reasonable.

The department concludes approval of Pennant's application can be considered an available alternative for Pierce County. **This sub-criterion is met.**

Wesley Homes Corporation

For this project, Wesley met the applicable review criteria, therefore the department moves to step two below.

Step Two

In response to this sub-criterion, Wesley identified three alternatives considered prior to submission of this application and a discussion of the alternatives. [source: Application, pdfs 33-34]

"Not Apply for Permanent Approval in Pierce County:

In our nearly two years of providing hospice in Pierce County, we have experienced firsthand the significant unmet need for hospice. For us this has most commonly been experienced as delays in admission and patients entering hospice late. We have also experienced the impacts that late hospice has on the patient and family. Further, we also have reviewed data that shows lower Medicare penetration in Pierce than Statewide and even lower rates of hospice use by traditionally underserved groups.

WHH concluded that not seeking permanent CN approval for Pierce County would result in a continued lack of immediate access to hospice care for the community and also has the potential to impact the quality of life of our growing and aging retirement communities in Pierce County. For these reasons, this option was rejected."

Create a new Pierce County Agency:

The second option, that of establishing a new agency in Pierce County, was also rejected. The timeline for licensure and certification for a brand-new agency is estimated at 6-8 months longer, and it is also more costly than expanding an existing agency, and the need in Pierce County is immediate. Further, we expect that the PHE will be over before we could get a new agency certified. As such, we would have to end service in Pierce and then restart. This would be costly and disruptive."

Permanently Expand our current King County Agency into Pierce County:

The chosen option, expanding our existing King County agency is the preferred choice in terms of:

- *Access: An expansion agency will be able to immediately meet the significant unmet need upon CN approval. Because our existing King agency is already serving Pierce through the waivers allowed due to the COVID PHE, there will also be less of a risk of a break in service between when the PHE ends and the CN is operational.*
- *Staffing impacts: Providing services to two counties through one agency will allow for the highest level of staff coordination.*
- *Cost/Operational Efficiency: Through our existing King County agency, administrative and clinical staff are already in place and duplication of costs can be avoided by covering both counties from a single agency. Since the expansion of our King County agency into Pierce during the PHE, WHH has already been able to provide hospice services to 49 Pierce County residents and their families without additional overhead and management expense.”*

There were no public comments or rebuttal comments submitted for the Wesley project related to this sub-criterion.

Department’s Evaluation

Wesley considered and rejected two options prior to submission of this application. The two options were do nothing or establish a new hospice agency within Pierce County. Wesley provided sound rationale for rejection of those two options. The department did not identify any other alternatives in terms of cost, efficiency, or effectiveness that is available or practicable for the applicant.

Since there is no capital expenditure, start up costs, or construction costs necessary to expand the King County agency’s hospice services into Pierce County, the department acknowledges that the applicant’s hospice services can be provided with no financial impact to the applicant or the community.

Wesley also provided comprehensive rationale regarding the staff efficiency and appropriateness of hospice care for patients who request it. Further, the information provided by the applicant related to system impacts and hospice care is accurate and reasonable.

The department concludes approval of Wesley’s application can be considered an available alternative for Pierce County. **This sub-criterion is met.**

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

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

None of the six applicants include construction. Therefore, this sub-criterion does not apply to any of the six projects.

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

Continuum Care of Snohomish LLC

In response to this sub-criterion, Continuum Snohomish provided the following statement. [source: Application, pdf 44]

“Hospice care has been demonstrated to be a cost-effective service. Patients that choose to enroll in hospice largely forego curative treatment and opt for comfort care and symptom management, which are significantly lower cost options that produce better care for patients. A study published in the March 2013 Health Affairs found that hospice enrollment saves money for Medicare and improves care quality for Medicare beneficiaries. Researchers at the Department of Geriatrics and Palliative Medicine at the Icahn School of Medicine at Mt. Sinai looked at the most common hospice enrollment periods: 1 to 7 days, 8 to 14 days, 15 to 30 days, and 53 to 105 days. Within all enrollment periods studied, hospice patients had significantly lower rates of hospital and intensive care use, hospital readmissions, and in-hospital death when compared to the matched non-hospice patients. The study found savings to Medicare for both cancer patients and non-cancer patients. It also found that savings grow as the period of hospice enrollment lengthens.

In terms of staffing, hospice fosters efficiency by allocating scarce RN and other resources to those most in need. For example, instead of a patient requiring a 1:1 ratio in the ICU, the patient is at home with nursing resources to provide comfort care.”

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

Department Evaluation

Continuum Snohomish provided sound and reasonable rationale for expanding its existing services to include Medicare and Medicaid-certified hospice services to Pierce County residents. If approved, this project has the potential to improve delivery of necessary in-home services to Pierce County residents. **This sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

The applicant provided the following statements related to this sub criterion. [source: Application, pdf 69]

“Providence Hospice continually works to improve quality, cost containment, and cost effectiveness in the provision of hospice services. Some of the key efforts pursued in King County are set forth below. Where appropriate, Providence Hospice will work to bring these capabilities, services and programs to the new Pierce County hospice agency.”

Providence provided extensive information relevant to this sub-criterion, grouped around the major categories ‘support for the financing of health care services,’ ‘innovations in the delivery of health care services,’ ‘promoting quality of care and quality assurance,’ and ‘promoting cost containment and cost effectiveness.’ Among the programs identified are the Providence Hospice Foundations, partnerships with other healthcare providers, partnerships with private insurance providers, telehealth, flexible delivery of care, and various other training programs and care delivery tools and protocols.

Department Evaluation

As noted earlier in this evaluation, the Providence project does not meet several of the previous sub-criteria, therefore it cannot be viewed as likely to improve delivery of hospice services to the residents of Pierce County. The department concludes that **this sub-criterion is not met.**

AccentCare, Inc.

The applicant provided the following statements related to this sub criterion. [source: Application, pdf 100-101]

“Increasing availability and access to hospice care through the introduction of a new hospice agency or agencies within the planning area has a positive effect on cost containment. As the majority of hospice care is reimbursed by Medicare and Medicaid, charges are limited by the reimbursement rates and program limits. As discussed previously in response to Section B, Financial Feasibility, Question #8, pages 73-74, cost efficiencies and improved quality of life are demonstrated with increased hospice use. The cited articles documenting cost containment and quality assurance appear in Exhibit 21 in the Appendix.

The numerous programs and services of Seasons Pierce County described in detail in Section II, Project Description, pages 9-15 and in response to Question #7, pages 18-35, demonstrate the innovative ways in the delivery of hospice service. The applicant’s commitment to seeking CHAP or Joint Commission accreditation and adherence to conditions of participation in the Medicare and Medicaid programs demonstrate the program’s ability to deliver quality care. Therefore, quality, choice, and cost effective care results with approval of Seasons Pierce County. The new hospice agency will increase the number of hospice enrollments and provide a diverse array of services to improve quality of life for terminally ill residents of Pierce County.”

Department Evaluation

AccentCare provided sound and reasonable rationale for establishing Medicare and Medicaid-certified hospice services in Pierce County. If approved, this project has the potential to improve delivery of necessary in-home services to Pierce County residents.

For the reasons stated above, the department concludes that this project has the potential to improve delivery of necessary in-home services to Pierce County residents. **This sub-criterion is met.**

Bristol Hospice, LLC

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

“Having sufficient hospice services available in the community promote cost effectiveness in the delivery of health services as it reduces the amount of rehospitalizations that occur when patients do not have access healthcare in the home. Bristol Hospice strives to be available for a hospice conversation within 1 hour of the referral and admit the patient within 4 hours of the referral. This level of speed is critical in reducing unnecessary hospitalizations and EMS use as the patient can then have access to clinical staff 24/7 to address health concerns.”

There were no public comments or rebuttal comments submitted for the Bristol project related to this sub-criterion.

Department’s Evaluation

As noted earlier in this evaluation, Bristol’s project does not meet much of the previous sub-criteria, therefore it cannot be viewed as likely to improve delivery of hospice services to the residents of Pierce County. The department concludes that **this sub-criterion is not met.**

The Pennant Group, Inc.

The applicant provided the following statements in response to this sub-criterion. [source: Application, pdfs 41-42]

“Following are some examples of the ways we use innovations in the delivery of care, effectively increasing efficiency in the delivery of care, promoting quality assurance, and fostering cost effectiveness.

- *HomeCare HomeBase (HCHB). This platform is the leading electronic medical records system in the nation specific to home health and hospice agencies. HCHB was designed by home health and hospice industry leaders and integrates compliance measures and tools to ensure the requirements of pertinent regulations are met. We are also able to customize HCHB to meet any other specific needs we may have (compliance with state specific regulations, meeting the needs of particular patient populations, addressing a certain payer mix, etc.).*
- *HCHB Analytics. Analytics is the tableau (visualization of data software) reporting platform that is built by HCHB and integrates all of the HCHB data to tableau. HCHB supplies a stock set of reports that can be used for preparation for upcoming regulation changes, productivity management/regulation and quality reporting management. The reports can be built and customized by a certain tableau report builder for all of our specific reporting needs.*
- *Forcura. Forcura is a totally HIPAA compliant document management, referral management, order tracking, and wound measurement/management solution that integrates directly with HCHB to allow the transmission of patient data between the two platforms. Forcura is available to office workers via a dashboard and field workers via mobile application for each use. This application provides our users with a more seamless referral acceptance for quicker processing, more accurate wound measurement tracking tools for more accurate documentation between multiple caregivers, order tracking, and automatic processing of orders out and back in with auto populated details for quicker, more seamless order processing.*

In Addition to these innovative tools, we believe we are a partner of choice to payors, providers, patients and employees in the healthcare communities we serve. As a partner, we focus on improving care outcomes and the quality of life of our patients in home or home-like settings. Our local leadership approach facilitates the development of strong professional relationships, allowing us to better understand and meet the needs of our partners. We believe our emphasis on working closely with other providers, payors and patients yields unique, customized solutions and programs that meet local market needs and improve clinical outcomes, which in turn accelerates revenue growth and profitability.

We are a trusted partner to, and work closely with, payors and other acute and post-acute providers to deliver innovative healthcare solutions in lower cost settings. In the markets we serve, we have developed formal and informal preferred provider relationships with key referral sources and transitional care programs that result in better coordination within the care continuum. These partnerships have resulted in significant benefits to payors, patients and other providers including reduced hospital readmission rates, appropriate transitions within the care continuum, overall cost savings, increased patient satisfaction and improved quality outcomes. Positive, repeated interactions and data-sharing result in strong local relationships and encourage referrals from our acute and post-acute care partners. As we continue to strengthen these formal and informal relationships and expand our referral base, we believe we will continue to drive cost effectiveness and quality outcomes.”

There were no public comments or rebuttal comments submitted for the Pennant project related to this sub-criterion.

Department's Evaluation

Pennant provided sound and reasonable rationale for establishing Medicare and Medicaid-certified hospice agency to serve the residents of Pierce County. If approved, this project has the potential to improve delivery of necessary in-home services to Pierce County residents.

For the reasons stated above, the department concludes that this project has the potential to improve delivery of necessary in-home services to Pierce County residents. **This sub-criterion is met.**

Wesley Homes Corporation

The applicant provided the following information in response to this sub-criterion. [source: Application, pdfs 34-35]

“WHH is already authorized to provide the full range of hospice services to patients in King County and is currently providing services through the PHE in Pierce County. Expanding permanently WHH's ability to provide services in Pierce County will, first and foremost, allow WHH to better address the identified need for hospice service in Pierce County. Importantly, it will also promote both staff and system efficiency, making WHH's hospice agency more efficient and effective. As a CN approved agency, the Pierce County operations will be able to market and invest in the staffing and outreach that will allow a higher patient census; thereby better addressing the significant unmet need and supporting operational efficiencies.

From a system and health care delivery perspective, Hospice is a very efficient way of providing care to persons at end of life. It reduces the total costs of care by reducing hospitalizations and emergency room use. Research has documented that persons not enrolled in hospice were more likely to die in the hospital or a skilled nursing facility than hospice beneficiaries, and costs in these settings are, of course, higher. In addition, hospice has also demonstrated savings to patients in terms of reduced out of pocket expenses through coverage of medication related to the hospice diagnosis (particularly for pain controlling medications) and medical equipment and supplies.”

There were no public comments or rebuttal comments submitted for the Wesley project related to this sub-criterion.

Department's Evaluation

Wesley provided sound and reasonable rationale for expanding its King County Medicare and Medicaid-certified services into Pierce County. If approved, this project has the potential to improve delivery of necessary in-home services to Pierce County residents.

For the reasons stated above, the department concludes that this project has the potential to improve delivery of necessary in-home services to Pierce County residents. **This sub-criterion is met.**

WAC 246-310-290(11) Hospice Superiority

As previously stated in the evaluation, the numeric methodology projects need for three additional hospice agencies in Pierce County. Of the six applications reviewed, four qualify for approval. WAC 246-310-290(11) identifies the criteria and measures used to compare these applications.

The department requested that all applicants provide documentation to support approval of their agency assuming a superiority review would be required. This section of this evaluation will restate the criteria in the rule, identify the data used to compare the remaining projects, and include a table showing the scoring of each project. All applicants provided information to support why their project should be considered the best available alternative. Each applicant's full comments are available in

the application record. The document showing the superiority review is attached as Appendix B to this evaluation. Source data used for this superiority evaluation consists of each applicant’s project materials and publicly available data compiled by CMS available from the CMS website at: <https://data.cms.gov/provider-data/topics/hospice-care>

(i) Improved service to the planning area:

This measure requires the department to evaluate which, if any, of the projects would represent improved service to the planning area. The department used publicly available data from CMS to compare historical performance at agencies owned/operated by the applicants to the performance of the existing providers in the planning area. Each applicant provided a listing of all hospice agencies they own and operate nationwide – the averages of the scores received by all of these agencies were applied.

Two datasets were used. One, titled “CAHPS Hospice Survey” includes survey responses in which patients and families reported on good communication, pain and symptom management, training assistance, timely help, respectful behavior, and over all ranking of the agency. The other, titled “Hospice Item Set” includes measures regarding the agency’s performance in screening and treating for different conditions, offering treatment preferences, addressing the patient’s beliefs and values, and a comprehensive assessment measure. The department used eight measures from each report for a total of sixteen. If an applicant’s historical performance outscored the existing providers in the planning area on more than half of the measures, they are eligible to receive a point. Following is a summary of the measures counted for either an applicant or Pierce County providers.

<u>Applicant</u>	<u>Count Applicant</u>	<u>Count County</u>	<u>Ratio Applicant/Total</u>
Continuum	12	4	75.00%
AccentCare	5	11	31.25%
Pennant	13	3	81.25%
Wesley Homes	5	11	31.25%

Two of the applicants’ historical performance outscored the existing providers in the planning area in more than half of the measures: Continuum and Pennant each receive a point in this section.

Department’s Superiority Review Cumulative Table 57-A

246-310-290(11)	Continuum	AccentCare	Pennant	Wesley Homes
(i)	1	0	1	0
Point Total	1	0	1	0

(ii) Specific populations including, but not limited to, pediatrics;

This measure requires the department to evaluate which, if any, of the projects would serve specific populations. Any applicant that proposes to serve specific populations is eligible to receive a point. All applicants provided information regarding specific populations they intend to serve, following is a summary by applicant.

<u>Applicant</u>	<u>Specific Population(s)</u>	<u>Source</u>
Continuum	African American, Asian, Native American, dual-eligible, LGBTQ, and homeless	Application, pdf 15
AccentCare	Homeless, Asian, African American, Latinx, LGBT, children, residents of nursing homes and assisted living facilities, Alzheimer's patients	Application, pdfs 60-61
Pennant	No specific populations are identified beyond pediatric patients.	Application, pdfs 21-22
Wesley Homes	Pediatric, cancer, dementia, Parkinson's disease, congestive health failure, COPD, stroke, and renal failure	Application, pdf 10

Continuum, AccentCare, and Wesley Homes are each awarded a point.

Department's Superiority Review Cumulative Table 57-B

246-310-290(11)	Continuum	AccentCare	Pennant	Wesley Homes
(i) Points from above	1	0	1	0
(ii)	1	1	0	1
Point Total	2	1	1	1

(iii) Minimum impact on existing programs;

This measure requires the department to evaluate how the applicants would impact existing programs in the planning area. The department's hospice need methodology includes consideration of each planning area's existing CN-approved hospice services.⁸¹ The most recent hospice methodology projects need for three additional providers for Pierce County by year 2023. Since the remaining applicants in this review anticipate full third years of 2025 and 2026 the department has extrapolated its methodology⁸² to year 2026. Given that there is calculated need for three agencies, any applicant that proposes to exceed one third of the unserved patient volumes from the need methodology would not be eligible to receive a point. Applicants whose project does not propose to impact existing programs would be eligible to receive a point. Following is a summary of each applicant's projected admissions in its third full year of operation relative to how many are projected by the department's methodology if it is extrapolated.

⁸¹ WAC 246-310-290(8)(e)

⁸² A demonstrative methodology is available in Appendix B, solely for use in superiority evaluation. Not for use in WAC 246-310-210(1).

<u>Applicant</u>	<u>Year Three</u>	<u>Projected Admits</u>	<u>Source</u>	<u>One Third of the Extrapolated Methodology's Projected Admits</u>
Continuum	2025	316	April 28, 2022, screening response, Attachment 1	$957 \div 3 = 319$
AccentCare	2026	249	Application, pdf 49	$1,090 \div 3 = 363$
Pennant	2026	241	March 29, 2022, screening response, pdf 9	$1,090 \div 3 = 363$
Wesley Homes	2025	200	March 31, 2022, screening response, pdf 7	$957 \div 3 = 319$

Each applicant is awarded a point.

Department's Superiority Review Cumulative Table 57-C

246-310-290(11)	Continuum	AccentCare	Pennant	Wesley Homes
(i) Points from above	1	0	1	0
(ii) Points from above	1	1	0	1
(iii)	1	1	1	1
Point Total	3	2	2	2

(iv) Greatest breadth and depth of hospice services;

This measure requires the department to evaluate which applicant(s) would offer the greatest breadth and depth of services. The four remaining applicants provided documentation that they would provide a number of services beyond those required by CMS for hospice. The department will not opine on the value of one service over another for the purposes of scoring. Any applicant that proposes to provide services beyond those required by CMS is eligible to receive a point. For these four projects, each applicant is awarded a point.

Department's Superiority Review Cumulative Table 57-D

246-310-290(11)	Continuum	AccentCare	Pennant	Wesley Homes
(i) Points from above	1	0	1	0
(ii) Points from above	1	1	0	1
(iii) Points from above	1	1	1	1
(iv)	1	1	1	1
Point Total	4	3	3	3

(v) Published and publicly available quality data.

This measure requires the department to evaluate using published and publicly available quality data. The department used publicly available data from CMS to compare historical performance at agencies owned/operated by the applicants. Each applicant provided a listing of all hospice agencies they own and operate nationwide – the averages of the scores received by all of these agencies were used. Two datasets were used. One, titled “CAHPS Hospice Survey” (CAHPS) includes survey responses in which patients and families reported on good communication, pain and symptom

management, training assistance, timely help, respectful behavior, and over all ranking of the agency. The other, titled “*Hospice Item Set*” (HIS) includes measures regarding the agency’s performance in screening and treating for different conditions, offering treatment preferences, addressing the patient’s beliefs and values, and a comprehensive assessment measure. The department used eight measures from each report for a total of sixteen measures. Each of these measures has a score out of 100. The total scores were summed for each applicant. Only the highest scoring applicant will receive a point. Following is a summary of the totaled scores by applicant.

<u>Applicant</u>	<u>CAHPS</u>	<u>HIS</u>	<u>Total Score</u>
Continuum	651.00	780.63	1,431.63
AccentCare	623.76	775.62	1,399.38
Pennant	651.31	788.05	1,439.36
Wesley Homes	611.00	672.80	1,283.80

Pennant’s score is highest and receives the final point.

Department’s Superiority Review Cumulative Table 57-E

246-310-290(11)	Continuum	AccentCare	Pennant	Wesley Homes
(i) Points from above	1	0	1	0
(ii) Points from above	1	1	0	1
(iii) Points from above	1	1	1	1
(iv) Points from above	1	1	1	1
(v)	0	0	1	0
Point Total	4	3	4	3

As shown in the table directly above, Continuum Snohomish scored 1,431.63 points, AccentCare scored 1,399.38 points, Pennant scored 1,439.36 points, and Wesley Homes scored 1,283.80 points. For WAC 246-310-290(11)(v) Pennant has the highest score and is awarded the point.

As previously stated, the methodology identifies numeric need for three new hospice providers in Pierce County. Based on the superiority review above, the department concludes that Continuum Snohomish and Pennant scored highest with four points each. Both Continuum Snohomish and Pennant are approvable projects.

The table shows that both AccentCare and Wesley Homes tied with three points. AccentCare’s total score of 1,399.38 is higher than Wesley’s 1,283.8; AccentCare is awarded the third highest place. **In summary, the department concludes the three best available alternatives for Pierce County hospice services are Pennant, Continuum Snohomish, and AccentCare.**

APPENDIX A

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WAC246-310-290(8)(a) Step 1:

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

WAC 246-310-290(8)(a)(i) The percentage of patients age sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients sixty five and over by the average number of past three years statewide total deaths age sixty-five and over.

WAC246-310-290(8)(a)(ii) The percentage of patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients under sixty-five by the average number of past three years statewide total of deaths under sixty-five.

Hospice admissions ages 0-64	
Year	Admissions
2018	4,114
2019	3,699
2020	3,679
average: 3,831	

Deaths ages 0-64	
Year	Deaths
2018	14,055
2019	14,047
2020	16,663
average: 14,922	

Use Rates	
0-64	25.67%
65+	60.15%

Hospice admissions ages 65+	
Year	Admissions
2018	26,207
2019	26,017
2020	27,956
average: 26,727	

Deaths ages 65+	
Year	Deaths
2018	42,773
2019	44,159
2020	46,367
average: 44,433	

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WAC246-310-290(8)(b) Step 2:

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

0-64				
County	2018	2019	2020	2018-2020 Average Deaths
Adams	28	35	20	28
Asotin	52	54	56	54
Benton	331	346	555	411
Chelan	130	137	224	164
Clallam	191	186	195	191
Clark	874	887	1,043	935
Columbia	6	7	7	7
Cowlitz	300	294	314	303
Douglas	51	63	42	52
Ferry	28	20	19	22
Franklin	145	123	100	123
Garfield	5	5	5	5
Grant	195	197	186	193
Grays Harbor	227	251	209	229
Island	135	167	110	137
Jefferson	64	72	68	68
King	3,264	3,275	4,456	3,665
Kitsap	515	557	454	509
Kittitas	68	90	78	79
Klickitat	58	46	42	49
Lewis	227	210	205	214
Lincoln	25	25	15	22
Mason	158	167	143	156
Okanogan	103	119	88	103
Pacific	64	66	55	62
Pend Oreille	43	31	41	38
Pierce	1,964	1,911	2,364	2,080
San Juan	19	20	18	19
Skagit	231	229	269	243
Skamania	27	19	26	24
Snohomish	1,533	1,533	1,587	1,551
Spokane	1,177	1,143	1,634	1,318
Stevens	113	112	86	104
Thurston	554	525	628	569
Wahkiakum	13	11	10	11
Walla Walla	110	118	150	126
Whatcom	360	394	457	404
Whitman	66	47	51	55
Yakima	601	555	653	603

65+				
County	2018	2019	2020	2018-2020 Average Deaths
Adams	72	93	59	75
Asotin	214	222	186	207
Benton	1,125	1,154	1,522	1,267
Chelan	573	626	785	661
Clallam	871	955	777	868
Clark	2,767	2,987	3,205	2,986
Columbia	43	52	43	46
Cowlitz	840	951	968	920
Douglas	255	270	160	228
Ferry	55	64	58	59
Franklin	278	313	263	285
Garfield	30	21	11	21
Grant	524	508	455	496
Grays Harbor	647	659	558	621
Island	675	642	505	607
Jefferson	336	338	273	316
King	9,917	10,213	11,186	10,439
Kitsap	1,713	1,811	1,714	1,746
Kittitas	239	266	241	249
Klickitat	158	160	113	144
Lewis	730	722	653	702
Lincoln	94	89	75	86
Mason	526	548	408	494
Okanogan	332	358	277	322
Pacific	279	265	177	240
Pend Oreille	130	125	101	119
Pierce	4,926	5,002	5,608	5,179
San Juan	114	127	94	112
Skagit	1,001	1,018	1,068	1,029
Skamania	56	87	47	63
Snohomish	4,055	4,081	4,278	4,138
Spokane	3,556	3,545	4,322	3,808
Stevens	373	345	248	322
Thurston	1,823	1,908	2,007	1,913
Wahkiakum	33	53	18	35
Walla Walla	445	450	522	472
Whatcom	1,252	1,461	1,481	1,398
Whitman	199	219	226	215
Yakima	1,517	1,451	1,675	1,548

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WAC246-310-290(8)(c) Step 3.

Multiply each hospice use rate determined in Step 1 by the planning areas' average total resident deaths determined in Step 2, separated by age cohort.

0-64		
County	2018-2020 Average Deaths	Projected Patients: 25.67% of Deaths
Adams	28	7
Asotin	54	14
Benton	411	105
Chelan	164	42
Clallam	191	49
Clark	935	240
Columbia	7	2
Cowlitz	303	78
Douglas	52	13
Ferry	22	6
Franklin	123	31
Garfield	5	1
Grant	193	49
Grays Harbor	229	59
Island	137	35
Jefferson	68	17
King	3,665	941
Kitsap	509	131
Kittitas	79	20
Klickitat	49	12
Lewis	214	55
Lincoln	22	6
Mason	156	40
Okanogan	103	27
Pacific	62	16
Pend Oreille	38	10
Pierce	2,080	534
San Juan	19	5
Skagit	243	62
Skamania	24	6
Snohomish	1,551	398
Spokane	1,318	338
Stevens	104	27
Thurston	569	146
Wahkiakum	11	3
Walla Walla	126	32
Whatcom	404	104
Whitman	55	14
Yakima	603	155

65+		
County	2018-2020 Average Deaths	Projected Patients: 60.15% of Deaths
Adams	75	45
Asotin	207	125
Benton	1,267	762
Chelan	661	398
Clallam	868	522
Clark	2,986	1,796
Columbia	46	28
Cowlitz	920	553
Douglas	228	137
Ferry	59	35
Franklin	285	171
Garfield	21	12
Grant	496	298
Grays Harbor	621	374
Island	607	365
Jefferson	316	190
King	10,439	6,279
Kitsap	1,746	1,050
Kittitas	249	150
Klickitat	144	86
Lewis	702	422
Lincoln	86	52
Mason	494	297
Okanogan	322	194
Pacific	240	145
Pend Oreille	119	71
Pierce	5,179	3,115
San Juan	112	67
Skagit	1,029	619
Skamania	63	38
Snohomish	4,138	2,489
Spokane	3,808	2,290
Stevens	322	194
Thurston	1,913	1,150
Wahkiakum	35	21
Walla Walla	472	284
Whatcom	1,398	841
Whitman	215	129
Yakima	1,548	931

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WAC246-310-290(8)(d) Step 4:

Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate

0-64								
County	Projected Patients	2018-2020 Average Population	2021 projected population	2022 projected population	2023 projected population	2021 potential volume	2022 potential volume	2023 potential volume
Adams	7	18,160	18,456	18,622	18,787	7	7	7
Asotin	14	16,715	16,596	16,540	16,485	14	14	14
Benton	105	167,984	171,026	172,638	174,249	107	108	109
Chelan	42	62,227	62,512	62,562	62,611	42	42	42
Clallam	49	52,494	52,233	52,027	51,821	49	49	48
Clark	240	411,278	421,901	426,529	431,158	246	249	252
Columbia	2	2,822	2,745	2,710	2,675	2	2	2
Cowlitz	78	85,817	85,843	85,769	85,695	78	78	78
Douglas	13	35,130	35,803	36,080	36,356	14	14	14
Ferry	6	5,628	5,541	5,506	5,470	6	6	6
Franklin	31	88,012	92,443	94,784	97,124	33	34	35
Garfield	1	1,581	1,541	1,522	1,502	1	1	1
Grant	49	86,033	88,240	89,322	90,403	51	51	52
Grays Harbor	59	57,387	56,679	56,401	56,122	58	58	57
Island	35	63,114	63,280	63,296	63,312	35	35	35
Jefferson	17	20,705	20,636	20,550	20,463	17	17	17
King	941	1,885,115	1,918,470	1,930,192	1,941,913	958	963	969
Kitsap	131	218,538	220,614	221,192	221,771	132	132	133
Kittitas	20	38,453	39,286	39,556	39,827	21	21	21
Klickitat	12	15,702	15,439	15,304	15,168	12	12	12
Lewis	55	62,700	63,164	63,327	63,491	55	55	56
Lincoln	6	7,864	7,751	7,698	7,644	5	5	5
Mason	40	50,632	51,397	51,672	51,946	41	41	41
Okanogan	27	32,364	32,087	31,991	31,896	26	26	26
Pacific	16	14,545	14,322	14,242	14,161	16	16	15
Pend Oreille	10	9,859	9,769	9,727	9,684	10	10	10
Pierce	534	756,339	769,918	774,696	779,475	543	547	550
San Juan	5	10,863	10,730	10,707	10,684	5	5	5
Skagit	62	100,807	101,887	102,236	102,586	63	63	63
Skamania	6	9,248	9,223	9,205	9,186	6	6	6
Snohomish	398	705,787	721,527	726,273	731,019	407	410	412
Spokane	338	423,256	426,740	428,033	429,326	341	342	343
Stevens	27	34,109	33,917	33,841	33,766	26	26	26
Thurston	146	238,190	243,867	246,235	248,602	150	151	152
Wahkiakum	3	2,498	2,405	2,368	2,332	3	3	3
Walla Walla	32	50,763	51,028	51,075	51,121	33	33	33
Whatcom	104	185,418	189,267	190,722	192,178	106	107	107
Whitman	14	43,222	43,315	43,322	43,330	14	14	14
Yakima	155	222,774	225,822	227,147	228,473	157	158	159

Sources:
 Self-Report Provider Utilization Surveys for Years 2018-2020
 Vital Statistics Death Data for Years 2018-2020
 Prepared by DOH Program Staff

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WAC246-310-290(8)(d) Step 4:

Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

65+								
County	Projected Patients	2018-2020 Average Population	2021 projected population	2022 projected population	2023 projected population	2021 potential volume	2022 potential volume	2023 potential volume
Adams	45	2,227	2,383	2,424	2,466	48	49	50
Asotin	125	5,812	6,175	6,344	6,514	132	136	140
Benton	762	30,986	33,373	34,597	35,820	821	851	881
Chelan	398	15,876	17,052	17,695	18,339	427	443	460
Ciallam	522	21,800	22,901	23,535	24,168	548	563	579
Clark	1,796	78,605	85,686	89,247	92,807	1,958	2,039	2,121
Columbia	28	1,236	1,287	1,304	1,322	29	29	30
Cowlitz	553	22,148	23,719	24,470	25,220	592	611	630
Douglas	137	7,976	8,666	8,974	9,283	149	155	160
Ferry	35	2,168	2,289	2,337	2,386	37	38	39
Franklin	171	9,188	10,083	10,557	11,030	188	197	206
Garfield	12	645	669	680	692	13	13	13
Grant	298	14,861	16,071	16,665	17,258	322	334	346
Grays Harbor	374	16,123	17,133	17,612	18,092	397	408	419
Island	365	20,239	21,412	22,047	22,682	386	398	409
Jefferson	190	11,588	12,323	12,722	13,121	202	208	215
King	6,279	310,572	337,771	350,881	363,992	6,829	7,094	7,359
Kitsap	1,050	53,833	58,185	60,492	62,800	1,135	1,180	1,225
Kittitas	150	7,647	8,266	8,589	8,911	162	168	174
Klickitat	86	5,829	6,268	6,448	6,627	93	96	98
Lewis	422	16,808	17,697	18,175	18,652	444	456	468
Lincoln	52	2,891	3,039	3,119	3,200	54	56	57
Mason	297	15,905	17,167	17,836	18,504	321	333	346
Okanogan	194	10,475	11,210	11,519	11,827	207	213	219
Pacific	145	6,747	7,035	7,159	7,284	151	153	156
Pend Oreille	71	3,925	4,239	4,371	4,504	77	80	82
Pierce	3,115	130,688	142,422	148,729	155,037	3,395	3,545	3,695
San Juan	67	5,768	6,174	6,357	6,541	72	74	76
Skagit	619	27,881	30,314	31,460	32,607	673	698	724
Skamania	38	2,670	2,923	3,048	3,172	42	43	45
Snohomish	2,489	119,333	131,978	138,737	145,495	2,753	2,894	3,035
Spokane	2,290	87,852	94,670	97,979	101,288	2,468	2,554	2,641
Stevens	194	11,360	12,214	12,591	12,969	208	215	221
Thurston	1,150	50,757	54,900	56,967	59,035	1,244	1,291	1,338
Wahkiakum	21	1,503	1,580	1,595	1,611	22	22	22
Walla Walla	284	11,006	11,350	11,632	11,915	293	300	308
Whatcom	841	40,902	44,217	45,794	47,372	909	941	974
Whitman	129	5,526	6,008	6,201	6,395	140	145	149
Yakima	931	37,530	39,475	40,559	41,643	979	1,006	1,033

Sources:
 Self-Report Provider Utilization Surveys for Years 2018-2020
 Vital Statistics Death Data for Years 2018-2020
 Prepared by DOH Program Staff

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WAC246-310-290(8)(e) Step 5:

Combine the two age cohorts. Subtract the average of the most recent three years hospice capacity in each planning area from the projected volumes calculated in Step 4 to determine the number of projected admissions beyond the planning area capacity.

County	2021 potential volume	2022 potential volume	2023 potential volume	Current Supply of Hospice Providers	2021 Unmet Need Admissions*	2022 Unmet Need Admissions*	2023 Unmet Need Admissions*
Adams	55	56	57	51.33	4	5	6
Asotin	146	150	153	105.00	41	45	48
Benton	928	959	990	1,016.67	(88)	(57)	(26)
Chelan	469	486	502	428.67	41	57	73
Clallam	597	612	627	392.80	204	219	234
Clark	2,204	2,288	2,372	2,584.47	(380)	(296)	(212)
Columbia	30	31	31	35.00	(5)	(4)	(4)
Cowlitz	670	689	708	788.00	(118)	(99)	(80)
Douglas	163	168	174	160.67	2	8	13
Ferry	43	44	45	32.00	11	12	13
Franklin	221	231	240	201.67	19	29	39
Garfield	14	14	15	6.00	8	8	9
Grant	373	386	398	292.33	81	93	106
Grays Harbor	455	466	477	295.57	160	170	181
Island	422	433	445	399.67	22	34	45
Jefferson	219	226	232	198.00	21	28	34
King	7,786	8,057	8,328	7,830.73	(44)	226	497
Kitsap	1,267	1,312	1,358	1,223.57	43	89	134
Kittitas	182	189	195	168.00	14	21	27
Klickitat	105	108	110	217.80	(113)	(110)	(107)
Lewis	500	512	524	445.33	54	67	79
Lincoln	60	61	63	29.00	31	32	34
Mason	361	374	387	304.57	57	70	82
Okanogan	234	239	245	188.33	45	51	57
Pacific	166	169	171	93.00	73	76	78
Pend Oreille	87	89	92	65.33	22	24	26
Pierce	3,938	4,092	4,246	3,596.23	342	496	649
San Juan	77	79	81	87.00	(10)	(8)	(6)
Skagit	736	762	787	729.00	7	33	58
Skamania	48	50	51	32.00	16	18	19
Snohomish	3,160	3,303	3,447	3,508.33	(349)	(205)	(61)
Spokane	2,809	2,897	2,984	2,720.50	89	176	263
Stevens	235	241	247	148.67	86	92	99
Thurston	1,394	1,442	1,491	1,565.30	(171)	(123)	(75)
Wahkiakum	25	25	25	9.33	15	16	16
Walla Walla	326	333	340	272.33	53	60	68
Whatcom	1,015	1,048	1,081	1,094.57	(80)	(46)	(13)
Whitman	154	159	163	158.17	(4)	1	5
Yakima	1,136	1,164	1,192	1,261.00	(125)	(97)	(69)

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

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WAC246-310-290(8)(f) Step 6:

Multiply the unmet need from Step 5 by the statewide average length of stay as determined by CMS to determine unmet need patient days in the projection years.

County	2021 Unmet Need Admissions*	2022 Unmet Need Admissions*	2023 Unmet Need Admissions*	Step 6 (Admits * ALOS) = Unmet Patient Days			
				Statewide ALOS	2021 Unmet Need Patient Days*	2022 Unmet Need Patient Days*	2023 Unmet Need Patient Days*
Adams	4	5	6	62.12	244	300	356
Asotin	41	45	48	62.12	2,563	2,786	3,009
Benton	(88)	(57)	(26)	62.12	(5,497)	(3,565)	(1,633)
Chelan	41	57	73	62.12	2,535	3,539	4,542
Clallam	204	219	234	62.12	12,682	13,613	14,543
Clark	(380)	(296)	(212)	62.12	(23,619)	(18,396)	(13,174)
Columbia	(5)	(4)	(4)	62.12	(281)	(258)	(235)
Cowlitz	(118)	(99)	(80)	62.12	(7,320)	(6,160)	(5,000)
Douglas	2	8	13	62.12	134	470	807
Ferry	11	12	13	62.12	691	737	784
Franklin	19	29	39	62.12	1,201	1,801	2,401
Garfield	8	8	9	62.12	506	518	531
Grant	81	93	106	62.12	5,021	5,799	6,578
Grays Harbor	160	170	181	62.12	9,916	10,589	11,261
Island	22	34	45	62.12	1,377	2,090	2,802
Jefferson	21	28	34	62.12	1,324	1,726	2,127
King	(44)	226	497	62.12	(2,759)	14,070	30,899
Kitsap	43	89	134	62.12	2,696	5,513	8,331
Kittitas	14	21	27	62.12	889	1,290	1,691
Klickitat	(113)	(110)	(107)	62.12	(6,994)	(6,835)	(6,676)
Lewis	54	67	79	62.12	3,378	4,132	4,886
Lincoln	31	32	34	62.12	1,917	2,004	2,091
Mason	57	70	82	62.12	3,529	4,319	5,108
Okanogan	45	51	57	62.12	2,823	3,173	3,523
Pacific	73	76	78	62.12	4,554	4,714	4,875
Pend Oreille	22	24	26	62.12	1,337	1,483	1,630
Pierce	342	496	649	62.12	21,240	30,788	40,337
San Juan	(10)	(8)	(6)	62.12	(639)	(507)	(375)
Skagit	7	33	58	62.12	435	2,029	3,623
Skamania	16	18	19	62.12	984	1,094	1,204
Snohomish	(349)	(205)	(61)	62.12	(21,649)	(12,726)	(3,802)
Spokane	89	176	263	62.12	5,511	10,934	16,357
Stevens	86	92	99	62.12	5,345	5,741	6,136
Thurston	(171)	(123)	(75)	62.12	(10,646)	(7,645)	(4,643)
Wahkiakum	15	16	16	62.12	956	967	977
Walla Walla	53	60	68	62.12	3,304	3,758	4,213
Whatcom	(80)	(46)	(13)	62.12	(4,953)	(2,888)	(823)
Whitman	(4)	1	5	62.12	(231)	50	330
Yakima	(125)	(97)	(69)	62.12	(7,760)	(6,032)	(4,305)

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

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WAC246-310-290(8)(g) Step 7:

Divide the unmet patient days from Step 6 by 365 to determine the unmet need ADC.

County				Step 7 (Patient Days / 365) = Unmet ADC		
	2021 Unmet Need Patient Days*	2022 Unmet Need Patient Days*	2023 Unmet Need Patient Days*	2021 Unmet Need ADC*	2022 Unmet Need ADC*	2023 Unmet Need ADC*
Adams	244	300	356	1	1	1
Asotin	2,563	2,786	3,009	7	8	8
Benton	(5,497)	(3,565)	(1,633)	(15)	(10)	(4)
Chelan	2,535	3,539	4,542	7	10	12
Clallam	12,682	13,613	14,543	35	37	40
Clark	(23,619)	(18,396)	(13,174)	(65)	(50)	(36)
Columbia	(281)	(258)	(235)	(1)	(1)	(1)
Cowlitz	(7,320)	(6,160)	(5,000)	(20)	(17)	(14)
Douglas	134	470	807	0	1	2
Ferry	691	737	784	2	2	2
Franklin	1,201	1,801	2,401	3	5	7
Garfield	506	518	531	1	1	1
Grant	5,021	5,799	6,578	14	16	18
Grays Harbor	9,916	10,589	11,261	27	29	31
Island	1,377	2,090	2,802	4	6	8
Jefferson	1,324	1,726	2,127	4	5	6
King	(2,759)	14,070	30,899	(8)	39	85
Kitsap	2,696	5,513	8,331	7	15	23
Kittitas	889	1,290	1,691	2	4	5
Klickitat	(6,994)	(6,835)	(6,676)	(19)	(19)	(18)
Lewis	3,378	4,132	4,886	9	11	13
Lincoln	1,917	2,004	2,091	5	5	6
Mason	3,529	4,319	5,108	10	12	14
Okanogan	2,823	3,173	3,523	8	9	10
Pacific	4,554	4,714	4,875	12	13	13
Pend Oreille	1,337	1,483	1,630	4	4	4
Pierce	21,240	30,788	40,337	58	84	111
San Juan	(639)	(507)	(375)	(2)	(1)	(1)
Skagit	435	2,029	3,623	1	6	10
Skamania	984	1,094	1,204	3	3	3
Snohomish	(21,649)	(12,726)	(3,802)	(59)	(35)	(10)
Spokane	5,511	10,934	16,357	15	30	45
Stevens	5,345	5,741	6,136	15	16	17
Thurston	(10,646)	(7,645)	(4,643)	(29)	(21)	(13)
Wahkiakum	956	967	977	3	3	3
Walla Walla	3,304	3,758	4,213	9	10	12
Whatcom	(4,953)	(2,888)	(823)	(14)	(8)	(2)
Whitman	(231)	50	330	(1)	0	1
Yakima	(7,760)	(6,032)	(4,305)	(21)	(17)	(12)

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

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WAC246-310-290(8)(h) Step 8:

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

Application Year			Step 8 - Numeric Need		
Step 7 (Patient Days / 365) = Unmet ADC					
County	2021 Unmet Need ADC*	2022 Unmet Need ADC*	2023 Unmet Need ADC*	Numeric Need?	Number of New Agencies Needed?***
Adams	1	1	1	FALSE	FALSE
Asotin	7	8	8	FALSE	FALSE
Benton	(15)	(10)	(4)	FALSE	FALSE
Chelan	7	10	12	FALSE	FALSE
Clallam	35	37	40	TRUE	1
Clark	(65)	(50)	(36)	FALSE	FALSE
Columbia	(1)	(1)	(1)	FALSE	FALSE
Cowlitz	(20)	(17)	(14)	FALSE	FALSE
Douglas	0	1	2	FALSE	FALSE
Ferry	2	2	2	FALSE	FALSE
Franklin	3	5	7	FALSE	FALSE
Garfield	1	1	1	FALSE	FALSE
Grant	14	16	18	FALSE	FALSE
Grays Harbor	27	29	31	FALSE	FALSE
Island	4	6	8	FALSE	FALSE
Jefferson	4	5	6	FALSE	FALSE
King	(8)	39	85	TRUE	2
Kitsap	7	15	23	FALSE	FALSE
Kittitas	2	4	5	FALSE	FALSE
Klickitat	(19)	(19)	(18)	FALSE	FALSE
Lewis	9	11	13	FALSE	FALSE
Lincoln	5	5	6	FALSE	FALSE
Mason	10	12	14	FALSE	FALSE
Okanogan	8	9	10	FALSE	FALSE
Pacific	12	13	13	FALSE	FALSE
Pend Oreille	4	4	4	FALSE	FALSE
Pierce	58	84	111	TRUE	3
San Juan	(2)	(1)	(1)	FALSE	FALSE
Skagit	1	6	10	FALSE	FALSE
Skamania	3	3	3	FALSE	FALSE
Snohomish	(59)	(35)	(10)	FALSE	FALSE
Spokane	15	30	45	TRUE	1
Stevens	15	16	17	FALSE	FALSE
Thurston	(29)	(21)	(13)	FALSE	FALSE
Wahkiakum	3	3	3	FALSE	FALSE
Walla Walla	9	10	12	FALSE	FALSE
Whatcom	(14)	(8)	(2)	FALSE	FALSE
Whitman	(1)	0	1	FALSE	FALSE
Yakima	(21)	(17)	(12)	FALSE	FALSE

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

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

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Admissions - Summarized



0-64 Total Admissions by County

Sum of 0-64	Column Labels		
Row Labels	2018	2019	2020
Adams	6	8	4
Asotin	6	9	24
Benton	118	103	132
Chelan	34	28	32
Clallam	16	23	24
Clark	336	287	297
Columbia	1	3	3
Cowlitz	107	121	94
Douglas	10	19	17
Ferry	6	5	3
Franklin	30	26	34
Garfield	1	1	3
Grant	41	45	40
Grays Harbor	35	41	27
Island	38	43	54
Jefferson	21	26	17
King	1009	765	889
Kitsap	180	173	96
Kittitas	15	16	12
Klickitat	10	12	12
Lewis	56	50	47
Lincoln	7	3	5
Mason	14	34	43
Okanogan	21	27	31
Pacific	13	15	12
Pend Oreille	8	4	17
Pierce	543	556	425
San Juan	6	6	8
Skagit	48	77	70
Skamania	2	1	3
Snohomish	422	342	361
Spokane	400	329	362
Stevens	30	20	21
Thurston	114	115	129
Wahkiakum	2	0	3
Walla Walla	24	41	41
Whatcom	117	138	80
Whitman	19	12	12
Yakima	248	175	195

65+ Total Admissions by County

Sum of 65+	Column Labels		
Row Labels	2018	2019	2020
Adams	34	54	48
Asotin	121	71	84
Benton	887	837	973
Chelan	386	385	421
Clallam	187	234	283
Clark	2124	2060	2238
Columbia	23	25	50
Cowlitz	600	735	707
Douglas	136	130	170
Ferry	29	25	28
Franklin	155	166	194
Garfield	2	4	7
Grant	261	236	254
Grays Harbor	180	212	186
Island	348	341	375
Jefferson	155	181	194
King	6359	6315	7131
Kitsap	1021	1074	921
Kittitas	135	169	157
Klickitat	81	90	87
Lewis	420	362	401
Lincoln	29	22	21
Mason	161	193	263
Okanogan	148	171	167
Pacific	72	98	69
Pend Oreille	53	65	49
Pierce	3175	3170	2714
San Juan	79	73	89
Skagit	680	705	607
Skamania	20	33	37
Snohomish	2636	2214	2636
Spokane	2247.5	2175	2648
Stevens	121	126	128
Thurston	936	947	1070
Wahkiakum	5	7	11
Walla Walla	227	242	242
Whatcom	770	995	978
Whitman	226.5	77	128
Yakima	977	998	1190

Total Admissions by County - Not Adjusted for New

County	2018	2019	2020	Average
Adams	40	62	52	51.33
Asotin	127	80	108	105.00
Benton	1005	940	1105	1016.67
Chelan	420	413	453	428.67
Clallam	203	257	307	255.67
Clark	2460	2347	2535	2447.33
Columbia	24	28	53	35.00
Cowlitz	707	856	801	788.00
Douglas	146	149	187	160.67
Ferry	35	30	31	32.00
Franklin	185	192	228	201.67
Garfield	3	5	10	6.00
Grant	302	281	294	292.33
Grays Harb	215	253	213	227.00
Island	386	384	429	399.67
Jefferson	176	207	211	198.00
King	7368	7080	8020	7489.33
Kitsap	1201	1247	1017	1155.00
Kittitas	150	185	169	168.00
Klickitat	91	102	99	97.33
Lewis	476	412	448	445.33
Lincoln	36	25	26	29.00
Mason	175	227	306	236.00
Okanogan	169	198	198	188.33
Pacific	85	113	81	93.00
Pend Oreill	61	69	66	65.33
Pierce	3718	3726	3139	3527.67
San Juan	85	79	97	87.00
Skagit	728	782	677	729.00
Skamania	22	34	40	32.00
Snohomish	3058	2556	2997	2870.33
Spokane	2647.5	2504	3010	2720.50
Stevens	151	146	149	148.67
Thurston	1050	1062	1199	1103.67
Wahkiakun	7	7	14	9.33
Walla Wall	251	283	283	272.33
Whatcom	887	1133	1058	1026.00
Whitman	245.5	89	140	158.17
Yakima	1225	1173	1385	1261.00

Total Admissions by County - Adjusted for New

Adjusted Cells Highlighted in YELLOW				
County	2018	2019	2020	Average
Adams	40	62	52	51.33
Asotin	127	80	108	105.00
Benton	1005	940	1105	1016.67
Chelan	420	413	453	428.67
Clallam	203	462.7	512.7	392.80
Clark	2460	2552.7	2740.7	2584.47
Columbia	24	28	53	35.00
Cowlitz	707	856	801	788.00
Douglas	146	149	187	160.67
Ferry	35	30	31	32.00
Franklin	185	192	228	201.67
Garfield	3	5	10	6.00
Grant	302	281	294	292.33
Grays Harb	215	253	418.7	295.57
Island	386	384	429	399.67
Jefferson	176	207	211	198.00
King	7368	7400.4	8723.8	7830.73
Kitsap	1201	1247	1222.7	1223.57
Kittitas	150	185	169	168.00
Klickitat	272.7	281.7	99	217.80
Lewis	476	412	448	445.33
Lincoln	36	25	26	29.00
Mason	175	227	511.7	304.57
Okanogan	169	198	198	188.33
Pacific	85	113	81	93.00
Pend Oreill	61	69	66	65.33
Pierce	3718	3726	3344.7	3596.23
San Juan	85	79	97	87.00
Skagit	728	782	677	729.00
Skamania	22	34	40	32.00
Snohomish	3058	3378.8	4088.2	3508.33
Spokane	2647.5	2504	3010	2720.50
Stevens	151	146	149	148.67
Thurston	1255.7	1449.4	1990.8	1565.30
Wahkiakun	7	7	14	9.33
Walla Wall	251	283	283	272.33
Whatcom	887	1133	1263.7	1094.57
Whitman	245.5	89	140	158.17
Yakima	1225	1173	1385	1261.00

35 ADC * 365 days per year = 12,775 default patient days
 12,775 patient days/62.12 ALOS = 205.7 default admissions
 205.7 Default

For affected counties, the actual volumes from these recently approved agencies will be subtracted, and default values will be added.

Department of Health
2021-2022 Hospice Numeric Need Methodology
Admissions - Summarized



Recent approvals showing default volumes:

Olympic Medical Center - Clallam County. Approved in September 2019. Default volumes for 2019-2020

Providence Hospice - Clark County. Approved in 2019. Default volumes in 2019-2020

The Pennant Group - Grays Harbor County. Approved August 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.

Wesley Homes Hospice - King County. Approved in 2015, operational since 2017. 2018 volumes exceed "default" - no adjustment for 2018. Adjustments in 2019.

Envision Hospice - King County. Approved in 2019. Default volumes for 2019-2020

Continuum Care of King - King County. CN issued March 2020. Default volumes for 2020

EmpRes Healthcare Group - King County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.

Seasons Hospice - King County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.

Envision Hospice - Kitsap County. Approved in 2020. Default volumes for 2020

Heart of Hospice - Klickitat County. Approved in August 2017. Operational since August 2017. Default volumes in 2018-2019.

The Pennant Group - Mason County. Approved September 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.

Providence Health & Services - Pierce County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.

Continuum Care of Snohomish - Snohomish County. Approved in July 2019. Default volumes in 2019-2020

Heart of Hospice - Snohomish County. Approved in November 2019. Default volumes for 2019-2020

Envision Hospice - Snohomish County. Approved in November 2019. Default volumes for 2019-2020

Glacier Peak Healthcare - Snohomish County. Approved in November 2019. Default volumes for 2019-2020

EmpRes Healthcare Group - Snohomish County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.

Seasons Hospice - Snohomish County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.

Envision Hospice - Thurston County. Approved in September 2018. Default volumes in 2018-2020.

Symbol Healthcare - Thurston County. Approved in November 2019. Default volumes for 2019-2020

Bristol Hospice - Thurston County. Approved March 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.

MultiCare Health - Thurston County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.

EmpRes Healthcare Group - Whatcom County. Approved in 2020. Default volumes for 2020

Department of Health
2021-2022 Hospice Numeric Need Methodology
 Survey Responses



Note: Kindred Hospice in Whitman and Spokane Counties did not respond to the department's survey for 2018 data. As a result, the average of 2016 and 2017 data was used as a proxy for 2018.

Agency Name	License Number	County	Year	0-64	65+
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Grant	2018	40	254
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Lincoln	2018	6	28
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Adams	2018	6	34
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Jefferson	2018	1	11
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Mason	2018	4	44
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Clallam	2018	16	186
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Thurston	2018	24	273
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Lewis	2018	35	280
Astria Home Health and Hospice (Yakima Regional Home Health and Hospice)	IHS.FS.60097245	Yakima	2018	41	8
Central Washington Hospital Home Care Services	IHS.FS.00000250	Douglas	2018	10	133
Central Washington Hospital Home Care Services	IHS.FS.00000250	Chelan	2018	34	386
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Wahkiakum	2018	2	5
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Clark	2018	54	383
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Cowlitz	2018	87	524
Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2018	1	2
Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2018	6	121
Evergreen Health Home Care Services	IHS.FS.00000278	Island	2018	1	9
Evergreen Health Home Care Services	IHS.FS.00000278	Snohomish	2018	79	690
Evergreen Health Home Care Services	IHS.FS.00000278	King	2018	348	1989
Franciscan Hospice	IHS.FS.00000287	Kitsap	2018	141	693
Franciscan Hospice	IHS.FS.00000287	King	2018	102	921
Franciscan Hospice	IHS.FS.00000287	Pierce	2018	331	2110
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Douglas	2018	0	3
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Grant	2018	1	7
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Okanogan	2018	21	148
Gentiva Hospice (Odyssey Hospice)	IHS.FS.60330209	King	2018	37	180
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2018	13	71
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2018	35	180
Heart of Hospice	IHS.FS.00000185	Skamania	2018	none repo	10
Heart of Hospice	IHS.FS.00000185	Klickitat	2018	1	23
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Benton	2018	6	137
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Yakima	2018	24	219
Home Health Care of Whidbey General Hospital (Whidbey General)	IHS.FS.00000323	Island	2018	20	235
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Skamania	2018	1	1
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Cowlitz	2018	20	76
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Clark	2018	243	1305
Horizon Hospice	IHS.FS.00000332	Spokane	2018	31	389
Hospice of Kitsap County	IHS.FS.00000335	Kitsap	2018	0	0
Hospice of Spokane	IHS.FS.00000337	Lincoln	2018	1	1
Hospice of Spokane	IHS.FS.00000337	Ferry	2018	6	29
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2018	8	53
Hospice of Spokane	IHS.FS.00000337	Stevens	2018	30	121
Hospice of Spokane	IHS.FS.00000337	Spokane	2018	346	1593
Hospice of Spokane	IHS.FS.00000337	Whitman	2018	none repo	none repor
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Island	2018	6	60
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Snohomish	2018	2	67
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	San Juan	2018	6	79
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Skagit	2018	48	680
IRREGULAR-COMMUNITY HOME HEALTH & HOSPICE	IHS.FS.00000262	Pacific	2018	0	1
IRREGULAR-MULTICARE	IHS.FS.60639376	Clallam	2018	0	1
Jefferson Healthcare Home Health and Hospice (Hospice of Jefferson County)	IHS.FS.00000349	Jefferson	2018	20	144
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Clark	2018	39	436
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Cowlitz	2018	none repo	none repor
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Skamania	2018	none repo	none repor
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Snohomish	2018	14	94
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Kitsap	2018	14	96
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Pierce	2018	35	198
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	King	2018	25	416
Kindred Hospice (Gentiva Hospice)	IHS.FS.60308060	Whitman	2018	19	226.5
Kindred Hospice (Gentiva Hospice)	IHS.FS.60308060	Spokane	2018	23	265.5
Kittitas Valley Home Health and Hospice	IHS.FS.00000320	Kittitas	2018	15	135
Klickitat Valley Home Health & Hospice (Klickitat Valley Health)	IHS.FS.00000361	Klickitat	2018	5	40
Kline Galland Community Based Services	IHS.FS.60103742	King	2018	29	368
Memorial Home Care Services	IHS.FS.00000376	Yakima	2018	183	750
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639376	King	2018	32	158

Department of Health
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 Survey Responses



Agency Name	License Number	County	Year	0-64	65+
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639377	Kitsap	2018	25	232
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639378	Pierce	2018	177	867
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Skamania	2018	1	9
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Klickitat	2018	4	18
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2018	11	44
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2018	316	1772
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	King	2018	none repo	none repor
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2018	11	13
Providence Hospice of Seattle	IHS.FS.00000336	King	2018	407	1959
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Mason	2018	10	117
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Lewis	2018	21	140
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Thurston	2018	90	663
Tri-Cities Chaplaincy	IHS.FS.00000456	Franklin	2018	30	155
Tri-Cities Chaplaincy	IHS.FS.00000456	Benton	2018	112	750
Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2018	1	23
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2018	24	227
Wesley Homes	IHS.FS.60276500	King	2018	29	368
Whatcom Hospice (Peacehealth)	IHS.FS.00000471	Whatcom	2018	117	770
Alpha Home Health	IHS.FS.61032013	Snohomish	2019	0	0
Alpowa Healthcare Inc. d/b/a Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2019	9	71
Alpowa Healthcare Inc. d/b/a Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2019	1	4
Central Washington HomeCare Services	IHS.FS.00000250	Chelan	2019	28	385
Central Washington HomeCare Services	IHS.FS.00000250	Douglas	2019	19	125
Chaplaincy Health Care 2018	IHS.FS.00000456	Benton	2019	96	700
Chaplaincy Health Care 2018	IHS.FS.00000456	Franklin	2019	26	164
Community Home Health/Hospice	IHS.FS.00000262	Cowlitz	2019	98	636
Community Home Health/Hospice	IHS.FS.00000262	Wahkiakum	2019	0	7
Community Home Health/Hospice	IHS.FS.00000262	Clark	2019	60	453
Continuum Care of King LLC	IHS.FS.61058934	King	2019	0	0
Continuum Care of Snohomish LLC	IHS.FS.61010090	Snohomish	2019	0	0
Envision Hospice of Washington	IHS.FS.60952486	Thurston	2019	2	22
EvergreenHealth	IHS.FS.00000278	King	2019	225	2025
EvergreenHealth	IHS.FS.00000278	Snohomish	2019	53	471
EvergreenHealth	IHS.FS.00000278	Island	2019	1	11
Franciscan Hospice	IHS.FS.00000287	King	2019	92	921
Franciscan Hospice	IHS.FS.00000287	Kitsap	2019	118	757
Franciscan Hospice	IHS.FS.00000287	Pierce	2019	364	2236
Frontier Home Health & Hospice	IHS.FS.60379608	Okanogan	2019	27	171
Frontier Home Health & Hospice	IHS.FS.60379608	Douglas	2019	0	5
Frontier Home Health & Hospice	IHS.FS.60379608	Grant	2019	4	8
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2019	41	212
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2019	15	98
Heartlinks	IHS.FS.00000369	Benton	2019	7	137
Heartlinks	IHS.FS.00000369	Yakima	2019	21	180
Heartlinks	IHS.FS.00000369	Franklin	2019	0	2
Horizon Hospice	IHS.FS.00000332	Spokane	2019	30	393
Hospice of Jefferson County, Jefferson Healthcare	IHI.FS.00000349	Jefferson	2019	26	172
Hospice of Spokane	IHS.FS.00000337	Spokane	2019	289	1692
Hospice of Spokane	IHS.FS.00000337	Stevens	2019	20	126
Hospice of Spokane	IHS.FS.00000337	Ferry	2019	5	25
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2019	4	65
Hospice of the Northwest	IHS.FS.00000437	Island	2019	14	56
Hospice of the Northwest	IHS.FS.00000437	San Juan	2019	6	73
Hospice of the Northwest	IHS.FS.00000437	Skagit	2019	77	705
Hospice of the Northwest	IHS.FS.00000437	Snohomish	2019	5	58
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Skamania	2019	0	17
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Klickitat	2019	2	24
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Clark	2019	0	3
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Snohomish	2019	0	0
Kaiser Continuing Care Services Hospice	IHS.FS.00000353	Clark	2019	43	387
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	King	2019	37	489
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	Kitsap	2019	18	123
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	Pierce	2019	25	176
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	Snohomish	2019	7	62
Kindred Hospice	IHS.FS.60308060	Spokane	2019	10	90
Kindred Hospice	IHS.FS.60308060	Whitman	2019	12	77
Kindred Hospice	IHS.FS.60330209	King	2019	6	217
Kittitas Valley Healthcare Home Health and Hospice	IHS.FS.00000320	Kittitas	2019	16	169

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Agency Name	License Number	County	Year	0-64	65+
Klickitat Valley Hospice	IHS.FS.00000361	Klickitat	2019	1	44
Kline Galland Community Based Services	IHS.FS.60103742	King	2019	35	345
Memorial Home Care Services	IHS.FS.00000376	Yakima	2019	148	730
MultiCare Hospice	IHS.FS.60639376	King	2019	27	149
MultiCare Hospice	IHS.FS.60639376	Pierce	2019	167	758
MultiCare Hospice	IHS.FS.60639376	Kitsap	2019	37	194
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Clallam	2019	23	234
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Jefferson	2019	0	9
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Lewis	2019	17	244
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Mason	2019	6	45
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Thurston	2019	22	240
Olympic Medical Hospice	IHS.FS.00000393	Clallam	2019	0	0
PeaceHealth Hospice	IHS.FS.60331226	Clark	2019	184	1217
PeaceHealth Hospice	IHS.FS.60331226	Cowlitz	2019	23	99
PeaceHealth Hospice	IHS.FS.60331226	Skamania	2019	0	1
PeaceHealth Whatcom	IHS.FS.00000471	Whatcom	2019	138	995
Providence Hospice	IHS.FS.60201476	Klickitat	2019	9	22
Providence Hospice	IHS.FS.60201476	Skamania	2019	1	15
Providence Hospice	IHS.FS.60201476	Clark	2019	0	0
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2019	272	1613
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2019	1	29
Providence Hospice of Seattle	IHS.FS.00000336	King	2019	338	2083
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2019	5	10
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Thurston	2019	91	685
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Mason	2019	28	148
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Lewis	2019	33	118
Puget Sound Hospice	IHS.FS.61032138	Thurston	2019	0	0
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2019	41	242
Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2019	3	25
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Adams	2019	8	54
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Grant	2019	41	228
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Lincoln	2019	3	22
Wesley Homes	IHS.FS.60276500	King	2019	5	86
WhidbeyHealth Home Health, Hospice	IHS.FS.00000323	Island	2019	27	245
Yakima HMA Home Health, LLC	IHS.FS.60097245	Yakima	2019	6	88
Alpha Hospice	IHS.FS.61032013	Snohomish	2020	1	30
Alpowa Healthcare, Inc. d/b/a Elite Home Health & Hospice	IHS.FS.60384078	Asotin	2020	24	84
Alpowa Healthcare, Inc. d/b/a Elite Home Health & Hospice	IHS.FS.60384078	Garfield	2020	3	7
Astria Hospice	IHS.FS.60097245	Yakima	2020	0	56
Central Washington Home Care Service	IHS.FS.00000250	Chelan	2020	32	421
Central Washington Home Care Service	IHS.FS.00000250	Douglas	2020	13	159
Chaplaincy Health Care	IHS.FS.00000456	Benton	2020	118	821
Chaplaincy Health Care	IHS.FS.00000456	Franklin	2020	30	192
Community Home Health/Hospice	IHS.FS.00000262	Cowlitz	2020	78	616
Community Home Health/Hospice	IHS.FS.00000262	Pacific	2020	1	3
Community Home Health/Hospice	IHS.FS.00000262	Wahkiakum	2020	3	11
Community Home Health/Hospice	IHS.FS.60547198	Clark	2020	61	430
Continuum Care of King LLC	IHS.FS.61058934	King	2020	0	0
Continuum Care of Snohomish	IHS.FS.61010090	King	2020	2	40
Continuum Care of Snohomish	IHS.FS.61010090	Snohomish	2020	12	131
Eden Hospice at Whatcom County, LLC	IHS.FS.61117985	Whatcom	2020	0	0
Envision Hospice of Washington LLC	IHS.FS.60952486	King	2020	1	76
Envision Hospice of Washington LLC	IHS.FS.60952486	Kitsap	2020	0	0
Envision Hospice of Washington LLC	IHS.FS.60952486	Pierce	2020	1	20
Envision Hospice of Washington LLC	IHS.FS.60952486	Thurston	2020	1	24
Envision Hospice of Washington LLC	IHS.FS.60952486	Snohomish	2020	0	0
EvergreenHealth	IHS.FS.00000278	King	2020	316	2451
EvergreenHealth	IHS.FS.00000278	Snohomish	2020	70	672
EvergreenHealth	IHS.FS.00000278	Island	2020	0	6
Frontier Home Health & Hospice	IHS.FS.60379608	Douglas	2020	4	11
Frontier Home Health & Hospice	IHS.FS.60379608	Grant	2020	0	3
Frontier Home Health & Hospice	IHS.FS.60379608	Okanogan	2020	30	167
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2020	27	186
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2020	11	66
HEART OF HOSPICE	IHS.FS.60741443	Clark	2020	0	3
HEART OF HOSPICE	IHS.FS.60741443	Klickitat	2020	2	21
HEART OF HOSPICE	IHS.FS.60741443	Skamania	2020	2	18
HEART OF HOSPICE	IHS.FS.60741443	Snohomish	2020	0	0

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Agency Name	License Number	County	Year	0-64	65+
Heartlinks	IHS.FS.00000369	Benton	2020	14	152
Heartlinks	IHS.FS.00000369	Yakima	2020	20	181
Heartlinks	IHS.FS.00000369	Franklin	2020	4	2
Horizon Hospice & Palliative Care	IHS.FS.00000332	Spokane	2020	28	456
Hospice of Jefferson County	IHS.FS.00000349	Jefferson	2020	17	178
Hospice of Spokane	IHS.FS.00000337	Spokane	2020	302	1895
Hospice of Spokane	IHS.FS.00000337	Stevens	2020	21	128
Hospice of Spokane	IHS.FS.00000337	Ferry	2020	3	28
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2020	17	49
Hospice of Spokane	IHS.FS.00000337	Lincoln	2020	0	0
Hospice of Spokane	IHS.FS.00000337	Whitman	2020	0	1
Hospice of Spokane	IHS.FS.00000337	Okanogan	2020	1	0
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Clark	2020	42	433
Kaiser Permanente Home Health & Hospice	IHS.FS.00000305	King	2020	49	446
Kaiser Permanente Home Health & Hospice	IHS.FS.00000305	Kitsap	2020	13	114
Kaiser Permanente Home Health & Hospice	IHS.FS.00000305	Pierce	2020	30	181
Kaiser Permanente Home Health & Hospice	IHS.FS.00000305	Snohomish	2020	3	84
Kindred Hospice	IHS.FS.60308060	Spokane	2020	32	297
Kindred Hospice	IHS.FS.60308060	Whitman	2020	12	127
Kindred Hospice	IHS.FS.60330209	King	2020	9	200
Kittitas Valley Home Health and Hospice	IHS.FS.00000320	Kittitas	2020	12	157
Klickitat Valley Health Home Health & Hospice	IHS.FS.00000361	Klickitat	2020	4	38
Kline Galland Hospice	IHS.FS.60103742	King	2020	83	896
Memorial Home Care Services	IHS.FS.00000376	Yakima	2020	175	953
Multicare Home Health, Hospice	IHS.FS.60639376	Pierce	2020	161	866
Multicare Home Health, Hospice	IHS.FS.60639376	King	2020	36	137
Multicare Home Health, Hospice	IHS.FS.60639376	Kitsap	2020	12	126
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Clallam	2020	24	283
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Jefferson	2020	0	16
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Lewis	2020	15	226
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Mason	2020	8	70
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Pierce	2020	0	1
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Thurston	2020	22	268
Olympic Medical Hospice	IHS.FS.00000393	Clallam	2020	0	0
PeaceHealth Hospice Southwest	IHS.FS.60331226	Clark	2020	194	1372
PeaceHealth Hospice Southwest	IHS.FS.60331226	Cowlitz	2020	16	91
PeaceHealth Hospice Southwest	IHS.FS.60331226	Skamania	2020	0	3
Providence Hospice	IHS.FS.60201476	Klickitat	2020	6	28
Providence Hospice	IHS.FS.60201476	Skamania	2020	1	16
Providence Hospice	IHS.FS.60201476	Clark	2020	0	0
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2020	267	1645
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2020	5	36
Providence Hospice of Seattle	IHS.FS.00000336	King	2020	338	2059
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2020	0	0
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Thurston	2020	106	772
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Mason	2020	35	193
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Lewis	2020	32	175
Puget Sound Hospice	IHS.FS.61032138	Thurston	2020	0	6
Skagit Hospice Services dba Hospice of the Northwest	IHS.FS.00000437	Island	2020	20	81
Skagit Hospice Services dba Hospice of the Northwest	IHS.FS.00000437	San Juan	2020	8	89
Skagit Hospice Services dba Hospice of the Northwest	IHS.FS.00000437	Skagit	2020	70	607
Skagit Hospice Services dba Hospice of the Northwest	IHS.FS.00000437	Snohomish	2020	8	74
Virginia Mason Franciscan Hospice & Palliative Care	IHS.FS.00000287	King	2020	52	716
Virginia Mason Franciscan Hospice & Palliative Care	IHS.FS.00000287	Pierce	2020	232	1630
Virginia Mason Franciscan Hospice & Palliative Care	IHS.FS.00000287	Kitsap	2020	71	681
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2020	41	242
Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2020	3	50
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Adams	2020	4	48
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Grant	2020	40	251
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Lincoln	2020	5	21
Wesley Homes Hospice, LLC	IHS.FS.60276500	King	2020	3	110
Wesley Homes Hospice, LLC	IHS.FS.60276500	Pierce	2020	1	16

Department of Health
2021-2022 Hospice Numeric Need Methodology
Preliminary Death Data Updated October 12, 2021



County	0-64			65+		
	2018	2019	2020	2018	2019	2020
ADAMS	28	35	20	72	93	59
ASOTIN	52	54	56	214	222	186
BENTON	331	346	555	1,125	1154	1522
CHELAN	130	137	224	573	626	785
CLALLAM	191	186	195	871	955	777
CLARK	874	887	1043	2,767	2987	3205
COLUMBIA	6	7	7	43	52	43
COWLITZ	300	294	314	840	951	968
DOUGLAS	51	63	42	255	270	160
FERRY	28	20	19	55	64	58
FRANKLIN	145	123	100	278	313	263
GARFIELD	5	5	5	30	21	11
GRANT	195	197	186	524	508	455
GRAYS HARBOR	227	251	209	647	659	558
ISLAND	135	167	110	675	642	505
JEFFERSON	64	72	68	336	338	273
KING	3,264	3,275	4456	9,917	10213	11186
KITSAP	515	557	454	1,713	1811	1714
KITTITAS	68	90	78	239	266	241
KLICKITAT	58	46	42	158	160	113
LEWIS	227	210	205	730	722	653
LINCOLN	25	25	15	94	89	75
MASON	158	167	143	526	548	408
OKANOGAN	103	119	88	332	358	277
PACIFIC	64	66	55	279	265	177
PEND OREILLE	43	31	41	130	125	101
PIERCE	1,964	1,911	2364	4,926	5002	5608
SAN JUAN	19	20	18	114	127	94
SKAGIT	231	229	269	1,001	1018	1068
SKAMANIA	27	19	26	56	87	47
SNOHOMISH	1,533	1,533	1587	4,055	4081	4278
SPOKANE	1,177	1,143	1634	3,556	3545	4322
STEVENS	113	112	86	373	345	248
THURSTON	554	525	628	1,823	1908	2007
WAHKIAKUM	13	11	10	33	53	18
WALLA WALLA	110	118	150	445	450	522
WHATCOM	360	394	457	1,252	1461	1481
WHITMAN	66	47	51	199	219	226
YAKIMA	601	555	653	1,517	1451	1675

Sources:

Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
2021-2022 Hospice Numeric Need Methodology
0-64 Population Projection



County	2018-2020 Average Population											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Adams	17,637	17,768	17,899	18,029	18,160	18,291	18,456	18,622	18,787	18,953	19,118	18,160
Asotin	16,969	16,906	16,842	16,779	16,715	16,652	16,596	16,540	16,485	16,429	16,373	16,715
Benton	162,262	163,693	165,123	166,554	167,984	169,415	171,026	172,638	174,249	175,861	177,472	167,984
Chelan	61,284	61,520	61,755	61,991	62,227	62,463	62,512	62,562	62,611	62,661	62,710	62,227
Clallam	52,716	52,661	52,605	52,550	52,494	52,439	52,233	52,027	51,821	51,615	51,409	52,494
Clark	387,296	393,291	399,287	405,282	411,278	417,273	421,901	426,529	431,158	435,786	440,414	411,278
Columbia	2,988	2,947	2,905	2,863	2,822	2,780	2,745	2,710	2,675	2,640	2,605	2,822
Cowlitz	85,417	85,517	85,617	85,717	85,817	85,917	85,843	85,769	85,695	85,621	85,547	85,817
Douglas	33,540	33,938	34,335	34,732	35,130	35,527	35,803	36,080	36,356	36,633	36,909	35,130
Ferry	5,834	5,782	5,731	5,680	5,628	5,577	5,541	5,506	5,470	5,435	5,399	5,628
Franklin	79,651	81,742	83,832	85,922	88,012	90,102	92,443	94,784	97,124	99,465	101,806	88,012
Garfield	1,665	1,644	1,623	1,602	1,581	1,560	1,541	1,522	1,502	1,483	1,464	1,581
Grant	81,535	82,660	83,784	84,909	86,033	87,158	88,240	89,322	90,403	91,485	92,567	86,033
Grays Harbor	59,105	58,675	58,246	57,817	57,387	56,958	56,679	56,401	56,122	55,844	55,565	57,387
Island	62,514	62,664	62,814	62,964	63,114	63,264	63,280	63,296	63,312	63,328	63,344	63,114
Jefferson	20,636	20,653	20,670	20,688	20,705	20,722	20,636	20,550	20,463	20,377	20,291	20,705
King	1,798,581	1,820,215	1,841,848	1,863,482	1,885,115	1,906,749	1,918,470	1,930,192	1,941,913	1,953,635	1,965,356	1,885,115
Kitsap	212,548	214,045	215,543	217,040	218,538	220,035	220,614	221,192	221,771	222,349	222,928	218,538
Kittitas	36,206	36,768	37,330	37,892	38,453	39,015	39,286	39,556	39,827	40,097	40,368	38,453
Klickitat	16,208	16,082	15,955	15,828	15,702	15,575	15,439	15,304	15,168	15,033	14,897	15,702
Lewis	61,494	61,796	62,097	62,398	62,700	63,001	63,164	63,327	63,491	63,654	63,817	62,700
Lincoln	8,101	8,042	7,982	7,923	7,864	7,805	7,751	7,698	7,644	7,591	7,537	7,864
Mason	48,672	49,162	49,652	50,142	50,632	51,122	51,397	51,672	51,946	52,221	52,496	50,632
Okanogan	33,087	32,906	32,726	32,545	32,364	32,183	32,087	31,991	31,896	31,800	31,704	32,364
Pacific	15,115	14,972	14,830	14,688	14,545	14,403	14,322	14,242	14,161	14,081	14,000	14,545
Pend Oreille	10,045	9,998	9,952	9,905	9,859	9,812	9,769	9,727	9,684	9,642	9,599	9,859
Pierce	721,137	729,937	738,738	747,538	756,339	765,139	769,918	774,696	779,475	784,253	789,032	756,339
San Juan	11,305	11,194	11,084	10,974	10,863	10,753	10,730	10,707	10,684	10,661	10,638	10,863
Skagit	97,885	98,616	99,346	100,076	100,807	101,537	101,887	102,236	102,586	102,935	103,285	100,807
Skamania	9,272	9,266	9,260	9,254	9,248	9,242	9,223	9,205	9,186	9,168	9,149	9,248
Snohomish	661,812	672,806	683,800	694,793	705,787	716,781	721,527	726,273	731,019	735,765	740,511	705,787
Spokane	414,493	416,684	418,875	421,066	423,256	425,447	426,740	428,033	429,326	430,619	431,912	423,256
Stevens	34,576	34,459	34,343	34,226	34,109	33,992	33,917	33,841	33,766	33,690	33,615	34,109
Thurston	224,951	228,261	231,571	234,880	238,190	241,500	243,867	246,235	248,602	250,970	253,337	238,190
Wahkiakum	2,726	2,669	2,612	2,555	2,498	2,441	2,405	2,368	2,332	2,295	2,259	2,498
Walla Walla	49,893	50,111	50,328	50,546	50,763	50,981	51,028	51,075	51,121	51,168	51,215	50,763
Whatcom	175,840	178,234	180,629	183,023	185,418	187,812	189,267	190,722	192,178	193,633	195,088	185,418
Whitman	42,880	42,965	43,051	43,137	43,222	43,308	43,315	43,322	43,330	43,337	43,344	43,222
Yakima	215,882	217,605	219,328	221,051	222,774	224,497	225,822	227,147	228,473	229,798	231,123	222,774

Sources:
2017 OFM Population Projections, Medium-Series
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
65+ Population Projection



County	2018-2020											Average Population
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Adams	1,773	1,887	2,000	2,114	2,227	2,341	2,383	2,424	2,466	2,507	2,549	2,227
Asotin	5,041	5,233	5,426	5,619	5,812	6,005	6,175	6,344	6,514	6,683	6,853	5,812
Benton	26,328	27,492	28,657	29,821	30,986	32,150	33,373	34,597	35,820	37,044	38,267	30,986
Chelan	13,746	14,279	14,811	15,343	15,876	16,408	17,052	17,695	18,339	18,982	19,626	15,876
Clallam	19,934	20,401	20,867	21,334	21,800	22,267	22,901	23,535	24,168	24,802	25,436	21,800
Clark	64,524	68,044	71,564	75,085	78,605	82,125	85,686	89,247	92,807	96,368	99,929	78,605
Columbia	1,102	1,135	1,169	1,202	1,236	1,269	1,287	1,304	1,322	1,339	1,357	1,236
Cowlitz	18,863	19,684	20,505	21,326	22,148	22,969	23,719	24,470	25,220	25,971	26,721	22,148
Douglas	6,450	6,831	7,213	7,595	7,976	8,358	8,666	8,974	9,283	9,591	9,899	7,976
Ferry	1,876	1,949	2,022	2,095	2,168	2,241	2,289	2,337	2,386	2,434	2,482	2,168
Franklin	7,499	7,921	8,343	8,765	9,188	9,610	10,083	10,557	11,030	11,504	11,977	9,188
Garfield	595	607	620	633	645	658	669	680	692	703	714	645
Grant	12,395	13,011	13,628	14,244	14,861	15,477	16,071	16,665	17,258	17,852	18,446	14,861
Grays Harbor	14,005	14,535	15,064	15,594	16,123	16,653	17,133	17,612	18,092	18,571	19,051	16,123
Island	18,086	18,625	19,163	19,701	20,239	20,777	21,412	22,047	22,682	23,317	23,952	20,239
Jefferson	10,244	10,580	10,916	11,252	11,588	11,924	12,323	12,722	13,121	13,520	13,919	11,588
King	254,219	268,307	282,395	296,484	310,572	324,660	337,771	350,881	363,992	377,102	390,213	310,572
Kitsap	45,652	47,697	49,743	51,788	53,833	55,878	58,185	60,492	62,800	65,107	67,414	53,833
Kittitas	6,464	6,760	7,055	7,351	7,647	7,943	8,266	8,589	8,911	9,234	9,557	7,647
Klickitat	4,792	5,051	5,310	5,570	5,829	6,088	6,268	6,448	6,627	6,807	6,987	5,829
Lewis	15,166	15,576	15,987	16,398	16,808	17,219	17,697	18,175	18,652	19,130	19,608	16,808
Lincoln	2,619	2,687	2,755	2,823	2,891	2,959	3,039	3,119	3,200	3,280	3,360	2,891
Mason	13,528	14,123	14,717	15,311	15,905	16,499	17,167	17,836	18,504	19,173	19,841	15,905
Okanogan	8,773	9,198	9,624	10,050	10,475	10,901	11,210	11,519	11,827	12,136	12,445	10,475
Pacific	6,095	6,258	6,421	6,584	6,747	6,910	7,035	7,159	7,284	7,408	7,533	6,747
Pend Oreille	3,195	3,378	3,560	3,742	3,925	4,107	4,239	4,371	4,504	4,636	4,768	3,925
Pierce	108,983	114,409	119,836	125,262	130,688	136,114	142,422	148,729	155,037	161,344	167,652	130,688
San Juan	4,876	5,099	5,322	5,545	5,768	5,991	6,174	6,357	6,541	6,724	6,907	5,768
Skagit	22,735	24,021	25,308	26,595	27,881	29,168	30,314	31,460	32,607	33,753	34,899	27,881
Skamania	2,158	2,286	2,414	2,542	2,670	2,798	2,923	3,048	3,172	3,297	3,422	2,670
Snohomish	95,788	101,674	107,560	113,447	119,333	125,219	131,978	138,737	145,495	152,254	159,013	119,333
Spokane	73,817	77,325	80,834	84,343	87,852	91,361	94,670	97,979	101,288	104,597	107,906	87,852
Stevens	9,454	9,930	10,407	10,884	11,360	11,837	12,214	12,591	12,969	13,346	13,723	11,360
Thurston	42,459	44,534	46,608	48,683	50,757	52,832	54,900	56,967	59,035	61,102	63,170	50,757
Wahkiakum	1,254	1,316	1,379	1,441	1,503	1,565	1,580	1,595	1,611	1,626	1,641	1,503
Walla Walla	10,757	10,819	10,881	10,944	11,006	11,068	11,350	11,632	11,915	12,197	12,479	11,006
Whatcom	33,950	35,688	37,426	39,164	40,902	42,640	44,217	45,794	47,372	48,949	50,526	40,902
Whitman	4,370	4,659	4,948	5,237	5,526	5,815	6,008	6,201	6,395	6,588	6,781	5,526
Yakima	34,088	34,949	35,809	36,670	37,530	38,391	39,475	40,559	41,643	42,727	43,811	37,530

APPENDIX B

Appendix B - Demonstrative Exhibit

2021-2022 Hospice Numeric Need Methodology - Steps 1 through 5

Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)



WAC246-310-290(8)(a) Step 1:

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

WAC 246-310-290(8)(a)(i) The percentage of patients age sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients sixty five and over by the average number of past three years statewide total deaths age sixty-five and over.

WAC246-310-290(8)(a)(ii) The percentage of patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients under sixty-five by the average number of past three years statewide total of deaths under sixty-five.

Hospice admissions ages 0-64	
Year	Admissions
2018	4,114
2019	3,699
2020	3,679
average: 3,831	

Deaths ages 0-64	
Year	Deaths
2018	14,055
2019	14,047
2020	16,663
average: 14,922	

Use Rates	
0-64	25.67%
65+	60.15%

Hospice admissions ages 65+	
Year	Admissions
2018	26,207
2019	26,017
2020	27,956
average: 26,727	

Deaths ages 65+	
Year	Deaths
2018	42,773
2019	44,159
2020	46,367
average: 44,433	

Appendix B - Demonstrative Exhibit
2021-2022 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)



WAC246-310-290(8)(b) Step 2:

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

0-64				
County	2018	2019	2020	2018-2020 Average Deaths
Adams	28	35	20	28
Asotin	52	54	56	54
Benton	331	346	555	411
Chelan	130	137	224	164
Clallam	191	186	195	191
Clark	874	887	1,043	935
Columbia	6	7	7	7
Cowlitz	300	294	314	303
Douglas	51	63	42	52
Ferry	28	20	19	22
Franklin	145	123	100	123
Garfield	5	5	5	5
Grant	195	197	186	193
Grays Harbor	227	251	209	229
Island	135	167	110	137
Jefferson	64	72	68	68
King	3,264	3,275	4,456	3,665
Kitsap	515	557	454	509
Kittitas	68	90	78	79
Klickitat	58	46	42	49
Lewis	227	210	205	214
Lincoln	25	25	15	22
Mason	158	167	143	156
Okanogan	103	119	88	103
Pacific	64	66	55	62
Pend Oreille	43	31	41	38
Pierce	1,964	1,911	2,364	2,080
San Juan	19	20	18	19
Skagit	231	229	269	243
Skamania	27	19	26	24
Snohomish	1,533	1,533	1,587	1,551
Spokane	1,177	1,143	1,634	1,318
Stevens	113	112	86	104
Thurston	554	525	628	569
Wahkiakum	13	11	10	11
Walla Walla	110	118	150	126
Whatcom	360	394	457	404
Whitman	66	47	51	55
Yakima	601	555	653	603

65+				
County	2018	2019	2020	2018-2020 Average Deaths
Adams	72	93	59	75
Asotin	214	222	186	207
Benton	1,125	1,154	1,522	1,267
Chelan	573	626	785	661
Clallam	871	955	777	868
Clark	2,767	2,987	3,205	2,986
Columbia	43	52	43	46
Cowlitz	840	951	968	920
Douglas	255	270	160	228
Ferry	55	64	58	59
Franklin	278	313	263	285
Garfield	30	21	11	21
Grant	524	508	455	496
Grays Harbor	647	659	558	621
Island	675	642	505	607
Jefferson	336	338	273	316
King	9,917	10,213	11,186	10,439
Kitsap	1,713	1,811	1,714	1,746
Kittitas	239	266	241	249
Klickitat	158	160	113	144
Lewis	730	722	653	702
Lincoln	94	89	75	86
Mason	526	548	408	494
Okanogan	332	358	277	322
Pacific	279	265	177	240
Pend Oreille	130	125	101	119
Pierce	4,926	5,002	5,608	5,179
San Juan	114	127	94	112
Skagit	1,001	1,018	1,068	1,029
Skamania	56	87	47	63
Snohomish	4,055	4,081	4,278	4,138
Spokane	3,556	3,545	4,322	3,808
Stevens	373	345	248	322
Thurston	1,823	1,908	2,007	1,913
Wahkiakum	33	53	18	35
Walla Walla	445	450	522	472
Whatcom	1,252	1,461	1,481	1,398
Whitman	199	219	226	215
Yakima	1,517	1,451	1,675	1,548

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2021-2022 Hospice Numeric Need Methodology - Steps 1 through 5
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WAC246-310-290(8)(c) Step 3.

Multiply each hospice use rate determined in Step 1 by the planning areas' average total resident deaths determined in Step 2, separated by age cohort.

0-64		
County	2018-2020 Average Deaths	Projected Patients: 25.67% of Deaths
Adams	28	7
Asotin	54	14
Benton	411	105
Chelan	164	42
Clallam	191	49
Clark	935	240
Columbia	7	2
Cowlitz	303	78
Douglas	52	13
Ferry	22	6
Franklin	123	31
Garfield	5	1
Grant	193	49
Grays Harbor	229	59
Island	137	35
Jefferson	68	17
King	3,665	941
Kitsap	509	131
Kittitas	79	20
Klickitat	49	12
Lewis	214	55
Lincoln	22	6
Mason	156	40
Okanogan	103	27
Pacific	62	16
Pend Oreille	38	10
Pierce	2,080	534
San Juan	19	5
Skagit	243	62
Skamania	24	6
Snohomish	1,551	398
Spokane	1,318	338
Stevens	104	27
Thurston	569	146
Wahkiakum	11	3
Walla Walla	126	32
Whatcom	404	104
Whitman	55	14
Yakima	603	155

65+		
County	2018-2020 Average Deaths	Projected Patients: 60.15% of Deaths
Adams	75	45
Asotin	207	125
Benton	1,267	762
Chelan	661	398
Clallam	868	522
Clark	2,986	1,796
Columbia	46	28
Cowlitz	920	553
Douglas	228	137
Ferry	59	35
Franklin	285	171
Garfield	21	12
Grant	496	298
Grays Harbor	621	374
Island	607	365
Jefferson	316	190
King	10,439	6,279
Kitsap	1,746	1,050
Kittitas	249	150
Klickitat	144	86
Lewis	702	422
Lincoln	86	52
Mason	494	297
Okanogan	322	194
Pacific	240	145
Pend Oreille	119	71
Pierce	5,179	3,115
San Juan	112	67
Skagit	1,029	619
Skamania	63	38
Snohomish	4,138	2,489
Spokane	3,808	2,290
Stevens	322	194
Thurston	1,913	1,150
Wahkiakum	35	21
Walla Walla	472	284
Whatcom	1,398	841
Whitman	215	129
Yakima	1,548	931

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WAC246-310-290(8)(d) Step 4:

Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the

0-64											
County	Projected Patients	2018-2020 Average Population	2021 projected population	2022 projected population	2023 projected population	2024 projected population	2025 projected population	2026 projected population	2021 potential volume	2022 potential volume	2023 potential volume
Adams	7	18,160	18,456	18,622	18,787	18,953	19,118	19,316	7	7	7
Asotin	14	16,715	16,596	16,540	16,485	16,429	16,373	16,322	14	14	14
Benton	105	167,984	171,026	172,638	174,249	175,861	177,472	178,937	107	108	109
Chelan	42	62,227	62,512	62,562	62,611	62,661	62,710	62,842	42	42	42
Clallam	49	52,494	52,233	52,027	51,821	51,615	51,409	51,432	49	49	48
Clark	240	411,278	421,901	426,529	431,158	435,786	440,414	444,372	246	249	252
Columbia	2	2,822	2,745	2,710	2,675	2,640	2,605	2,577	2	2	2
Cowlitz	78	85,817	85,843	85,769	85,695	85,621	85,547	85,534	78	78	78
Douglas	13	35,130	35,803	36,080	36,356	36,633	36,909	37,171	14	14	14
Ferry	6	5,628	5,541	5,506	5,470	5,435	5,399	5,394	6	6	6
Franklin	31	88,012	92,443	94,784	97,124	99,465	101,806	104,076	33	34	35
Garfield	1	1,581	1,541	1,522	1,502	1,483	1,464	1,450	1	1	1
Grant	49	86,033	88,240	89,322	90,403	91,485	92,567	93,578	51	51	52
Grays Harbor	59	57,387	56,679	56,401	56,122	55,844	55,565	55,506	58	58	57
Island	35	63,114	63,280	63,296	63,312	63,328	63,344	63,403	35	35	35
Jefferson	17	20,705	20,636	20,550	20,463	20,377	20,291	20,460	17	17	17
King	941	1,885,115	1,918,470	1,930,192	1,941,913	1,953,635	1,965,356	1,977,654	958	963	969
Kitsap	131	218,538	220,614	221,192	221,771	222,349	222,928	223,740	132	132	133
Kittitas	20	38,453	39,286	39,556	39,827	40,097	40,368	40,663	21	21	21
Klickitat	12	15,702	15,439	15,304	15,168	15,033	14,897	14,858	12	12	12
Lewis	55	62,700	63,164	63,327	63,491	63,654	63,817	63,909	55	55	56
Lincoln	6	7,864	7,751	7,698	7,644	7,591	7,537	7,523	5	5	5
Mason	40	50,632	51,397	51,672	51,946	52,221	52,496	52,837	41	41	41
Okanogan	27	32,364	32,087	31,991	31,896	31,800	31,704	31,702	26	26	26
Pacific	16	14,545	14,322	14,242	14,161	14,081	14,000	13,987	16	16	15
Pend Oreille	10	9,859	9,769	9,727	9,684	9,642	9,599	9,555	10	10	10
Pierce	534	756,339	769,918	774,696	779,475	784,253	789,032	792,680	543	547	550
San Juan	5	10,863	10,730	10,707	10,684	10,661	10,638	10,669	5	5	5
Skagit	62	100,807	101,887	102,236	102,586	102,935	103,285	104,082	63	63	63
Skamania	6	9,248	9,223	9,205	9,186	9,168	9,149	9,138	6	6	6
Snohomish	398	705,787	721,527	726,273	731,019	735,765	740,511	745,257	407	410	412
Spokane	338	423,256	426,740	428,033	429,326	430,619	431,912	434,052	341	342	343
Stevens	27	34,109	33,917	33,841	33,766	33,690	33,615	33,682	26	26	26
Thurston	146	238,190	243,867	246,235	248,602	250,970	253,337	255,560	150	151	152
Wahkiakum	3	2,498	2,405	2,368	2,332	2,295	2,259	2,238	3	3	3
Walla Walla	32	50,763	51,028	51,075	51,121	51,168	51,215	51,322	33	33	33
Whatcom	104	185,418	189,267	190,722	192,178	193,633	195,088	196,981	106	107	107
Whitman	14	43,222	43,315	43,322	43,330	43,337	43,344	43,437	14	14	14
Yakima	155	222,774	225,822	227,147	228,473	229,798	231,123	232,683	157	158	159

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

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WAC246-310-290(8)(d) Step 4:

Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

65+								
County	Projected Patients	2018-2020 Average Population	2021 projected population	2022 projected population	2023 projected population	2024 projected population	2025 projected population	2026 projected population
Adams	45	2,227	2,383	2,424	2,466	2,507	2,549	2,584
Asotin	125	5,812	6,175	6,344	6,514	6,683	6,853	6,975
Benton	762	30,986	33,373	34,597	35,820	37,044	38,267	39,287
Chelan	398	15,876	17,052	17,695	18,339	18,982	19,626	20,098
Ciallam	522	21,800	22,901	23,535	24,168	24,802	25,436	25,781
Clark	1,796	78,605	85,686	89,247	92,807	96,368	99,929	103,279
Columbia	28	1,236	1,287	1,304	1,322	1,339	1,357	1,375
Cowlitz	553	22,148	23,719	24,470	25,220	25,971	26,721	27,203
Douglas	137	7,976	8,666	8,974	9,283	9,591	9,899	10,148
Ferry	35	2,168	2,289	2,337	2,386	2,434	2,482	2,501
Franklin	171	9,188	10,083	10,557	11,030	11,504	11,977	12,439
Garfield	12	645	669	680	692	703	714	725
Grant	298	14,861	16,071	16,665	17,258	17,852	18,446	18,961
Grays Harbor	374	16,123	17,133	17,612	18,092	18,571	19,051	19,345
Island	365	20,239	21,412	22,047	22,682	23,317	23,952	24,404
Jefferson	190	11,588	12,323	12,722	13,121	13,520	13,919	14,158
King	6,279	310,572	337,771	350,881	363,992	377,102	390,213	401,727
Kitsap	1,050	53,833	58,185	60,492	62,800	65,107	67,414	69,239
Kittitas	150	7,647	8,266	8,589	8,911	9,234	9,557	9,776
Klickitat	86	5,829	6,268	6,448	6,627	6,807	6,987	7,087
Lewis	422	16,808	17,697	18,175	18,652	19,130	19,608	19,919
Lincoln	52	2,891	3,039	3,119	3,200	3,280	3,360	3,380
Mason	297	15,905	17,167	17,836	18,504	19,173	19,841	20,339
Okanogan	194	10,475	11,210	11,519	11,827	12,136	12,445	12,582
Pacific	145	6,747	7,035	7,159	7,284	7,408	7,533	7,573
Pend Oreille	71	3,925	4,239	4,371	4,504	4,636	4,768	4,837
Pierce	3,115	130,688	142,422	148,729	155,037	161,344	167,652	173,150
San Juan	67	5,768	6,174	6,357	6,541	6,724	6,907	7,005
Skagit	619	27,881	30,314	31,460	32,607	33,753	34,899	35,841
Skamania	38	2,670	2,923	3,048	3,172	3,297	3,422	3,521
Snohomish	2,489	119,333	131,978	138,737	145,495	152,254	159,013	165,544
Spokane	2,290	87,852	94,670	97,979	101,288	104,597	107,906	110,710
Stevens	194	11,360	12,214	12,591	12,969	13,346	13,723	13,877
Thurston	1,150	50,757	54,900	56,967	59,035	61,102	63,170	64,838
Wahkiakum	21	1,503	1,580	1,595	1,611	1,626	1,641	1,645
Walla Walla	284	11,006	11,350	11,632	11,915	12,197	12,479	12,643
Whatcom	841	40,902	44,217	45,794	47,372	48,949	50,526	51,909
Whitman	129	5,526	6,008	6,201	6,395	6,588	6,781	6,906
Yakima	931	37,530	39,475	40,559	41,643	42,727	43,811	44,778

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WAC246-310-290(8)(e) Step 5:

Combine the two age cohorts. Subtract the average of the most recent three years hospice capacity in each planning area from the projected volumes calculated in Step 4 to determine the number of projected admissions beyond the planning area capacity.

County	2021 potential volume	2022 potential volume	2023 potential volume	2024 potential volume	2025 potential volume	2026 potential volume	Current Supply of Hospice Providers	2021 Unmet Need Admissions*	2022 Unmet Need Admissions*	2023 Unmet Need Admissions*	2024 Unmet Need Admissions*	2025 Unmet Need Admissions*	2026 Unmet Need Admissions*
Adams	55	56	57	58	59	60	51.33	4	5	6	7	8	8
Asotin	146	150	153	157	161	163	105.00	41	45	48	52	56	58
Benton	928	959	990	1,021	1,053	1,079	1,016.67	(88)	(57)	(26)	5	36	62
Chelan	469	486	502	518	534	546	428.67	41	57	73	89	105	117
Clallam	597	612	627	642	657	665	392.80	204	219	234	249	264	272
Clark	2,204	2,288	2,372	2,456	2,541	2,619	2,584.47	(380)	(296)	(212)	(128)	(44)	35
Columbia	30	31	31	32	32	32	35.00	(5)	(4)	(4)	(3)	(3)	(3)
Cowlitz	670	689	708	726	745	757	788.00	(118)	(99)	(80)	(62)	(43)	(31)
Douglas	163	168	174	179	184	189	160.67	2	8	13	18	24	28
Ferry	43	44	45	45	46	46	32.00	11	12	13	13	14	14
Franklin	221	231	240	250	260	269	201.67	19	29	39	48	58	67
Garfield	14	14	15	15	15	15	6.00	8	8	9	9	9	9
Grant	373	386	398	411	423	434	292.33	81	93	106	118	131	142
Grays Harbor	455	466	477	488	499	505	295.57	160	170	181	192	203	210
Island	422	433	445	456	468	476	399.67	22	34	45	57	68	76
Jefferson	219	226	232	239	245	249	198.00	21	28	34	41	47	51
King	7,786	8,057	8,328	8,599	8,870	9,109	7,830.73	(44)	226	497	768	1,039	1,278
Kitsap	1,267	1,312	1,358	1,403	1,448	1,484	1,223.57	43	89	134	179	225	261
Kittitas	182	189	195	202	208	213	168.00	14	21	27	34	40	45
Klickitat	105	108	110	113	115	117	217.80	(113)	(110)	(107)	(105)	(102)	(101)
Lewis	500	512	524	536	548	556	445.33	54	67	79	91	103	111
Lincoln	60	61	63	64	65	66	29.00	31	32	34	35	36	37
Mason	361	374	387	399	412	422	304.57	57	70	82	95	108	117
Okanogan	234	239	245	251	256	259	188.33	45	51	57	62	68	71
Pacific	166	169	171	174	177	177	93.00	73	76	78	81	84	84
Pend Oreille	87	89	92	94	96	98	65.33	22	24	26	29	31	32
Pierce	3,938	4,092	4,246	4,399	4,553	4,687	3,596.23	342	496	649	803	957	1,090
San Juan	77	79	81	83	85	86	87.00	(10)	(8)	(6)	(4)	(2)	(1)
Skagit	736	762	787	813	839	860	729.00	7	33	58	84	110	131
Skamania	48	50	51	53	55	56	32.00	16	18	19	21	23	24
Snohomish	3,160	3,303	3,447	3,591	3,734	3,873	3,508.33	(349)	(205)	(61)	82	226	365
Spokane	2,809	2,897	2,984	3,071	3,158	3,233	2,720.50	89	176	263	351	438	513
Stevens	235	241	247	254	260	263	148.67	86	92	99	105	112	114
Thurston	1,394	1,442	1,491	1,539	1,587	1,626	1,565.30	(171)	(123)	(75)	(26)	22	61
Wahkiakum	25	25	25	25	25	25	9.33	15	16	16	16	16	16
Walla Walla	326	333	340	347	355	359	272.33	53	60	68	75	82	87
Whatcom	1,015	1,048	1,081	1,115	1,148	1,177	1,094.57	(80)	(46)	(13)	20	53	83
Whitman	154	159	163	168	173	175	158.17	(4)	1	5	10	14	17
Yakima	1,136	1,164	1,192	1,220	1,247	1,272	1,261.00	(125)	(97)	(69)	(41)	(14)	11

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.