



STATE OF WASHINGTON  
**DEPARTMENT OF HEALTH**  
*Olympia, Washington 98504*

June 12, 2023

Trisha West, MHA, Strategic Planning Director  
EvergreenHealth Medical Center  
12040 Northeast 128<sup>th</sup> Street  
Kirkland, WA 98034

*Sent via email: [twest@evergreenhealthcare.org](mailto:twest@evergreenhealthcare.org)*

**RE: Certificate of Need Application #23-12 – Department’s Evaluation and Decision**

Trisha West:

We have completed review of the certificate of need application submitted by King County Public Hospital District #2 (dba EvergreenHealth/EvergreenHealth Medical Center), proposing the permanent addition of 36 acute care beds previously added under the Governor’s COVID Proclamation 20-36 to EvergreenHealth Medical Center, located in the East King Planning Area. Attached is a written evaluation of the application.

For the reasons stated in the attached decision, the application is consistent with the applicable criteria of the Certificate of Need Program, provided EvergreenHealth agrees to the following in its entirety.

Project Description:

This evaluation approves the permanent addition of 36 general medical/surgical acute care beds to EvergreenHealth Medical Center.

<b>Services Provided</b>	<b>Total Beds Current</b>	<b>Total Beds Following Completion</b>
General Acute Care	261	297
PPS Exempt Psych	0	0
PPS Exempt Rehab	14	14
NICU Level II	43	43
NICU Level III	0	0
NICU Level IV	0	0
Specialized Pediatric	0	0
Skilled Nursing	0	0
Swing Beds	0	0
<b>Total</b>	<b>318</b>	<b>354</b>

Conditions:

1. EvergreenHealth agrees with the project description as stated above. EvergreenHealth 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. EvergreenHealth shall finance the project using the financing as described in the application.
3. EvergreenHealth will use reasonable efforts to provide charity care consistent with the regional average or the amount identified in the application – whichever is higher. EvergreenHealth will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires that these records be available upon request.
4. EvergreenHealth agrees that EvergreenHealth Medical Center will maintain Medicare and Medicaid certification.

Approved Costs:

This project's capital cost is \$125,000 which includes movable equipment and applicable sales tax.

Please notify the Department of Health within 20 days of the date of this letter whether you accept the above project description, conditions, and capital costs for your project. If you accept these in their entirety, your application will be approved, and a Certificate of Need sent to you.

If you reject any of the above provisions, your application will be denied. The department will send you a letter denying your application and provide you information about your appeal rights.

Send your written response to the Certificate of Need Program at this e-mail address:  
fslcon@doh.wa.gov.

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,



John Williams, Executive Director  
Office of Community Health Systems

Attachment

**EVALUATION DATED JUNE 12, 2023, FOR THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY KING COUNTY PUBLIC HOSPITAL DISTRICT NO. 2 DBA EVERGREENHEALTH PROPOSING TO ADD 36 GENERAL ACUTE CARE BEDS TO EVERGREENHEALTH MEDICAL CENTER KIRKLAND LOCATED WITHIN THE EAST KING COUNTY PLANNING AREA**

**APPLICANT DESCRIPTION**

King County Public Hospital District No. 2 dba EvergreenHealth is a governmental entity.<sup>1</sup> The district established Evergreen General Hospital in 1972, with the hospital’s name changed to Evergreen Hospital Medical Center in 1986, and ultimately EvergreenHealth in 2012. The hospital continues to operate under the governance of the public hospital district’s seven-member elected board as a part of an integrated health system. [sources: Application, p4; and EvergreenHealth’s website]

EvergreenHealth is part of an integrated health system that includes 54 primary, specialty, and urgent care clinics, two acute care hospitals, and home care and hospice services. The facilities and services licensed by the state are listed in the table below:

<b>Name</b>	<b>Facility/Service Type</b>
EvergreenHealth Medical Center	Acute Care Hospital
EvergreenHealth Hospice Services	Hospice Agency/Hospice Care Center
EvergreenHealth Home Care Services	Home Health Agency
Evergreen Radia Imaging Center	Freestanding Imaging Center
EvergreenHealth Monroe <sup>2</sup>	Acute Care Hospital

This application was submitted by the King County Public Hospital District #2 dba EvergreenHealth. While the department considers the hospital district to be the applicant, this evaluation will refer to the hospital district, hospital, and associated services collectively as ‘*EvergreenHealth*’ throughout this evaluation. [sources: Application, p1; Appendix 1; December 27, 2022, screening response, pp4-5; and EvergreenHealth’s website]

**PROJECT DESCRIPTION**

This project focuses on EvergreenHealth, located in the East King County Hospital Planning Area. EvergreenHealth is state-licensed<sup>3</sup> and certificate of need-approved<sup>4</sup> for a total of 318 acute care beds located at 12040 Northeast 128<sup>th</sup> Street in Kirkland [98034]. The hospital provides a variety of healthcare services to the residents of King County and surrounding communities. The following table shows EvergreenHealth’s 318 beds broken down by service. [sources: Application, p9; and certificate of need #1505]

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<sup>1</sup> Washington Secretary of State unified business identifier 600 068 426

<sup>2</sup> In 2014, King County Public Hospital District #2 announced an affiliation between itself and Snohomish County Public Hospital District #1 that operates Valley General Hospital in Monroe. Under the affiliation agreement, Valley General Hospital became part of the Kirkland-based healthcare system and is now managed, but not owned, by EvergreenHealth. Effective March 1, 2015, Valley General Hospital changed its name to EvergreenHealth Monroe. [source: EvergreenHealth website]

<sup>3</sup> Washington State License # HAC.FS.00000164

<sup>4</sup> Certificate of Need #1505

**Department's Table 1**  
**EvergreenHealth Medical Center**  
**Current Configuration of Licensed Acute Care Beds**

<b>Services Provided</b>	<b>Total Beds</b>
General Medical Surgical	261
Acute Rehabilitation	14
Level II Intermediate Care Nursery Beds	29
NICU Level III	14
<b>Total</b>	<b>318</b>

As of the writing of this evaluation, EvergreenHealth is a Medicare and Medicaid<sup>5</sup> provider and holds Joint Commission accreditation<sup>6</sup>. [source: Application, p6]

EvergreenHealth submitted this application proposing to add additional acute care beds at EvergreenHealth Medical Center. The applicant provided the following description of the proposed services. [source: Application, p8]

*“EvergreenHealth proposes to permanently add, to our Kirkland license, 36 beds of additional capacity originally made operational in 2020 under the Governor’s COVID Proclamation 20-36. Retention of these beds is necessary to address continuing inpatient acute bed pressures, admission of more and sicker patients, management of patients that are more difficult to discharge, and the increased length of stay currently being experienced. EvergreenHealth Kirkland is currently operating 297 medical/surgical beds. If we were required to return to the pre-pandemic number of beds (261), our midnight census would exceed the 70% target midnight occupancy rate on all but a very few days for a hospital the size of EvergreenHealth Kirkland (based on 2022 YTD 230 days of census). On 60% of all days, we would have operated above 80% midnight occupancy and on 40% of the days, midnight occupancy would have exceeded 85%. Importantly, on 12% of the days, midnight occupancy would have exceeded 95% occupancy. Retaining the beds is necessary for optimizing workflows and staffing and will also help ensure EvergreenHealth’s ability to flex and surge as flu, seasonal viruses and other COVID-like conditions require. Finally, it will support the management of EvergreenHealth Kirkland’s census caused by the increasing volume of the difficult to discharge patient population that the region has been experiencing. At EvergreenHealth Kirkland, difficult to discharge patients currently average 40 per day and take up 15% of our licensed capacity.*

*Throughout most of the pandemic, all 36 beds were operational and integrated across several medical/surgical units throughout the hospital. As confirmed by the Department’s Construction Review Services, all of the beds are located in spaces that meet applicable codes. The majority of these beds are currently located on older units that are used for overflow/surge capacity, or when we are completing a remodel of other units. This allows us to keep our licensed capacity available to the community, as well as to be able to respond to surge situations, like the COVID-19 pandemic. Four of the rooms have been utilized during the pandemic with surplus beds which need to be replaced for permanent use. This CN request includes the capital to purchase four new beds. There are no other capital expenditures.”*

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<sup>5</sup> Medicare #50-0124 and Medicaid #1000823

<sup>6</sup> The Joint Commission was founded in 1951 and is an independent, not-for-profit organization. The Joint Commission is the nation's oldest and largest standards-setting and accrediting body in health care. To earn and maintain The Gold Seal of Approval® from The Joint Commission, an organization undergoes an on-site survey by a Joint Commission survey team at least every three years. [source: Joint Commission website, May 2023]

If approved and assuming a July 2023 department decision, since these beds are currently operational under the Governor’s COVID Proclamation 20-36 EvergreenHealth states that the additional beds would be licensed and available in July 2023. [source: Application, p10] For this project, full calendar year one is 2024 and year seven is 2030.

The proposed project’s estimated capital cost is \$125,000, which includes movable equipment and applicable sales tax. Since EvergreenHealth is an existing operation, no start-up costs are expected. [sources: Application, p23]

For reader ease, the planning area East King County Hospital Planning Area will be referenced as *East King* in this evaluation.

### **APPLICABILITY OF CERTIFICATE OF NEED LAW**

This application is subject to review as the change in bed capacity of a health care facility under the provisions of Revised Code of Washington (RCW) 70.38.105(4)(e) and Washington Administrative Code (WAC) 246-310-020(1)(c).

### **EVALUATION CRITERIA**

WAC 246-310-200(1)(a)-(d) identifies the four determinations that the department must make for each application. WAC 246-310-200(2) provides additional direction in how the department is to make its determinations. In the event Chapter 246-310 WAC does not contain service or facility standards in sufficient detail to make the required determinations, WAC 246-310-200(2)(b) identifies the types of standards the department may consider in making its required determinations.

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

### **TYPE OF REVIEW**

This project was reviewed under the regular timeline outlined in WAC 246-310-160, which is summarized in the following section.

## **APPLICATION CHRONOLOGY**

<b>Action</b>	<b>EvergreenHealth</b>
Letter of Intent Received	September 26, 2022
Application Received	October 27, 2022
DOH 1st Screening Letter Sent Applicant's Responses Received	November 18, 2022 December 27, 2022
DOH 2nd Screening Letter Sent Applicant's Responses Received	January 9, 2023 March 6, 2023
Beginning of Review	March 13, 2023
End of Public Comment/No Public Hearing Conducted Public comments accepted through end of public comment	April 17, 2023
Rebuttal Comments Deadline <sup>7</sup>	May 1, 2023
Department's Anticipated Decision Date	June 12, 2023
Department's Actual Decision Date	June 12, 2023

## **AFFECTED PERSONS**

*Affected persons* are defined under WAC 246-310-010(2). To qualify as an affected person someone must first qualify as an *interested person* defined under WAC 246-310-010(34). One entity sought interested person status, detailed here.

### Health Trends

Health Trends is a healthcare consulting firm that often submits requests for interested person status on behalf of another provider of healthcare services. On December 27, 2022, a representative of the Health Trends consulting firm submitted a request for interested person status on behalf of Health Trends and did not identify any clients on whose behalf it was acting. Health Trends did not provide comments on this application and, therefore, does not qualify as an affected person.

## **SOURCE INFORMATION REVIEWED**

- EvergreenHealth's Certificate of Need application received October 27, 2022
- EvergreenHealth's first screening response received December 27, 2022
- EvergreenHealth's second screening response received March 6, 2023
- Public comments received on or before April 17, 2023
- State of Washington Proclamation #20-36 issued by the Governor
- 1987 Washington State Health Plan
- Department of Health Integrated Licensing and Regulatory System [ILRS]
- Licensing data provided by the Medical Commission and Nursing Care Quality Assurance Commission.
- DOH Provider Credential Search website: [www.doh.wa.gov/pcs](http://www.doh.wa.gov/pcs)
- CMS QCOR Compliance website: [https://qcor.cms.gov/index\\_new.jsp](https://qcor.cms.gov/index_new.jsp)
- Washington Secretary of State corporation data
- Claritas zip-code level population projections, 2019 and 2021 projection files
- Department of Health's Hospital and Patient Data Systems' Comprehensive Hospital Abstract Reporting System [CHARS] data for years 2019 through 2021
- Annual Hospital Financial Reports submitted to the Department

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<sup>7</sup> During the review of this project, the department received four letters of support for the project and no letters of opposition. For that reason, the applicant did not provide rebuttal comments.

- Certificate of Need Program Financial Specialist Review dated June 8, 2023
- EvergreenHealth’s website: <https://www.evergreenhealth.com>

**CONCLUSION**

For the reasons stated in this evaluation, the application submitted by EvergreenHealth proposing to add 36 general acute care beds to EvergreenHealth Medical Center in Kirkland, within King County is consistent with the applicable criteria of the Certificate of Need Program, provided EvergreenHealth agrees to the following in its entirety.

**Project Description:**

This evaluation approves the addition of 36 general medical/surgical acute care beds to EvergreenHealth Medical Center’s license, currently active under Governor’s Proclamation #20-36 in a single phase.

<b>Services Provided</b>	<b>Total Beds Current</b>	<b>Total Beds Following Completion</b>
General Acute Care	261	297
Acute Rehabilitation	14	14
PPS Exempt Psych	0	0
PPS Exempt Rehab	0	0
NICU Level II	29	29
NICU Level III	14	14
NICU Level IV	0	0
Specialized Pediatric	0	0
Skilled Nursing	0	0
Swing Beds	0	0
<b>Total</b>	<b>318</b>	<b>354</b>

**Conditions:**

- EvergreenHealth agrees with the project description as stated above. EvergreenHealth 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.
- EvergreenHealth shall finance the project using the financing as described in the application.
- EvergreenHealth will use reasonable efforts to provide charity care consistent with the amounts identified in the application materials. EvergreenHealth will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires that these records be available upon request.
- EvergreenHealth agrees that EvergreenHealth Medical Center will maintain Medicare and Medicaid certification.

**Approved Costs:**

This project’s capital cost is \$125,000 which includes movable equipment and applicable sales tax.

## **CRITERIA DETERMINATIONS**

### **A. Need (WAC 246-310-210)**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines EvergreenHealth **meets** the applicable need, availability, and accessibility criteria in WAC 246-310-210.

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

Chapter 246-310 WAC does not contain an acute care bed forecasting method. The determination of numeric need for acute care hospital beds is performed using the Hospital Bed Need Forecasting method contained in the 1987 Washington State Health Plan (SHP). Though the SHP was “sunset” in 1989, the department has concluded that this methodology remains a reliable tool for predicting baseline need for acute care beds.<sup>8</sup>

The 1987 methodology is a twelve-step process of information gathering and mathematical computation. This forecasting method is designed to evaluate need for additional capacity in general, rather than identify need for a specific project.

### **EvergreenHealth**

Before providing its numeric methodology, Evergreen provided the following information regarding acute care bed capacity in the East King County planning area. [source: Application, p12]

*“Including EvergreenHealth Kirkland, there are a total of four (4) hospitals operational in the East King Hospital Planning Area. The other three hospitals include Overlake Medical Center in Bellevue, Swedish Issaquah and Snoqualmie Valley Hospital.”*

Further, Evergreen provided the following additional detail on its methodologies. [source: Application, pp12-13]

*“EvergreenHealth Kirkland applied the ten-step acute care bed need projection methodology. The methodology requires incorporation of ten years of historical data for planning area residents trended forward for seven years, from which planning area hospital market share is factored in, and ultimately the set-up and available beds of existing providers are subtracted.*

*Because inpatient discharges and days for all or portions of the last three years (2020-2022) have been impacted by COVID, EvergreenHealth reviewed data for the period 2019-2021 to understand the impact of COVID on bed need (2022 was excluded because full year CHARS data is not available at this time). Table 3 below details the results of this analysis.*

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<sup>8</sup> The acute care bed methodology in the 1987 SHP divides Washington State into four separate Health Service Areas (HSAs) that are established by geographic regions appropriate for effective health planning. The East King planning area is located in HSA #1 and is a subset of King County and includes the portion of the 1970 Snohomish County Census Tract 519 that is served by the Bothell zip code (98011). The remaining boundaries of this planning area are the county line on the north and east, Interstate 90 on the south, and Lake Washington on the west.



*Applicant's Table*

**Table 3  
East King Hospital Planning Area Bed Need, Based on Three Different Baseline Years**

<b>Baseline Year</b>	<b>Projection Year</b>	<b>Planning Area Resident Days Occurring in Planning Area Hospitals</b>	<b>Total Days to Planning Area Hospitals (adjusted for market share and in-migration)</b>	<b>Projected ADC</b>	<b>Set up and Available Beds <i>Source DOH Acute Care Bed Surveys or DOH Year End Reports</i></b>	<b>Net Bed Need</b>
2019	2026	119,060	190,446	521.8	695	71 bed need
2020	2027	116,339	184,041	504.2	747	32 bed surplus
2021	2028	119,139	197,235	540.4	747	20 bed need

*Source: Applicant*

*As Table 3 shows and based on inpatient data for the period of 2013-2019, there is need for more than the 36 beds being requested. In the first year of COVID (2020), days of both planning area residents and planning area hospitals decreased partly in response to the State freezing elective surgeries and other admissions. With 2020 as the baseline year, the bed need converts from a net need to a surplus, largely because of the increase in set-up bed capacity at another planning area hospital. In 2021, and despite the continuation of COVID, resident patient days approached pre-pandemic levels, and planning area hospital days increased 5% over pre-COVID levels. The net need is for 20 beds in 2028, the 7-year planning horizon, and all beds being requested are supported by 2030. This increase in planning area hospitals days means that more non-planning area residents used East King hospitals, and CHARS data shows that EvergreenHealth Kirkland received the predominance of those days, because of our border location with Snohomish County.*

*If the 2020 COVID year was eliminated from the methodology, all 36 beds are needed by 2028; and the elimination of 2020 data appears a reasonable approach. Even if the Program continues to include 2020, Criterion 2 in the State Health envisioned scenarios wherein a hospital in a specific planning area may have need to expand despite surplus capacity at other hospitals in the same planning area. The market and daily census data provided earlier in this Section provides that rationale.*

*As recently as mid-October 2022, EvergreenHealth Kirkland was over capacity. The overcapacity was attributed to large numbers of patients pending discharge as well as boarding patients, and a growing list of pending and new surgical patients who needed treatment. Further, daily admissions equaled or exceeded the number of daily discharges; and as a result, both inpatient units and overflow areas were at maximum capacity. Unlike many hospitals, EvergreenHealth Kirkland operates 100% of its licensed bed capacity and has no “banked capacity” that it can make operational without prior CN review and approval.”*

The need projections provided by Evergreen using 2019 for its baseline year shows a need of 71 beds in 2026. Evergreen also prepared a version of the need methodology using 2020 for its baseline year that shows a surplus of 32 beds 2027, and a third version using 2021 as the baseline year, showing a need of 20 beds in 2028.

In addition to the numeric need methodology, the department must determine whether other services and agencies of the type proposed are not or will not be sufficiently available and accessible to meet that need. When asked about existing barriers to acute care services Evergreen provided the following related response. [source: Application, pp16-17]

*“While we cannot speak to patient demand in other hospitals in the Planning Area, as shown in Table 7 below, EvergreenHealth Kirkland has averaged over 85% occupancy with nearly 90% of days exceeding 80-85% midnight capacity. During the weekday, 80% of days exceed 80-85% occupancy.*

*Delays in being able to place ED patients in an inpatient bed is causing the “left without treatment” ED patient volume to increase, which delays or defers necessary care. Approximately 15-20 patients leave our ED without treatment each day due to bed pressures. In addition, and as mentioned earlier, approximately 15% of EvergreenHealth Kirkland’s licensed bed capacity is taken up by the difficult to discharge patients that are waiting for post-acute skilled nursing beds. This again places pressure on beds and delays needed inpatient care for others.*

*Applicant’s Table*

**Table 7  
EvergreenHealth-Kirkland Medical/Surgical Occupancy, First 230 Days of 2022**

	Midnight Census
Current Licensed Medical/Surgical Beds	261
Avg. Daily Census (ADC)	228.5
State Health Plan Target Avg. Occupancy	70%
Actual Avg. Occupancy	87.5%
<b>Occupancy</b>	
100%	6
95% - 99%	20
90% - 94%	60
85% - 89%	72
80% - 84%	45
75% - 79%	20
70% - 74%	5
<b>Target Occupancy per SHP: 70%</b>	228
65% - 69%	2
60% - 64%	0
Less than 60%	0

*Source: Applicant and based on inpatients who were in a bed at midnight .*

*This high occupancy, coupled with the lack of post-acute discharge options in the region is restricting patient access. Without making permanent the 36 beds, EvergreenHealth Kirkland will be forced to restrict new admissions and operate significantly above optimal occupancy levels. This leads to inefficiencies and delays as patients are held longer in the ED while awaiting a bed, surgeries are postponed or delayed because no post-recovery beds are available, or patients are transferred to other hospitals (if they have capacity).”*

## Public Comment

During the review of this project, the department received four letters of support for this project and no letters in opposition. Each of the four letters of support provide a different perspective of need for additional acute care beds to be located at Evergreen. Excerpts from each of the letters of support are restated below.

### Kevin Hanson, M.D., Evergreen Emergency Services

*“As the Executive Medical Director for EvergreenHealth Kirkland’s Emergency Department, I am writing to express both urgency and my strongest support for the approval of its Certificate of Need Application to retain the 36 beds made operational under the Governor’s COVID proclamations. EvergreenHealth operates three emergency departments and eight urgent care clinics. More than 160,000 patients were cared for in these locations in 2022. Evergreen Emergency Services, PS, which includes 45 Board certified physicians, and 29 Advanced Practice Clinicians provides the clinical staffing for all of these locations; and as such, experiences first-hand the daily impact of high demand and high occupancy.*

*It is important that the Department recognize that even with the 36 beds, EvergreenHealth has experienced an average of 10 Emergency Department (ED) rooms being used for inpatient care four days per week over the past six months. This is due to no inpatient beds being available within the Hospital to transfer and admit the patient to. The boarding of patients in the ED reduces patient access, is disruptive to overall patient flow and slows the timeline for King County Medic 1 to drop off a patient and return into active services. It also is a significant patient and family dissatisfier and results in real and measurable inefficiency...*

*...If these beds are not allowed to remain operational, we will experience longer lengths of stays in our ED’s and an increase in Left Without Being Seen (LWBS) patients. LWBS is a key ED metric with significant medicolegal risk. Both national data and our experience suggest that LWBS patients frequently return to the ED and ultimately experience higher admission rates than would be expected.*

*The EvergreenHealth emergency providers need to know that beds will be available as patient needs require. The 36 beds may not even be enough, and their loss would cause negative ripples through the East King delivery system.”*

### Lisa LaPlante, MHA, Chief Administrative Officer & SCPHD#1 Superintendent and Megan Wirsching, DNP, RN, Chief Nursing Officer, EvergreenHealth Monroe

*“In 2019, and excluding referrals for outpatient and specialty services, we averaged one transfer a day to EvergreenHealth. By 2022, that number had nearly doubled with a yearly total of 665 patients being transferred for a higher level of care, representing 65% of all transfers. Our staff report that, despite EvergreenHealth Kirkland’s best efforts, there are days when it is difficult to make the transfer happen in an expedited fashion because of high demand and occupancy resulting in no inpatient beds and bottlenecks in the Emergency Department. These delays are stressful to our providers and staff, as well as to the patients and their family. Bottlenecks that contribute to patients boarding in the Emergency Department, can and do delay initiation of care. When EvergreenHealth Kirkland is full, we regularly reach out to other hospitals in our region, but we are frequently notified that they too have no available beds.*

*This letter is to offer our strong support for EvergreenHealth’s Certificate of Need application requesting approval to continue to operate the 36 beds that were brought online in the very early days*

*of COVID. If these beds were no longer operational, we understand that on most days their inpatient census would approach 95% at midnight and well above 100% during midday. We are concerned that the ability to transfer patients requiring a higher level of care will be hugely impacted, and that our District residents will not receive the timely or quality care they need and deserve.”*

Mary Shepler, DNP, RN, DEA-BC, Chief Nursing Officer, Sandra Kreider, MSN, RN, Acute Care Nursing Executive Director, and Lenore Apigo, MN, RN, CNML, Medical/Surgical & Nursing Resources Executive Director, EvergreenHealth

*“We are writing today to encourage the Certificate of Need (CN) Program to approve the permanent addition of the 36 beds added to EvergreenHealth Kirkland’s (Evergreen’s) bed capacity during the COVID-19 Public Health Emergency. In our joint nursing leadership roles, we are responsible for and committed to ensuring safe, effective, patient-centered, timely, efficient, equitable, and high-quality care for all our patients. The approval of these 36 beds is critical to ensuring we can meet this commitment.*

*As was communicated in the CN application filed in this matter, without the 36 beds, Evergreen does not have the appropriate space or beds to provide care for all the patients in our community that rely on us for their care. Our extremely high occupancy levels (frequently at 100% or greater) would increasingly result in delays in care, inefficiencies, and an inability to accept critical patient transfers. Importantly, it would also result in significant challenges retaining quality nursing and other clinical staff....*

*...In the current healthcare environment where our nursing and clinical staff are already managing significantly more, sicker, and complex difficult to discharge patients with increasing lengths of stay, this CN approval is necessary. Please move quickly to allow EvergreenHealth to permanently add these beds. This approval will ensure we can support our patients and our collective nursing and clinical staff to be able to continue providing the quality care expected by our community.”*

Brandon Au, MD, Hospitalist Medical Director, Sharukh Lokhandwala, MD, ICU Medical Director, and Ettore Palazzo, MD, Chief Medical & Quality Officer, EvergreenHealth

*“In the fall of 2022, EvergreenHealth Kirkland submitted a certificate of need application requesting approval to permanently retain 36 beds originally made operational in 2020 under the Governor’s COVID Proclamation 20-36. That application noted that retention of these beds was necessary to address continuing inpatient acute bed pressures, admission of more and sicker patients, management of patients that are more difficult to discharge, and increasing lengths of stay. The purpose of this letter is to ensure the Program knows that the unprecedented high volumes of patients in the hospital persists, as does the admission of sicker patients and limited discharge options for our more difficult to discharge patients. EvergreenHealth’s ability to care for all of these patients will suffer if the hospital is not able to retain the 36 beds.*

*As an update to the data included in the fall 2022 filing, during the first 95 days of 2023 our census has remained high. With the 36 beds included, EvergreenHealth Kirkland currently operates 297 medical/surgical beds. On 19% of the days our midnight census (the low census point of the day) was in excess of 100% , and on nearly one of every three days our census was 90% or higher. On only one day was our midnight census below 70%, which we understand is the State Health Plan’s target occupancy for a hospital of our size. If we were required to return to the pre-pandemic medical/surgical beds (261), our midnight census would have exceeded 90% at midnight occupancy on 80 of the 95 days, or 84% of all days. Operating at high levels like this delays care, is inefficient and results in an environment that is challenging to retain clinical and other staff needed to care for our patients.*

*Further, EvergreenHealth has striven to support our region by accepting transfers from other hospitals where a patient presents in the ED needing admission that exceeds that hospital's expertise and/or staffing. The 36 beds are essential to us being able to accept these transfers. Should the beds be taken out of operation, our ability to transfer patients out of the ICU to a step down or medical surgical unit will be impacted, thus limiting our ability to accept critically-ill transfers.*

*The 36 beds that are the subject of the Certificate of Need application are already in operation. They play a pivotal role in efficient and quality care delivery and our ability to flex and surge as flu, seasonal viruses and other patient conditions require. Please make these beds permanent.”*

### Rebuttal Comments

Given that all four letters were in support of this project, Evergreen did not provide rebuttal comments.

### Department Evaluation

Below are the assumptions and factors used in the department's two acute care bed need methodologies. Two methodologies were prepared due to COVID-19 impacts on year 2020 data. The department used base years of 2019 and 2021 for its two versions. The methodologies are included in this evaluation as Appendices A and B.

- Hospital Planning Area – East King
- CHARS Data – Historical years 2010 through 2019 (2019 base year, version 1) and years 2012 through 2021 (2021 base year, version 2)
- Projected Population – Claritas data was used for the planning area.<sup>9</sup> Historical and projected intercensal and postcensal estimates were calculated.
- Excluded Major Diagnostic Category (MDC) and Diagnosis Related Group (DRG)
  - MDC 19 – patients, patient days, and DRGs for psychiatric
  - DRG385-391/789-795 – patients, patient days, and DRGs for neonates
  - DRG 462/945-946 – patients, patient days, and DRGs for rehabilitation
- Weighted Occupancy – Calculated with a slight adjustment<sup>10</sup> from the State Health Plan as the sum, across all hospitals in the planning area, of each hospital's occupancy rate times that hospital's percentage of total beds in the area. The department's methodologies calculated a weighted occupancy of 72.18% for the 2019-based methodology, and 72.26% for the 2021-based methodology.
- Existing Acute Care Bed Capacity – Four acute care hospitals operate in the East King Planning Area. Based upon DOH bed surveys of year 2021 bed counts.
  - EvergreenHealth Kirkland
  - Overlake Medical Center
  - Snoqualmie Valley Hospital District
  - Swedish Issaquah

Below is a summary of the steps in the department's numeric need methodologies.

### Steps 1 through 4 develop trend information on historical hospital utilization

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<sup>9</sup> OFM population projections are only available for whole counties. Because East King is a subset of King County, the department purchases zip code-level population projections from Claritas.

<sup>10</sup> The SHP occupancy standard was lowered by 5% to reflect more current standards.

In steps 1 through 4, the department focused on historical data for years 2010 through 2019 (version 1) and 2012 through 2021 (version 2) to determine the statewide and health service area (HSA) use trends for acute care services. East King is within HSA #1. The department computed trend lines for statewide and HSA-specific utilization of inpatient acute care services. The HSA and statewide use trend lines for both versions projected an increase in acute care use: 3.3697 and 3.0797 (version 1) and 2.8533 and 3.0370 (version 2), respectively. The SHP requires use of either the statewide or HSA trend line “*whichever has the slowest change.*” In version 1, the statewide trend line showed the slowest change and in version 2, the HSA-specific trend line showed the slowest change. These are considered more statistically reliable. The department applied the data derived from those calculations to the projection years in the following steps.

Steps 5 through 9 calculate baseline, non-psychiatric bed need forecasts

For these steps, the department calculates base-year use rates, broken down by population ages 0-64 and ages 65 and older, determining the rates at which different populations receive inpatient non-psychiatric care. This includes calculating in-migration to East King (for Washington and out-of-state residents) and out-migration (to other Washington State hospitals). This results in a use rate for the hospitals in East King. The department then multiplies this use rate by the slope acquired in Step 4 to project how this use rate may change during the projection period.

The use rate identified in step 7 and used in the department’s methodology are shown in Table 2 below:

**Department’s Table 2  
Department Numeric Need Methodology  
Use Rates by Age Cohort**

	<b>0-64</b>	<b>65+</b>
Department Version 1, base year 2019	123.26/1,000 population	785.17/1,000 population
Department Version 2, base year 2021	120.55/1,000 population	809.05/1,000 population

When the use rates are applied to the projected population, the result is the projected number of patient days for the planning area. The numeric methodology is designed to project bed need in a specified “*target year.*” It is the practice of the department to evaluate need for a given project through at least seven years from the last full year of available CHARS data. Using 2019 and 2021 CHARS data, seven years would be 2026 and 2028.

In step 10A, the department projected the number of acute care beds needed in the planning area, subtracted the existing capacity, and both versions resulted in a surplus for acute care beds. There are a total of four hospitals in the planning area including the applicant, with a capacity of 870 general acute care beds in version 1 and 867 general acute care beds in version 2. In step 10B, the department adds the 36 acute care beds to Evergreen using the timing identified in the application.

The following tables summarize the department’s methodologies for years 2019 through 2028 (version 1) and 2021 through 2030 (version 2). These tables also show the impact to the planning area as the proposed beds are added.

**Department’s Table 3**  
**Summary of the Department of Health Version 1 Methodology Projection**  
**Years 2019 through 2028**

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Gross Number of Beds Needed	569	589	608	628	648	667	687	707	727	747
Minus Existing Capacity	870	870	870	870	870	870	870	870	870	870
Net Bed Need/(Surplus)	(311)	(291)	(270)	(249)	(227)	(206)	(184)	(163)	(141)	(119)
Bed Additions	0	0	0	0	36	36	36	36	36	36
<b>Net Bed Need/(Surplus) with project</b>	<b>(311)</b>	<b>(291)</b>	<b>(270)</b>	<b>(249)</b>	<b>(264)</b>	<b>(243)</b>	<b>(221)</b>	<b>(200)</b>	<b>(178)</b>	<b>(156)</b>

**Department’s Table 4**  
**Summary of the Department of Health Version 2 Methodology Projection**  
**Years 2021 through 2030**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Gross Number of Beds Needed	630	651	671	691	711	732	752	773	793	814
Minus Existing Capacity	867	867	867	867	867	867	867	867	867	867
Net Bed Need/(Surplus)	(244)	(223)	(201)	(179)	(156)	(134)	(112)	(89)	(66)	(43)
Bed Additions	0	0	36	36	36	36	36	36	36	36
<b>Net Bed Need/(Surplus) with project</b>	<b>(244)</b>	<b>(223)</b>	<b>(238)</b>	<b>(216)</b>	<b>(193)</b>	<b>(171)</b>	<b>(149)</b>	<b>(126)</b>	<b>(103)</b>	<b>(81)</b>

Step 11 projects need for short-stay psychiatric beds. Step 12 is the adjustment phase where any necessary changes are made to the calculations in the prior steps to reflect conditions which might cause the application of the methodology to over or understate the need for acute care beds. This application did not request short-stay psychiatric beds, nor are there any circumstances known to the department (or suggested by the applicant) to suggest that adjustments are necessary to any prior steps. Therefore, the department excluded steps 11 and 12. Neither of these steps will be discussed any further.

Evergreen’s submitted response for a requested methodology did not include details on the applied, full 10-step acute care method, but rather only the results of their methodologies from step 10, stated above in the Applicant’s Table 3. Based on Evergreen’s provided information regarding their methodology, the notable differences between the results submitted by Evergreen and the department’s methodologies are Evergreen’s exclusion of licensed but not set up beds from the total bed count and its calculation of “*Planning Area Resident Days Occurring in Planning Area Hospitals*” and “*Total Days to Planning Area Hospitals (adjusted for market share and in-migration)*.” These lead to a difference in the tabulated amount of additional capacity needed. Evergreen’s methodology based on 2019 CHARS shows a need for 71 additional beds in 2026. Evergreen’s second methodology based on 2020 CHARS shows a 32-bed surplus in 2027, used to demonstrate 2020 as an outlier year. A third method from Evergreen based

on 2021 CHARS shows a 20-bed need in 2028. The department's 2019 baseline methodology (version 1), using 2019 CHARS shows a decreasing surplus of beds throughout the entire projection period, reaching a surplus of 119 beds 2028. The department's 2021 baseline methodology (version 2), using 2021 CHARS similarly shows a decreasing surplus of beds throughout the entire projection period, reaching a surplus of 43 beds 2030. Ultimately, no models reviewed by the department show need for additional acute care beds in the East King Planning Area within either forecast period, although the levels of surplus beds vary between the versions.

The department typically reviews a need horizon for acute care beds of seven years – in this case, based on 2019 CHARS data, that projection year would be 2026 (version 1) and based on 2021 CHARS data, the projection year would be 2028 (version 2). The department's need projections show a surplus of 163 beds in 2026 (version 1) and a surplus of 89 beds in 2028 (version 2), and do not represent need for the 36 requested by the applicant. While the projected surplus for beds continues to decrease over the projected period of time, at no point by either 2028 or 2030, depending on the version, is acute care bed need shown.

The program has previously maintained that it is not reasonable to deny an applicant proposing a modest number of new beds when other planning area hospitals have not set up their full complement of licensed beds. Further, when accounting for licensed but not set up beds within the planning area, need is shown in version 2 of the methodology by 2027 for 1 bed, increasing to 24 beds in 2028, 48 beds in 2029 and 71 beds in 2030.

The department has historically allowed for approvals of acute care beds in excess of projected need in various circumstances. Among those circumstances are consideration of the current occupancy level of existing facilities. An occupancy rate in excess of the targeted 70% is noted both in the application and as a continuing factor in the submitted four letters of public comment. All four of the letters discussed the use of other hospital departments, particularly the emergency department, for an overflow of inpatient care due to consistently high censuses. The letters also noted this ongoing overflow while the proposed 36 beds are currently active under Governor's Proclamation 20-36. Additionally, EvergreenHealth Monroe's letter provided details regarding EvergreenHealth Medical Center's value as a transfer site for their own acute care patients requiring higher levels of care.

In addition to letters of support, the department also considers information submitted in opposition of a project, or a lack there of. For this project, the department received four letters of support and no letters of opposition. Each of the letters provided a different perspective and rationale for adding 36 acute care beds to Evergreen.

Based on the numeric methodology, the letters of support, and the data provided in the application, **the department concludes this sub-criterion is met.**

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

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



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

Medicare certification is a measure of an applicant's willingness to serve the elderly. With limited exceptions, Medicare is coverage for individuals age 65 and over. 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.

### **EvergreenHealth**

EvergreenHealth provided copies of the following policies. [sources: Application, Exhibit 5 and December 27, 2023, screening response, Attachment 4]

- Patient Access Policy
- Non-discrimination in Provision of Healthcare Services Policy
- Advance Directives – Living Will & Durable POA for Healthcare
- Reproductive Healthcare Policy
- Charity Care Policy
- Patient Rights and Responsibilities Policy

EvergreenHealth also provided the following statements related to this sub-criterion. [source: Application, pp17-20]

*“EvergreenHealth is a Public Hospital District with accountability to serve ALL district residents, including underserved groups. As the admissions policy and charity care/financial assistance policies included in Exhibit 5 demonstrate, admission to EvergreenHealth Kirkland is based on clinical need. Services are made available to all persons regardless of race, color, creed, sex, income, national origin, or disability. EvergreenHealth Kirkland also has a sliding fee schedule as part of its financial assistance program*

*For hospital charity care reporting purposes, the Department divides Washington State into five regions. EvergreenHealth Kirkland is located in the King County region. According to 2018-2020 charity care data produced by the Department (the latest data available), the three-year charity care average for the Region excluding Harborview, was 1.18% of gross revenue and 2.65% of adjusted revenue. During the same time frame, EvergreenHealth Kirkland's charity care was 0.37% and 0.76%, respectively. The amount of charity care in the pro forma financials is slightly higher than historical and is based on the most recent experience (0.44% of gross revenue).*

*As a community owned hospital, led by a community-elected board, EvergreenHealth's mission is to advance the health of the communities it serves through its dedication to high quality, safe, compassionate, and cost-effective health care. The goal is to lower the barriers to high-quality care for everyone. In addition, to providing a full spectrum of health care and access to all community residents, EvergreenHealth Kirkland funds programs that target specific segments of the populations that have the potential for being underserved. Programs in place during 2021 included:*

## ***Breaking Barriers to Health and Social Services***

***Community Healthcare Access Team (CHAT):*** One of EvergreenHealth's primary programs that serves as a conduit for the underserved is the Community Healthcare Access Team (CHAT). The CHAT team works in partnership with many community organizations to assist low-income, underinsured, and uninsured community residents who face barriers to accessing affordable health and social services. This program focuses on assisting community members in accessing healthcare resources, including long term care solutions, financial assistance, referrals to primary and specialty providers, and connecting members with insurance options. The staff are specifically trained in Medicaid and Medicare eligibility, are certified as navigators for Washington's Healthplanfinder and provide connection and insight into community resources designed to support residents' wellbeing.

### ***Supporting the Community's Youth***

***Supporting Students in Crisis:*** EvergreenHealth provides social workers to Lake Washington School District high schools to assess students with high-risk behaviors and mental health concerns. The EvergreenHealth social workers meet with students 1:1, conduct groups, provide support to parents, and coordinate with school officials to keep students safe and connected to community providers. In 2021, our social workers helped 401 high school students during mental health crises.

***High School Mental Health Therapists:*** Community funds also help the Northshore School District provide students access to mental health counselors who meet individually and in small groups to address student needs. Supportive resources are also made available to students grieving the loss of a loved one. In 2021, EvergreenHealth therapists served 1,264 students and responded to 47 crisis visits.

***Youth Mental Health First Aid:*** EvergreenHealth's free Youth Mental Health First Aid training provides educators, coaches and other volunteers who work with students the tools to help adolescents experiencing a mental health crisis or addiction challenge. Participants are taught how to recognize signs and symptoms of mental health challenges and crises, what to say and how to talk with someone, and how to refer to professional resources for help.

***Youth Mental Health First Aid:*** EvergreenHealth's free Youth Mental Health First Aid training provides educators, coaches and other volunteers who work with students the tools to help adolescents experiencing a mental health crisis or addiction challenge. Participants are taught how to recognize signs and symptoms of mental health challenges and crises, what to say and how to talk with someone, and how to refer to professional resources for help.

***STEM Global Health Education Partnership:*** EvergreenHealth partners with local school districts to give students the opportunity to learn about global health initiatives through job shadowing, attending Grand Rounds and hearing from guest speakers. These kinds of partnerships give students the opportunity to immerse themselves early on in learning about careers in science, health care and so many other industries.

### ***Community Health Needs***

***EvergreenHealth Nurse Navigator & Healthline:*** In 2021, our 24/7 Nurse Navigator & Healthline served more than 108,000 community callers, helping with scheduling, referrals and answering health-related questions at no cost. Healthline played a pivotal role in 2021, connecting thousands of community members with accurate information on COVID-19 and pandemic resources. More than

50,000 callers received nursing triage advice, getting help with home remedies for common ailments as well as diagnostic support for various illnesses.

**Community Health Education Services:** EvergreenHealth's Community Health Education Services provided more than 790 community-funded classes and programs in 2021. Roughly 4,300 community members participated. As a community-owned health system, our curriculum and programs look to address the diverse needs of our region while building a sense of community around common interests.

**Hospice Care Center:** The Gene & Irene Wockner freestanding hospice center at EvergreenHealth has 15 beds and serves hospice patients in King and Snohomish counties. It is the only hospice center in both counties and provides terminal patients and their families with short-term acute care, with the goal of discharging to home once symptoms have been stabilized.

**Palliative Medicine:** Our Palliative Medicine program uses levy funds to support a care team that serves families and loved ones who are facing a serious illness. In 2021, these providers helped patients and their families overcome physical and emotional challenges following a concerning diagnosis.

### **Health Services for Seniors**

**EvergreenHealth Geriatric Care:** This dedicated team develops specialized treatment plans for older adults with complex health needs. This includes expert assessment and treatment of dementia and behavioral health conditions.

The transitional care management program provides expanded support and resources for patients as they transition from the hospital to home, or between clinic visits. The goal of this program is to reduce hospital readmission rates by addressing health issues as they arise.

The Chronic Care Management program is a vital part of the services provided by EvergreenHealth Geriatric Care. It is recognized by Medicare as a program that provides comprehensive and individualized care planning and management of chronic conditions.

**Northshore Senior Center:** EvergreenHealth funds and provides health and wellness programs to older adults in the local community through the Northshore Senior Center (NSC) and the Adult Day Health Center. The funding includes seven evidence-based programs such as NSC's Enhance® Wellness program, designed to decrease the length of participants' hospital stays, alleviate symptoms of mood disorders, and encourage older adults to maintain control of their lives through a participant-centered approach.

At the Northshore Senior Center in 2021, more than 230 seniors participated in programs that helped improve their physical and cognitive functioning despite the challenges posed by the pandemic.

Additionally, the community funded NSC Adult Day Health program offered 84 virtual health and wellness classes to encourage movement, fine motor skills, strengthening and other mental and physical rehabilitation services in 2021.

Through EvergreenHealth's community funds, 245 family caregivers were served via programming, consultations, and other services.”

EvergreenHealth provided the following assumption and historical and projected payer mix associated with EvergreenHealth Medical Center and this project. [source: Application, pp24-25]

“Since these beds are already operational, the projected payer mix is the same as the actual 2021 medical/surgical payer mix, which is provided in Table 9.”

*Applicant’s Table*

**Table 9  
EvergreenHealth-Kirkland Current and Projected Payer Mix**

<b>Payer Mix</b>	<b>Percentage by Gross Revenue</b>	<b>Percentage by Patient</b>
Medicare Traditional	29.2%	23.0%
Managed Medicare	21.3%	15.2%
Medicaid	11.6%	12.1%
Commercial	35.9%	48.1%
Other Government (L&I, VA, etc.)	1.7%	1.2%
Self-Pay	0.3%	0.4%
Other Payers (please list)	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

*Source: Applicant*

Additionally, as previously mentioned EvergreenHealth is state-licensed,<sup>11</sup> certificate of need-approved,<sup>12</sup> Medicare and Medicaid-certified,<sup>13</sup> and holds Joint Commission accreditation<sup>14</sup>. [source: Application, p6]

There were no public comments or rebuttal comments submitted for this sub-criterion.

**Department Evaluation**

EvergreenHealth has been providing healthcare services to the residents of Kirkland and surrounding areas for many years. EvergreenHealth has stated in its application materials that it will be available and accessible to anyone in need of its services and that admission to any of its facilities and programs is based on clinical need.

EvergreenHealth provided a copy of its *Patient Access Policy*, which was last approved and effective as of January 2018. The document describes the policy itself, its purpose, and duties. The policy states: “EvergreenHealth will provide patient access to all of its services in accordance with this policy and its *Nondiscrimination in Provision of Healthcare Services Policy*.” It further describes its purpose as: “To strive to facilitate and assure patient access to EvergreenHealth services and to assure that no person shall be discriminated against in regard to benefits or services. In order to help its patients,

<sup>11</sup> Washington State License # HAC.FS.00000164

<sup>12</sup> Certificate of Need #1505

<sup>13</sup> Medicare #50-0124 and Medicaid #1000823

<sup>14</sup> The Joint Commission was founded in 1951 and is an independent, not-for-profit organization. The Joint Commission is the nation's oldest and largest standards-setting and accrediting body in health care. To earn and maintain The Gold Seal of Approval® from The Joint Commission, an organization undergoes an on-site survey by a Joint Commission survey team at least every three years. [source: Joint Commission website, November 2022]

*EvergreenHealth shall provide upon request Financial Counseling and the estimated cost of services insofar as possible.”*

Additionally, EvergreenHealth provided a copy of its *Nondiscrimination in Provision of Healthcare Services Policy*, which was last approved and effective as of March 2022. The policy includes its purpose, procedure, and additional referenced documents. The policy states its purpose as: “*To assure that:*

- No person shall be discriminated against at EvergreenHealth on the basis of age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender, gender identity or expression, disability, veteran or military status, the need to use a trained guide dog or service animal, or on any other basis prohibited by federal (section 1557 of the Affordable Care Act), state, or local law.
- All persons in need receive necessary health care services insofar as EvergreenHealth is able to provide such.
- No person shall be discriminated against in regard to benefits or services to which such person may be entitled.” [source: Application, Exhibit 5]

EvergreenHealth provided its anticipated patient mix by payer to include over the projection period, 23.0% traditional Medicare patients, 15.2% managed Medicare patients, 12.1% Medicaid patients, 48.1% Commercial patients, 1.2% Other Government<sup>15</sup> patients, and 0.4% Self-Pay patients. EvergreenHealth assumed its projections based on its historical mix.

EvergreenHealth also provided a copy of its *Charity Care Policy* which was last approved and effective since June 2022. The policy includes its scope, purpose, who is affected by this policy, who should read this policy, definitions, and procedures. Additionally, EvergreenHealth’s pro forma financial statements include charity care as a deduction from revenue.

#### Certificate of Need Hospital Charity Care Requirement

For hospital charity care reporting purposes, Washington State is divided into five regions: King County, Puget Sound (less King County), Southwest, Central, and Eastern. EvergreenHealth is located in King County, within the King County Region. Currently there are 22 hospitals operating within the region. Of the 22 hospitals, not all reported charity care data for the three years reviewed, years 2019, 2020, and 2021.<sup>16</sup>

The following table compares the three-year historical average of charity care provided by the hospitals currently operating in the King County Region and EvergreenHealth’s historical charity care percentages for years 2019-2021; as well as EvergreenHealth’s projected average percentage of charity care for full year three. [sources: March 6, 2023, screening response, Attachment 1 and HFCCP 2019-2021 charity care summaries]

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<sup>15</sup> This includes L&I, VA, etc.

<sup>16</sup> Kindred Hospital Seattle did not report charity care in all three years.

**Department's Table 5  
Charity Care Percentage Comparisons**

	Percentage of Total Revenue	Percentage of Adjusted Revenue
King County Region Historical 3-Year Average	1.24%	2.81%
EvergreenHealth's Historical 3-Year Average	0.41%	0.85%
EvergreenHealth's Projected 7-Year Average	0.44%	1.16%

As noted in the table, EvergreenHealth has historically been providing charity care below the three-year King County Regional average. Additionally, its anticipated average percent of revenue estimated for charity care is also below the three-year King County Regional average.

If this project is approved, the department would attach a condition requiring EvergreenHealth to make reasonable efforts to provide charity care at a level consistent with the most recent three-year average of charity care within the King County Region or the level proposed in the application, whichever is greater.

The condition would also require EvergreenHealth to maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department would require that these records be available upon request.

Based on the information provided in the application and the applicant's agreement to a charity condition, the department concludes **this sub-criterion is met.**

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

and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.

### **Department Evaluation**

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

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines EvergreenHealth **meets** the applicable financial feasibility criteria in WAC 246-310-220.

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

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

### **EvergreenHealth**

If this project is approved, EvergreenHealth proposed the project would be complete and the hospital would be operating a total of 354 acute care beds by the end of July 2023. Based on that timeline, full year one is 2024 and year three is 2026. [source: Application, p10]

EvergreenHealth provided the following assumptions and clarifications used to project the utilization of the hospital in the projection years.

*“EvergreenHealth Kirkland has very conservatively assumed a 1.5% annual increase in admissions per year for medical/surgical beginning in 2022. This is consistent with population growth and aging in the Planning Area. We have also assumed a decrease in ALOS beginning in 2023 and extending to 2026. The annual length of stay reduction is .05 per year until 2016 and then constant thereafter (see Table 6).*

*... an incorrect assumption of admit vs. patient day growth was identified. The assumption stated that medical/surgical patient admits are growing at approximately 1.5% per year. The correct assumption is that medical/surgical patient days are growing at 1.4-1.5% per year between 2023-2027, with the continued assumption that average length of stay decreases through 2027. This change has no impact on the financials as the financials were correct; just the assumption was misstated.*

*The “Available bed” row includes Evergreen’s licensed beds AND the 36 beds set-up during the pandemic, which are still set up and in use, and are the subject of this application. The “Licensed bed” row reflects the beds included on EvergreenHealth’s current license. For clarity, notes to this effect are now included in the revised Table 6, which is restated below for reader ease. Table 6 has also been revised to list out each bed type separately, to clearly identify the Medical/Surgical beds only, and to match the same format as Table 5 in Question 2.*

*Applicant's Table*

**Table 6 (Revised)  
EvergreenHealth-Kirkland Projected Utilization, 2023-2030**

<b>Unit</b>	<b>2023 Intervening Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
<b>Medical/Surgical</b>								
Licensed beds	261	261	261	261	261	261	261	261
Available beds (261 Licensed + 36 CON requested)	297	297	297	297	297	297	297	297
Admits	14,972	15,337	15,708	16,088	16,475	16,475	16,474	16,474
Patient days	72,967	74,015	75,063	76,111	77,159	77,153	77,147	77,142
<b>NICU</b>								
Licensed beds	43	43	43	43	43	43	43	43
Available beds	43	43	43	43	43	43	43	43
Admits	2,081	2,084	2,087	2,090	2,093	2,096	2,099	2,103
Patient days	8,671	8,684	8,697	8,710	8,723	8,736	8,749	8,762
<b>Acute Rehab Unit (ARU)</b>								
Licensed beds	14	14	14	14	14	14	14	14
Available beds	14	14	14	14	14	14	14	14
Admits	293	293	294	294	295	295	296	296
Patient days	3,817	3,823	3,829	3,834	3,840	3,846	3,852	3,857
<b>Entire Hospital (Med/Surg+ARU+NICU)</b>								
Licensed beds	318	318	318	318	318	318	318	318
Available beds (Licensed + 36 CON requested)	354	354	354	354	354	354	354	354
Admits	17,346	17,714	18,090	18,472	18,863	18,866	18,869	18,873
Patient days	85,455	86,522	87,589	88,655	89,722	89,735	89,748	89,761

*Source: Applicant*

*Evergreen was using the terms discharges and admits interchangeably. However, in preparing this response, Evergreen recognized that the terms are not 100% interchangeable. The revised Tables 5 and 6 (Table 5 below, and Table 6 above in response to Q1) now use admits only. These volumes are consistent with the financials.*



Applicant's Table

**Table 5 (Revised)**  
**EvergreenHealth-Kirkland Historical Utilization, 2019-2022 (annualized)**

Unit	2019	2020	2021	2022 YTD August Annualized
<b>Medical/Surgical</b>				
Licensed beds	261	261	261	261
Available beds (261 Licensed + 36 CON requested starting in 2020)	261	297	297	297
Admits	14,906	13,540	14,371	14,627
Patient days	61,826	61,371	67,417	71,919
<b>NICU</b>				
Licensed beds	43	43	43	43
Available beds	43	43	43	43
Admits	1,599	1,680	2,036	2,078
Patient days	8,966	8,808	8,814	8,658
<b>Acute Rehab Unit (ARU)</b>				
Licensed beds	14	14	14	14
Available beds	14	14	14	14
Admits	294	279	279	293
Patient days	3,581	3,528	3,290	3,812
<b>Entire Hospital (Med/Surg+ARU+NICU)</b>				
Licensed beds (261 Med/Surg + 14 ARU + 43 NICU)	318	318	318	318
Available beds (Licensed + 36 CON requested starting in 2020)	318	354	354	354
Admits	16,799	15,499	16,686	16,998
Patient days	74,373	73,707	79,521	84,389

Source: Applicant

*The Administrative Adjustment line item is used to report courtesy discounts, employee discounts, small bill write-offs, self-pay discounts, or other similar write-offs wherein the hospital waives the patient's responsibility for deductibles and coinsurance not based on a patient's inability to pay. In addition, Administrative Adjustments include write offs for denied charges by all payors.*

*Other Operating Revenue includes revenue from retail pharmacy, gift shop, cafeteria, answering service, quality and meaningful use incentives, vending machine commissions, medical record fees, copy fees, leasing/rentals of our buildings, grants, research fees, restricted donations, class registrations, and joint venture revenue.*

*Other Operating Expenses includes lease/rent expenses, insurance, business licenses, taxes, memberships, subscriptions, mileage/travel, research stipends, continuing education, tuition reimbursement, and bank/credit card fees.*

*Non-Operating-Other Revenue/(Expenses) includes taxation revenue from levy and bond proceeds, investment revenue, and interest and amortization expenses.*

As was discussed with CN Program staff on December 19, 2022, the assumptions listed on the bottom of p. 67 and now in Attachment 5, provide the underlying assumptions for the pro forma financials. Each line item (revenue[1], deductions from revenue[2], operating expenses[3]) and the shared services allocation are based on a per unit (per patient day) cost/revenue assumption derived from actual August 2022 YTD financials.

[1] Revenue includes both inpatient and outpatient revenue.

[2] Deductions from revenue includes: contractual adjustments, provision for bad debt, charity care and administrative adjustments

[3] Operating expenses includes: salaries & agency, medical benefits, employee benefits, professional fees, supplies, repairs and maintenance, purchased services and other operating expenses.

No inflation was assumed, and the depreciation expense, which was also based on a per patient day assumption was increased to include the capital expenditure associated with this project.

As CN Program staff stated during the call, the above assumptions are a sufficient response to this question.

In addition, because at Q2 the Program requested the volumes for Evergreen’s NICU and ARU, Attachment 5 now also includes the assumptions for growth of these units. Note that both units are expected to grow at 1.5% annually, the same rate as the acute care patient days (please see p. 12 of the original application).

**Assumptions**

1) No inflation

2) 2023 - 2030 based on Aug 2022 YTD per unit revenue and expense

3) 2023 - 2030 include \$125k capital for hospital beds depreciated over 15 years”

[source: Application, p15, December 27, 2022. screening response, pp7-9, March 6, 2023 screening response, pp2-4, Attachment 1]

Additional assumptions on EvergreenHealth’s projected payer mix are detailed earlier under WAC 246-310-210(2) and will not be repeated here.

Based on the assumptions above, EvergreenHealth provided its projected Revenue and Expense Statement and Balance Sheet showing historical years 2019, 2020, and 2021, budget year 2022, and projected years 2023 through 2030. The Revenue and Expense Statement summaries are shown in the tables below. [source: March 6, 2023, screening response, Attachment 1]

**Department’s Table 6  
EvergreenHealth  
Historical and Projected Revenue and Expense Statement Summary [in 1,000s]**

	<b>Historical 2019</b>	<b>Historical 2020</b>	<b>Historical 2021</b>	<b>Budget 2022</b>
Net Revenue	\$429,162	\$399,066	\$470,744	\$518,808
Minus Expenses	\$329,018	\$333,257	\$367,177	\$419,220
Plus Non-Operating Revenue	\$21,784	\$67	\$3,278	(\$227)
<b>Net Profit / (Loss)</b>	<b>\$121,928</b>	<b>\$74,302</b>	<b>\$116,795</b>	<b>\$105,122</b>

	Projected 2023	Projected 2024	Projected 2025	Projected 2026
Net Revenue	\$518,571	\$525,688	\$532,804	\$539,919
Minus Expenses	\$419,220	\$424,972	\$430,410	\$435,837
Plus Non-Operating Revenue	(\$231)	(\$234)	(\$237)	(\$240)
<b>Net Profit / (Loss)</b>	<b>\$106,574</b>	<b>\$108,039</b>	<b>\$109,816</b>	<b>\$111,603</b>

	Projected 2027	Projected 2028	Projected 2029	Projected 2030
Net Revenue	\$547,036	\$547,036	\$547,036	\$547,036
Minus Expenses	\$441,266	\$441,266	\$441,266	\$441,266
Plus Non-Operating Revenue	(\$243)	(\$243)	(\$243)	(\$243)
<b>Net Profit / (Loss)</b>	<b>\$113,391</b>	<b>\$113,391</b>	<b>\$113,391</b>	<b>\$113,391</b>

*Net Revenue* includes inpatient, outpatient, and other operating revenue, minus any deductions for contractual allowances, bad debt, and charity care. *Minus Expenses* include all expenses and depreciation.

The hospital's Balance Sheet for historical years 2019, 2020, and 2021, budget year 2022, and projected years 2023 through 2030 is summarized in the tables below. [source: March 6, 2023, screening response, Attachment 1]

**Department's Table 7**  
**EvergreenHealth**  
**Historical and Projected Balance Sheet Statement Summary [in 1,000s]**

ASSETS	Historical 2019	Historical 2020	Historical 2021	Budget 2022
Current Assets	\$183,227	\$203,063	\$225,161	\$230,185
Property and Equipment	\$320,829	\$310,158	\$326,320	\$382,677
Board Designed Assets	\$164,220	\$204,590	\$175,072	\$128,593
Other Assets	\$33,633	\$28,826	\$28,332	\$31,619
<b>Total Assets</b>	<b>\$701,909</b>	<b>\$746,637</b>	<b>\$754,885</b>	<b>\$773,074</b>

LIABILITIES	Historical 2019	Historical 2020	Historical 2021	Budget 2022
Current Liabilities	\$104,544	\$95,654	\$106,899	\$110,591
Deferred Credits	\$8,499	\$38,727	\$7,840	\$11,951
Long-Term Debt	\$173,354	\$232,579	\$266,339	\$249,525
Equity	\$415,514	\$379,675	\$373,806	\$401,007
<b>Total Liabilities and Equity</b>	<b>\$701,911</b>	<b>\$746,635</b>	<b>\$754,884</b>	<b>\$773,074</b>

ASSETS	Projected 2023	Projected 2024	Projected 2025	Projected 2026
Current Assets	\$237,876	\$261,256	\$275,384	\$289,156

Property and Equipment	\$343,622	\$346,275	\$333,934	\$316,240
Board Designed Assets	\$134,728	\$152,026	\$201,025	\$290,834
Other Assets	\$31,619	\$31,619	\$31,619	\$31,619
<b>Total Assets</b>	<b>\$747,845</b>	<b>\$791,176</b>	<b>\$841,962</b>	<b>\$927,849</b>

<b>LIABILITIES</b>	<b>Projected 2023</b>	<b>Projected 2024</b>	<b>Projected 2025</b>	<b>Projected 2026</b>
Current Liabilities	\$102,185	\$110,533	\$112,666	\$116,354
Deferred Credits	\$11,951	\$11,951	\$11,951	\$11,951
Long-Term Debt	\$244,229	\$255,580	\$248,759	\$255,360
Equity	\$389,480	\$413,111	\$468,585	\$544,184
<b>Total Liabilities and Equity</b>	<b>\$747,845</b>	<b>\$791,175</b>	<b>\$841,961</b>	<b>\$927,849</b>

<b>ASSETS</b>	<b>Projected 2027</b>	<b>Projected 2028</b>	<b>Projected 2029</b>	<b>Projected 2030</b>
Current Assets	\$301,907	\$301,907	\$301,907	\$301,907
Property and Equipment	\$291,017	\$291,017	\$291,017	\$291,017
Board Designed Assets	\$394,858	\$394,858	\$394,858	\$394,858
Other Assets	\$31,619	\$31,619	\$31,619	\$31,619
<b>Total Assets</b>	<b>\$1,019,401</b>	<b>\$1,019,401</b>	<b>\$1,019,401</b>	<b>\$1,019,401</b>

<b>LIABILITIES</b>	<b>Projected 2027</b>	<b>Projected 2028</b>	<b>Projected 2029</b>	<b>Projected 2030</b>
Current Liabilities	\$119,526	\$119,526	\$119,526	\$119,526
Deferred Credits	\$11,951	\$11,951	\$11,951	\$11,951
Long-Term Debt	\$247,690	\$247,690	\$247,690	\$247,690
Equity	\$640,233	\$640,233	\$640,233	\$640,233
<b>Total Liabilities and Equity</b>	<b>\$1,019,400</b>	<b>\$1,019,400</b>	<b>\$1,019,400</b>	<b>\$1,019,400</b>

There were no public comments or rebuttal comments submitted for this sub-criterion.

### **Department Evaluation**

To evaluate this sub-criterion, the department first reviewed the assumptions used by EvergreenHealth to determine the projected patient volumes and patient mix for the hospital. The projections are based upon the hospital's actual experience. Some conservative growth is anticipated through the projection period and the amount is based on population growth and aging within the planning area. Other factors that are expected to remain unchanged are payer sources and payer mix. The assumptions used are reasonable.

To assist in this evaluation, DOH staff complete a focused financial and cost containment review (WAC 246-310-220 and WAC 246-310-240, respectively) that includes pro forma financial statements submitted in the application, including screening responses and rebuttal documents, and historical data reported to the data collection office within the Department of Health.

To determine whether EvergreenHealth would meet its immediate and long-range capital costs, the fiscal year 2021 balance sheets for the hospital were reviewed. [source: June 8, 2023, DOH financial review, p2]

*Focused Financial Analysis*

EvergreenHealth Medical Center 2021			
Assets		Liabilities	
Current	277,226,062	Current	112,891,128
Board Designated	249,874,806	Long Term Debt	288,282,856
Property/Plant/Equipment	326,319,792	Other	15,389,095
Other	36,217,355	Equity	455,718,624
<b>Total</b>	<b>889,638,015</b>	<b>Total</b>	<b>872,281,703</b>

Source: FY2021 Year End Report

After reviewing the balance sheet above, DOH staff conclude that EvergreenHealth shows Current Assets at the facility-level are sufficient to fund this project.

For hospital projects, DOH staff perform a financial ratio analysis which assesses the financial position of an applicant, both historically and prospectively. The financial ratios typically analyzed are 1) long-term debt to equity; 2) current assets to current liabilities; 3) assets financed by liabilities; 4) total operating expense to total operating revenue; and 5) debt service coverage. Historical and projected balance sheet data is used in the analysis.

The department also reviews various ratios that can give a snapshot of the financial health EvergreenHealth as of 2021. Also detailed are the three years following completion of the project. Statewide 2021 ratios are included as a comparison and are calculated from all community hospitals in Washington State whose fiscal year ended in that year. Following is a table showing the results. In the “Trend” column an “A” means it is better if the number is above the State number and “B” means it is better if the number is below the state number.

*Focused Financial Analysis*

EvergreenHealth			2021	2022	2023	2024	2025	2026	2027
Ratio Category	Trend	State 2021	2021	2022	2023	2024	2025	2026	2027
Long Term Debt to Equity	B	0.426	0.713	0.622	0.627	0.619	0.531	0.469	0.387
Current Assets/Current Liabilities	A	3.287	2.106	2.081	2.328	2.364	2.444	2.485	2.526
Assets Funded by Liabilities	B	0.370	0.494	0.466	0.463	0.463	0.429	0.401	0.360
Operating Expense/Operating Revenue	B	0.973	0.763	0.797	0.797	0.797	0.796	0.796	0.795
Debt Service Coverage	A	6.123	8.930	7.642	16.930	15.800	19.611	18.890	17.906
Long Term Debt to Equity	Long Term Debt/Equity								
Current Assets/Current Liabilities	Current Assets/Current Liabilities								
Assets Funded by Liabilities	Current Liabilities+Long term Debt/Assets								
Operating Expense/Operating Revenue	Operating Expense/Operating Revenue								
Debt Service Coverage	Net Profit-Depr and Interest Exp/Current Mat. LTD and Interest Exp								

A portion of the focused review is restated below [source: June 8, 2023, DOH financial review, pp2-3].

*“Most fiscal year end ratios for EvergreenHealth are within acceptable range of the 2021 State average. Long Term Debt to Equity and Assets Funded by Liabilities are the only ratios that are out of the preferred range for any projection years, and both ratios are close to the statewide average in all years and in the preferred range from 2027 onward. Both of these ratios are related to a hospital's debt load and its ability to borrow additional funds. Because this project represents a minimal capital expense and no financing beyond a portion of one year's capital budget is required, these ratios do not cause concern. Although the applicant provided projected financial statements through 2030, its projections for years 2028 through 2030 had most elements held constant at 2027 values. Because those years' values are consistent with 2027, I have omitted presenting those three years for the sake of clarity.*

The department concludes that the project is financially feasible based on the information above and the immediate and long-range operating costs of the project can be met. **This sub-criterion is met.**

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

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

### **EvergreenHealth**

The proposed project's estimated capital cost is \$125,000 which includes movable equipment and applicable sales tax. Since EvergreenHealth is an existing operation with the beds currently set up, no start-up costs are expected. [sources: Application, p23]

EvergreenHealth provided the following statements related to the project's costs.

*“The capital expenditure is limited to beds. EvergreenHealth Kirkland's construction department provided the estimate.*

*The capital expenditure for the project is minimal at \$125,000 and has a negligible impact on costs and charges for health services. If that number is divided across the entire 36 bed project, it amounts to only \$3,472 per bed. The beds being retained at EvergreenHealth Kirkland will support efficiencies and timely care delivery. Over time we expect that the additional beds will reduce the total of cost of care by reducing patients leaving without being seen in the ED (who then show up later and sicker); and by allowing our staff to be as efficient as possible in care delivery. Further, reducing the overcrowding situation is expected to help support staff retention. The cost of replacing a staff member who elects to leave is very high at this point; both because of the need for travelers and because of the high cost and time required to recruit.*

*The project will be funded from our routine capital budget and thus not require any financing.”* [source: Application, pp23-24]

EvergreenHealth provided a letter from the Chief Financial Officer of EvergreenHealth Kirkland identifying the project costs and affirming their funding. [source: Application, Exhibit 8]

There were no public comments or rebuttal comments submitted for this sub-criterion.

## Department Evaluation

The proposed project’s estimated capital cost is \$125,000 which includes movable equipment and applicable sales tax. Since EvergreenHealth is an existing operation, no start-up costs are expected. To assist in this evaluation, DOH staff reviewed the hospital’s projected utilization, revenue, and expenses and provided the following information. [source: June 8, 2023, DOH financial review, pp2-3]

### *Focused Financial Analysis*

EvergreenHealth Medical Center	2023	2024	2025	2026	2027
<b>Rate per Various Items</b>					
Admissions	17,639	18,007	18,383	18,766	19,158
Adjusted Admissions	34,329	35,045	35,777	36,522	37,285
Patient Days	89,272	90,345	91,418	92,489	93,562
Adjusted Patient Days	173,739	175,828	177,916	180,000	182,089
Gross Revenue	1,696,445,000	1,719,725,000	1,743,005,000	1,766,284,000	1,789,564,000
Deductions From Revenue	1,177,874,000	1,194,037,000	1,210,200,000	1,226,364,000	1,242,527,000
Net Patient Billing	518,571,000	525,688,000	532,805,000	539,920,000	547,037,000
Other Operating Revenue	7,454,000	7,557,000	7,659,000	7,761,000	7,864,000
Net Operating Revenue	526,025,000	533,245,000	540,464,000	547,681,000	554,901,000
Operating Expense	419,219,000	424,972,000	430,409,000	435,858,000	441,266,000
Operating Profit	106,806,000	108,273,000	110,055,000	111,823,000	113,635,000
Other Revenue	(231,000)	(234,000)	(237,000)	(240,000)	(243,000)
Net Profit	106,575,000	108,039,000	109,818,000	111,583,000	113,392,000
Operating Revenue per Admission	\$ 29,399	\$ 29,194	\$ 28,984	\$ 28,771	\$ 28,554
Operating Expense per Admission	\$ 23,767	\$ 23,600	\$ 23,413	\$ 23,226	\$ 23,033
Net Profit per Admission	\$ 6,042	\$ 6,000	\$ 5,974	\$ 5,946	\$ 5,919
Operating Revenue per Patient Day	\$ 5,809	\$ 5,819	\$ 5,828	\$ 5,838	\$ 5,847
Operating Expense per Patient Day	\$ 4,696	\$ 4,704	\$ 4,708	\$ 4,713	\$ 4,716
Net Profit per Patient Day	\$ 1,194	\$ 1,196	\$ 1,201	\$ 1,206	\$ 1,212
Operating Revenue per Adj Admissions	\$ 15,106	\$ 15,000	\$ 14,893	\$ 14,783	\$ 14,672
Operating Expense per Adj Admissions	\$ 12,212	\$ 12,127	\$ 12,030	\$ 11,934	\$ 11,835
Net Profit per Adj Admissions	\$ 3,105	\$ 3,083	\$ 3,070	\$ 3,055	\$ 3,041
Operating Revenue per Adj Pat Days	\$ 2,985	\$ 2,990	\$ 2,995	\$ 3,000	\$ 3,004
Operating Expense per Adj Pat Days	\$ 2,413	\$ 2,417	\$ 2,419	\$ 2,421	\$ 2,423
Net Profit per Adj Pat Days	\$ 613	\$ 614	\$ 617	\$ 620	\$ 623

*“The table above depicts EvergreenHealth’s projections through 2027. As noted earlier, I have omitted years 2028 through 2030 for the sake of clarity. Evergreen’s revenue and expenses per admission and patient day are similar to other like hospitals and change very little over the projection period. This criterion is satisfied.”*

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

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

Chapter 246-310 WAC does not contain specific source of financing criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-

200(2)(a)(ii) and (b) that directs how a project of this type and size should be financed. Therefore, using its experience and expertise the department compared the proposed project’s source of financing to those previously considered by the department.

**EvergreenHealth**

EvergreenHealth provided the following statement and table related to this sub-criterion.

*“The project will be funded from our routine capital budget and thus not require any financing.”* [source: Application, p25]

*Applicant’s Table*

**Table 8  
Capital Expenditure**

<b>Item</b>	<b>Cost</b>
a. Land Purchase	\$0
b. Utilities to Lot Line	\$0
c. Land Improvements	\$0
d. Building Purchase	\$0
e. Residual Value of Replaced Facility	NA
f. Building Construction	\$0
g. Fixed Equipment (not included in the construction contract)	\$0
h. Movable Equipment	\$112,250
i. Architect and Engineering Fees	\$0
j. Consulting Fees	\$0
k. Site Preparation	\$0
l. Supervision and Inspection of Site	\$0
m. Any Costs Associated with Securing the Sources of Financing	
1. Land	\$0
2. Building	\$0
3. Equipment	\$0
4. Other	\$0
n. Washington Sales Tax	\$12,750
<b>Total Estimated Capital Expenditure</b>	<b>\$125,000</b>

*Source: Applicant*

[source: Application, p23]

There were no public comments or rebuttal comments submitted for this sub-criterion.

**Department Evaluation**

To assist in this evaluation, department staff also reviewed the capital costs under this sub-criterion and provided the following conclusions. [source: June 8, 2023, DOH financial review, p6]

*“The CN project capital expenditure is \$ 125,000. EvergreenHealth will use its existing capital budget to fund the project. This investment represents 0.014% of the total assets of EvergreenHealth as of 2021.*

*The financing methods used are appropriate business practice. This criterion is satisfied.”*

As noted above, EvergreenHealth intends to fund this project as part of its routine capital budget. If this project is approved, the department would attach a condition requiring the applicant to fund the project as described in the application. Based on the information provided in the application, the department staff financial review above, and the applicant’s agreement to the financing condition, the department concludes that **this sub-criterion is met.**



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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines EvergreenHealth **meets** the applicable structure and process of care criteria in WAC 246-310-230.

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

Chapter 246-310 WAC does not contain specific WAC 246-310-230(1) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what specific staffing patterns or numbers of FTEs (full time equivalents) that should be employed for projects of this type or size. Therefore, using its experience and expertise the department concludes that the planning would allow for the required coverage.

**EvergreenHealth**

EvergreenHealth provided the following assumption used to determine the types and numbers of FTEs for this project. [source: Application, p27, December 27, 2022, screening response, Attachment 6]

*“The beds are already operational and staffed. The information provided is based on actual operating experience.*

*FTE Increase based on 2022 per Unit.”*

Based on this assumption EvergreenHealth provided a table showing its historical, current, and projected staffing. This information is summarized in the following table. [source: March 6, 2023, screening response, Attachment 2]

**Department’s Table 8  
EvergreenHealth  
Historical, Current, and Projected FTEs for Years 2019 through 2030**

<b>Fiscal Year</b>	<b>Ancillary</b>	<b>Support</b>	<b>Other</b>	<b>Physicians</b>	<b>Mid-Level</b>	<b>Clinical</b>	<b>Admin</b>	<b>Contract</b>	<b>Total</b>
<b>2019 historical</b>	345.7	72.9	362.4	43.5	5.7	799.3	66.2	72.1	<b>1,767.7</b>
<b>2020 historical</b>	332.2	74.2	362.6	40.1	4.1	794.4	65.3	58.0	<b>1,730.7</b>
<b>2021 historical</b>	330.2	81.8	381.8	43.7	4.3	800.3	66.2	111.3	<b>1,819.6</b>
<b>2022 current</b>	329.4	85.8	381.3	45.0	4.6	784.2	63.5	163.3	<b>1,857.0</b>
<b>2023 intervening</b>	334.0	87.0	386.7	45.6	4.6	795.1	64.3	165.6	<b>1,882.9</b>
<b>2024 projected</b>	338.6	88.1	392.0	46.3	4.7	806.0	65.2	167.9	<b>1,908.7</b>
<b>2025 projected</b>	343.2	89.3	397.3	46.9	4.8	816.9	66.1	170.2	<b>1,934.6</b>
<b>2026 projected</b>	347.8	90.5	402.6	47.5	4.8	827.8	67.0	172.4	<b>1,960.4</b>
<b>2027 projected</b>	352.4	91.7	407.9	48.1	4.9	838.7	67.9	174.7	<b>1,986.2</b>

<b>2028 projected</b>	352.4	91.7	407.9	48.1	4.9	838.7	67.9	174.7	<b>1,986.2</b>
<b>2029 projected</b>	352.4	91.7	407.9	48.1	4.9	838.7	67.9	174.7	<b>1,986.2</b>
<b>2030 projected</b>	352.4	91.7	407.9	48.1	4.9	838.7	67.9	174.7	<b>1,986.2</b>

EvergreenHealth provided the following additional statements related to this recruitment and retention of staff as well as plans for potential staffing shortages. [source: Application, p28]

*“EvergreenHealth is currently staffing all 36 beds. Like all hospitals in the region/nation, EvergreenHealth is experiencing significant wage/benefits competition and workforce shortages in the market. We expect to hire over 1,100 employees this year (compared to 988 in 2021 and 767 in 2020) across the whole organization. Our organizational turnover, excluding per diem employees, of 18.2% as of August 2022 is lower than the national benchmark (18.8% per the Advisory Board Company) and Pacific/West regional benchmark (19.8% per the Advisory Board Company or 23.1% per the NSI Retention Report) for healthcare organizations.*

*We have instituted a number of recruitment strategies, including increasing the capacity in our RN Residency Program and New-to-Specialty Training Program, closely partnering with local schools, opening our talent pool to incorporate foreign-born RNs, implementing a recruitment platform to increase the number of candidates, assigning dedicated recruiters by nursing specialty, implementing recommendations from an external recruitment and retention assessment, and working towards Magnet designation. In addition, we are supplementing with travel nurses and offering overtime and incentive pay to our employees who pick up additional hours.”*

Public Comment

As previously stated, the department received four letters of support for this project for this project. Two of the four letters of support provided comments relating to recruitment or staffing. Relevant excerpts from these two of the letters of support are restated below.

Kevin Hanson, M.D., Evergreen Emergency Services

*The additional delays and disruption in care delivery, should these 36 beds not be available, is challenging to fathom; and will weigh heavily on staff at a time when EvergreenHealth like all providers attempts to provide a working environment conducive to staff retention.*

Mary Shepler, DNP, RN, DEA-BC, Chief Nursing Officer, Sandra Kreider, MSN, RN, Acute Care Nursing Executive Director, and Lenore Apigo, MN, RN, CNML, Medical/Surgical & Nursing Resources Executive Director, EvergreenHealth

*If these 36 are not made permanent, we will be faced daily with issues related to surge and staffing all of our units (including the Med/Surg, ICU, Progressive Care, Acute Rehab, Surgery and the ED). High occupancies in any of these units results in a rolling impact on other units to which transfers need to be made to or from. This leads to backlogs and significant challenges in maintaining appropriate staffing, staff to patient ratios, and not overburdening our nursing and other clinical staff. These realities also lead to significant patient impacts including delays in care, cancellation of elective procedures, and the need to refuse transfers from other hospitals. Each of these impacts can and do have profound implications for patient care, costs and outcomes.*

## **Department Evaluation**

This section of the evaluation focuses on the staffing of the proposed project. Given that the hospital is currently operational and has been in operation for many years, EvergreenHealth's count of its total FTEs by type is based on historical operations. The FTE counts increase from 1,857.0 in current year 2022 to 1,986.2 in projection year 2030, an increase of 129 FTEs primarily in the first four years of the project.

EvergreenHealth also noted that the increase of 36 acute care beds does not equate to an increase in staffing because the additional beds have been in use since 2020 and the number of staff is based on hospital operations, rather than the total number of beds. Two letters of support provided statements stating that without the addition of these 36 beds, staffing retention and staff to patient ratios could potentially be difficult to maintain. EvergreenHealth also provided its recruitment and retention strategies currently in place, which rely on coordinated recruitment efforts, training, pay incentives, and use of travel nurses.

Information provided in the application demonstrates that EvergreenHealth is a well-established provider of healthcare services in King County. Based on the information above the department concludes **this sub-criterion is met.**

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

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 also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what relationships, ancillary and support services should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials contained in the application.

## **EvergreenHealth**

EvergreenHealth provided the following information related to this sub-criterion. [source: Application, p29]

*“The beds have been operational for 2.5 years; no changes will result by making them permanent.*

*EvergreenHealth enjoys strong and collegial relationships with other healthcare facilities in the planning area and the region, including hospitals, nursing homes, post-acute and longterm care providers, primary care, and specialty providers. We also have a strong working relationship with public health*

*No relationships will change. These beds have been operational for 2.5 years.”*

Applicant's Table

**Table 11**  
**EvergreenHealth Kirkland Ancillary and Support Services**

Services Provided	Vendor
Linen service	Sterile Surgical Systems
Pathology	Cellnetix
Janitorial services	Provided by in-house staff
Biomedical	Renovo Solutions
Biomedical waste	Trilogy MedWaste; sharps and pharmacy waste handled by Stericycle
Dietary	Management provided by Thomas Cuisine; non-management provided by in-house staff
Respiratory Therapy	Provided by in-house staff
Pharmacy	Provided by in-house staff
Imaging	Technical services provided by in-house staff; professional services provided by Radia

Source: Applicant

There were no public comments or rebuttal comments submitted for this sub-criterion.

**Department Evaluation**

As an operating facility, EvergreenHealth has long-established and well-functioning relationships with health and social service providers in the area.

EvergreenHealth provided a listing of the types of ancillary and support vendors it currently uses and stated that it does not anticipate any of its ancillary or support agreements or working relationships to change as a result of this project.

Information and statements provided demonstrate that the applicant has and will be able to continue to have access to all ancillary and support services needed for the hospital. Based on the information above and lack of comment, 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 the applicant's history in meeting these standards at other facilities owned or operated by the applicant.

**EvergreenHealth**

EvergreenHealth provided the following information to demonstrate compliance with this sub-criterion. [source: Application, p30]

*“The loss of 36 beds of medical/surgical capacity would have a negative impact on continuity of care as we would be forced to delay admissions, divert from the ED and/or transfer patients. Actual 2020-2021 COVID experience demonstrates that delaying admission results in sicker patients, higher acuity, and longer lengths of stay when they are finally admitted. When an ED goes on divert, it has consequences to the larger EMS system, and in our case means that ambulances are out-of-service longer when patients are transported away from the closest hospital, putting at risk timely 911 responses.*

*Transferring patients often means duplicate testing and a new provider; which again is proven to increase costs and length of stay; all of which can and often do impact continuity of care.*

*Without being able to make the beds permanent, on many days EvergreenHealth Kirkland will operate at census levels that approach or exceed 100% occupancy. For all of the reasons noted in response to Q12 above, these levels will have a negative impact on other providers including other hospitals, EMS and long-term care as we seek to divert or transfer.”*

The department’s application form includes the following question specific to WAC 246-310-230(5):  
“Identify whether any facility or practitioner associated with this application has a history of the actions listed below. If so, provide evidence that the proposed or existing facility can and will be operated in a manner that ensures safe and adequate care to the public and conforms to applicable federal and state requirements.

- a. A criminal conviction which is reasonably related to the applicant's competency to exercise responsibility for the ownership or operation of a health care facility; or
- b. A revocation of a license to operate a healthcare facility; or
- c. A revocation of a license to practice as a health profession; or
- d. Decertification as a provider of services in the Medicare or Medicaid program because of failure to comply with applicable federal conditions of participation.”

EvergreenHealth provided the following response. [source: Application, p31]

*“No EvergreenHealth facility or provider has any history related to criteria included in this question.”*

There were no public comments or rebuttal comments submitted for this sub-criterion.

### **Department Evaluation**

As part of this review, the department must also conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.<sup>17</sup> 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 2020 through current. The department uses this report to identify agencies 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.

### **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.

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<sup>17</sup> WAC 246-310-230(5)

### 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.

As part of this review, the department must conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.<sup>18</sup> To accomplish this task, the department reviewed the quality of care compliance history for the healthcare facilities owned, co-owned, operated, or managed by EvergreenHealth or its subsidiaries. Additionally, the department reviewed the credentialing history of the lead medical professionals associated with EvergreenHealth.

### Terminated Provider Counts Report

Focusing on years 2020 through current, no facilities associated with EvergreenHealth were involuntarily terminated from participation in Medicare reimbursement.

### CMS Survey Data

Using the CMS Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the historical survey information for EvergreenHealth Medical Center, EvergreenHealth Home Care Services, EvergreenHealth Hospice Services, as well as EvergreenHealth Monroe. This QCOR review shows that since 2020, EvergreenHealth facilities had multiple surveys, CMS's findings are summarized below.

#### EvergreenHealth Medical Center

- March 13, 2020, complaint survey identified one standard deficiency and required one follow up visit.
- October 7, 2020, complaint survey identified one condition level deficiency and two standard deficiencies, and required one follow up visit.
- March 1, 2022, complaint survey identified two standard deficiencies and required no follow up visits.

#### EvergreenHealth Home Care Services

- No surveys

#### EvergreenHealth Hospice Services

- June 17, 2021, special health survey and separate standard survey identified no deficiencies.

#### EvergreenHealth Monroe

- February 12, 2020, complaint survey identified three standard deficiencies and required one follow up visit.
- December 3, 2020, complaint survey identified two standard deficiencies and required no follow up visit.

All four facilities listed above are noted to be in compliance with both state and federal guidelines as of the writing of this evaluation. [source: CMS Quality, Certification, and Oversight Reports]

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<sup>18</sup> WAC 246-310-230(5)

EvergreenHealth provided the names and professional license numbers for its key clinical staff, shown in the submitted table below.

*Applicant's Table*

**Table 10  
EvergreenHealth-Kirkland Key Clinical Staff**

<b>Name</b>	<b>Position</b>	<b>License Number</b>
Ettore Palazzo, MD, FACP	Chief Medical & Quality Officer	MD00040026
Mary Shepler, RN, BSN, MA, NEA-BC	Chief Nursing Officer	RN60959647
Sandra Kreider, RN	Executive Director, Acute Care & Nursing	RN00114733
Leonora Apigo, RN	Executive Director, Medical Surgical and Nursing Resources	RN00122703
Brandon Au, MD	Medical Director, Adult Hospitalists	MD60399956

*Source: Applicant*

Using data from the Washington State Medical Commission the department confirmed that the above individuals all have an active license with no enforcement action in Washington State.

Based on the above information, the department concludes that EvergreenHealth demonstrated reasonable assurance that the hospital would continue to operate in compliance with state and federal guidelines if this project is approved. **This sub-criterion is met.**

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

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

**EvergreenHealth**

EvergreenHealth provided the following statements related to this sub-criterion. [source: Application, p30] *“The loss of 36 beds of medical/surgical capacity would have a negative impact on continuity of care as we would be forced to delay admissions, divert from the ED and/or transfer patients. Actual 2020-2021 COVID experience demonstrates that delaying admission results in sicker patients, higher acuity, and longer lengths of stay when they are finally admitted. When an ED goes on divert, it has consequences to the larger EMS system, and in our case means that ambulances are out-of-service longer when patients are transported away from the closest hospital, putting at risk timely 911 responses. Transferring patients often means duplicate testing and a new provider; which again is proven to increase costs and length of stay; all of which can and often do impact continuity of care.*

*Without being able to make the beds permanent, on many days EvergreenHealth Kirkland will operate at census levels that approach or exceed 100% occupancy. For all of the reasons noted in response to Q12 above, these levels will have a negative impact on other providers including other hospitals, EMS and long-term care as we seek to divert or transfer.”*

There were no public comments or rebuttal comments submitted for this sub-criterion.

### **Department Evaluation**

As noted in the need section of this evaluation, the department concluded a need for the beds requested by the applicant based on the hospital’s high occupancy and an absence of voiced opposition. Also, that comment was received by the department from clinicians who practice at EvergreenHealth describing the desperate need for additional inpatient space at the hospital. The letters detailed the impact of ongoing high occupancy since the application’s submission, specifically referencing emergency department bottlenecks, delays to care, and the impact to transfer other internal units, as well as the potential impact on transferring facilities due to lack of acute care beds at EvergreenHealth.

The financial feasibility section of this evaluation concluded that the financing is reasonable and supported by information in the application materials. Factors noted in the structure and process of care section of this evaluation concluded that the hospital would be appropriately staffed and maintain its accreditations and certifications to continue to provide high acuity services.

For those reasons, the department concludes that approval of this project is not expected to result in unwarranted fragmentation of acute care services in the East King 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.*

### **Department Evaluation**

This sub-criterion is addressed in sub-section WAC 246-310-230(3) above and is met.

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines EvergreenHealth **meets** the applicable cost containment criteria in WAC 246-310-240.

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

To determine if a proposed project is the best alternative, in terms of cost, efficiency, or effectiveness, the department takes a multi-step approach. First the department determines if each application has met the criteria of WAC 246-310-210 through 230. If either project fails 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.

## **EvergreenHealth**

### **Step One**

For this project, EvergreenHealth met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves on to alternatives considered by the applicant.

### **Step Two**

EvergreenHealth considered the options outlined in the following statement. [source: Application, p32]  
*“The impact of maintaining Proclamation 20-36 waiver beds versus reverting back to pre-COVID medical/surgical bed capacity was discussed throughout this application. The State’s acute care bed need projection methodology supports making the beds permanent as does the actual operating experience of EvergreenHealth Kirkland. Without the beds, the average midnight occupancy will result in too many days when the facility is at capacity and patients are diverted, delayed or choose to leave without being seen. Over time, these diversions and delays fragment care delivery and increase the total cost of care delivered.*

*The beds are already staffed, and the capital cost is minimal. Data suggests that a loss of these beds will decrease operational efficiency, increase cost and challenge the ability of EvergreenHealth to provide the level of quality that we are known for, and that we demand of ourselves.”*

There were no public comments or rebuttal comments submitted for this sub-criterion.

## **Department Evaluation**

To assist in this evaluation, department’s staff financial review also considered alternatives explored by the applicant. [source: June 8, 2023, DOH financial review, p5]

*“These beds are already operational and were brought on line under the governor’s proclamation that waived certain regulations to allow healthcare providers to respond to the COVID-19 pandemic. Because EvergreenHealth contends that reduction of its bed capacity to pre-waiver levels would cause frequent occurrences of high occupancy, resulting in diversion of emergency patients or cancellation and rescheduling of some patient visits, it did not present alternatives to this project.*

*Staff is satisfied that, contingent on a demonstration of need, this 36-bed addition is an appropriate option. This criterion is satisfied.”*

In the need section of this evaluation, the department determined there to be a demonstrated need for the requested 36 additional acute care beds specifically at the hospital based on continued high occupancy and an absence of opposing public comment. As previously noted, this project also meets the applicable criteria under financial feasibility and structure and process of care.

Based on the totality of the information above, the department concludes that the project as submitted is the best available option for the planning area. **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.

### **Department Evaluation**

There is no construction associated with this project. This sub-criterion is not applicable.

(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.

### **EvergreenHealth**

EvergreenHealth provided the following statement related to this sub-criterion. [source: Application, p33]  
“*This project will support the delivery of high-quality and cost-effective health services. The loss of beds would mean that EvergreenHealth Kirkland operates at occupancy levels that can compromise workflows and processes. The high occupancy would also compromise our ability to retain our quality staff at a time when assuring workforce has optimal conditions is a top priority.*”

There were no public comments or rebuttal comments submitted for this sub-criterion.

### **Department Evaluation**

To assist in this evaluation, department’s staff financial review also alternatives explored by the applicant. [source: June 8, 2023, DOH financial review, p5]  
“*Contingent on a showing of need, staff is satisfied that adding 36 acute care beds to the service area should not have an unreasonable impact of the costs and charges to the public of providing services by other persons.*

*Staff is satisfied the project is appropriate and needed. This criterion is satisfied.”*

In the need section of this evaluation, despite a methodology-demonstrated bed surplus, the department determined there to be a demonstrated need for the requested 36 additional acute care beds specifically at the hospital based on continued high occupancy and an absence of opposing public comment.

Based on the totality of the information above, the department concludes this project has the potential to improve delivery of acute care services to planning area residents. The department is satisfied the project is appropriate and needed. **This sub-criterion is met.**

# APPENDIX A

# East King Acute Care Bed Need Step 1

## 2012 to 2021 HSA TOTAL NUMBER OF RESIDENT PATIENT DAYS

Source: DOH 2021 Statewide Methodology

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	10-YEAR TOTAL
<b>HSA #1</b>	1,282,023	1,300,706	1,339,663	1,406,654	1,432,521	1,515,233	1,537,566	1,550,834	1,504,145	1,612,847	<b>14,482,192</b>
<b>STATEWIDE TOTAL</b>	2,054,931	2,067,274	2,116,496	2,210,893	2,274,457	2,387,290	2,414,946	2,464,085	2,381,334	2,575,124	<b>22,946,830</b>

**East King Acute Care Bed Need  
Step 2**

**2012 to 2021 HSA TOTAL NUMBER OF RESIDENT PATIENT DAYS**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	1,282,023	1,300,706	1,339,663	1,406,654	1,432,521	1,515,233	1,537,566	1,550,834	1,504,145	1,612,847	14,482,192
<b>STATEWIDE TOTAL</b>	2,054,931	2,067,274	2,116,496	2,210,893	2,274,457	2,387,290	2,414,946	2,464,085	2,381,334	2,575,124	22,946,830

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**2012 TO 2021 HSA TOTAL NUMBER OF PSYCHIATRIC PATIENT DAYS**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	14,474	12,941	18,538	25,933	24,318	25,342	26,288	27,704	19,303	19,021	<b>213,862</b>
<b>STATEWIDE TOTAL</b>	16,983	16,105	22,239	29,898	29,562	31,607	31,577	34,071	27,964	28,943	<b>268,949</b>

HSA # 1 Psych Hospitals Include: BHC Fairfax in Kirkland, BHC Fairfax North in Everett, Fairfax Behavioral Health Monroe in Monroe, Cascade Behavioral Health in Tukwila, Navos in Seattle, and Smokey Point Behavioral Hospital in Marysville

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**2012 to 2021 HSA TOTAL NUMBER OF PATIENT DAYS MINUS PSYCH DAYS**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	1,267,549	1,287,765	1,321,125	1,380,721	1,408,203	1,489,891	1,511,278	1,523,130	1,484,842	1,593,826	<b>14,268,330</b>
<b>STATEWIDE TOTAL</b>	2,037,948	2,051,169	2,094,257	2,180,995	2,244,895	2,355,683	2,383,369	2,430,014	2,353,370	2,546,181	<b>22,677,881</b>

**East King Acute Care Bed Need  
Step 3**

**2012 to 2021 HSA TOTAL NUMBER OF PATIENT DAYS MINUS PSYCH DAYS**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	1,267,549	1,287,765	1,321,125	1,380,721	1,408,203	1,489,891	1,511,278	1,523,130	1,484,842	1,593,826	<b>14,268,330</b>
<b>STATEWIDE TOTAL</b>	2,037,948	2,051,169	2,094,257	2,180,995	2,244,895	2,355,683	2,383,369	2,430,014	2,353,370	2,546,181	<b>22,677,881</b>

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**TOTAL POPULATIONS**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	4,294,496	4,339,478	4,384,459	4,429,440	4,507,526	4,585,612	4,663,697	4,741,783	4,864,783	4,914,237	<b>45,725,511</b>
<b>STATEWIDE TOTAL</b>	6,859,288	6,926,662	6,994,036	7,061,410	7,176,813	7,292,215	7,407,618	7,523,020	7,706,310	7,785,123	<b>72,732,495</b>

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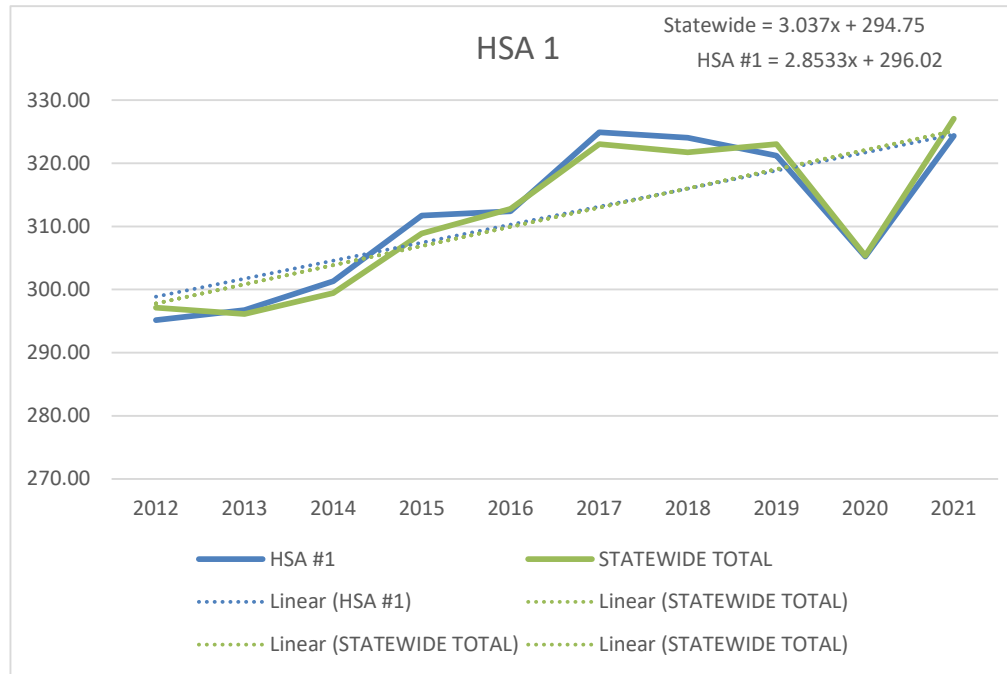
**RESIDENT USE RATE PER 1,000**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>HSA #1</b>	295.16	296.76	301.32	311.71	312.41	324.91	324.05	321.21	305.22	324.33
<b>STATEWIDE TOTAL</b>	297.11	296.13	299.43	308.86	312.80	323.04	321.75	323.01	305.38	327.06

## East King Acute Care Bed Need Step 4

### RESIDENT USE RATE PER 1,000

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TREND LINE
<b>HSA #1</b>	295.16	296.76	301.32	311.71	312.41	324.91	324.05	321.21	305.22	324.33	2.8533
<b>STATEWIDE TOTAL</b>	297.11	296.13	299.43	308.86	312.80	323.04	321.75	323.01	305.38	327.06	3.037



## East King Acute Care Bed Need Steps 5 & 6

### STEP #5 HOSPITAL PATIENT DAYS

	Total Patient Days in East King Hospitals	- Out of State (OOS) Resident Patient Days in East King Hospitals	= Total Patient Days in East King Hospitals, Minus OOS	%
0-64	73,399	605	72,794	0.82%
65+	88,943	1,175	87,768	1.32%
<b>TOTAL</b>	<b>162,342</b>	<b>1,780</b>	<b>160,562</b>	<b>1.10%</b>

	Total Patient Days in Washington State Hospitals Minus East King	- Out of State (OOS) Resident Patient Days in Washington State Hospitals Minus East King	= Total Patient Days in Washington State Hospitals, Minus OOS, Minus East King	%
0-64	1,252,523	64,477	1,188,046	5.15%
65+	1,160,259	45,655	1,114,604	3.93%
<b>TOTAL</b>	<b>2,412,782</b>	<b>110,132</b>	<b>2,302,650</b>	<b>4.56%</b>

	Total East King Resident Patient Days in East King Hospitals	+ Total East King Resident Patient Days in Other Washington State Hospitals	= Total East King Resident Patient Days	+ East King Resident Patient Days Provided in Oregon	= Total East King Resident Patient Days - All Settings
0-64	38,169	27,389	65,558	1	65,559
65+	56,878	18,304	75,182	1	75,183
<b>TOTAL</b>	<b>95,047</b>	<b>45,693</b>	<b>140,740</b>	<b>2</b>	<b>140,742</b>

	Total Other Washington State Resident Patient Days in East King Hospitals	+ Total Other Washington State Resident Patient Days in Other Washington State Hospitals	= Total Other Washington State Resident Patient Days	+ Other Washington State Resident Patient Days Provided in Oregon	= Total Other Washington State Resident Patient Days - All Settings
0-64	34,625	1,160,657	1,195,282	1	1,195,283
65+	30,890	1,096,300	1,127,190	1	1,127,191
<b>TOTAL</b>	<b>65,515</b>	<b>2,256,957</b>	<b>2,322,472</b>	<b>2</b>	<b>2,322,474</b>



## East King Acute Care Bed Need Steps 5 & 6

### MARKET SHARES

#### PERCENTAGES OF PATIENT DAYS

##### East King RESIDENT PATIENT DAYS

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	58.22%	41.78%	0.00%
65+	75.65%	24.35%	0.00%

##### OTHER WASHINGTON STATE RESIDENT PATIENT DAYS

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	2.90%	97.10%	0.00%
65+	2.74%	97.26%	0.00%

#### HOSPITAL PATIENT DAYS POPULATION BY PLANNING AREA

	East King County	Other Washington State
0-64	543,838	5,939,699
65+	92,928	1,208,658
<b>TOTAL</b>	<b>636,766</b>	<b>7,148,357</b>

#### STEP #6

##### USE RATE BY PLANNING AREA

	East King County	Other Washington State
0-64	120.55	201.24
65+	809.05	932.60

**East King Acute Care Bed Need  
Step 7A**

**USE RATE BY PLANNING AREA**

**2021**

**East King County**

<b>0-64</b>	<b>120.55</b>
<b>65+</b>	<b>809.05</b>

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**PROJECTED POPULATION - East King COUNTY**

<b>PROJECTION YEAR</b>	<b>2028</b>	
<b>0-64</b>		562,637
<b>65+</b>		116,478
<b>TOTAL</b>		679,115

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**PROJECTED USE RATE**

<b>PROJECTION YEAR</b>	<b>2028</b>	
<b>USE RATES</b>		
0-64 Using HSA #1 Trend		140.52
0-64 Using Statewide Trend		<b>141.81</b>
65+ Using HSA #1 Trend		829.02
65+ Using Statewide Trend		<b>830.30</b>

# East King Acute Care Bed Need Step 8

## PROJECTED USE RATE

PROJECTION YEAR            2028

### USE RATES

0-64	140.52
65+	829.02

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## PROJECTED POPULATION

PROJECTION YEAR            2028

0-64	562,637
65+	116,478
<b>TOTAL</b>	<b>679,115</b>

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## PROJECTED NUMBER OF PATIENT DAYS

PROJECTION YEAR            2028

0-64	79,063
65+	96,562
<b>TOTAL</b>	<b>175,625</b>

**East King Acute Care Bed Need  
Step 9**

**PROJECTED NUMBER OF PATIENT DAYS**

PROJECTION YEAR	2028		
	East King COUNTY RESIDENTS	ALL OTHER WASHINGTON STATE	TOTAL WASHINGTON STATE
0-64	79,063	1,434,998	1,514,061
65+	96,562	1,543,679	1,640,241
<b>TOTAL</b>	<b>175,625</b>	<b>2,978,677</b>	<b>3,154,302</b>

**MARKET SHARE (% PATIENT DAYS FROM STEP 5)**

**East King RESIDENT PATIENT DAYS**

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	58.22%	41.78%	0.00%
65+	75.65%	24.35%	0.00%

**OTHER WASHINGTON STATE RESIDENT PATIENT DAYS**

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	2.90%	97.10%	0.00%
65+	2.74%	97.26%	0.00%

**PROJECTED RESIDENT PATIENT DAYS BY LOCATION, WITH MARKET SHARE ASSIGNED**

**East King RESIDENT PATIENT DAYS**

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	46,031	33,031	1
65+	73,052	23,509	1
<b>TOTAL</b>	<b>119,083</b>	<b>56,540</b>	<b>2</b>

**OTHER WASHINGTON STATE RESIDENT PATIENT DAYS**

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
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**East King Acute Care Bed Need  
Step 9**

**TOTAL**

**205,202**

**East King Acute Care Bed Need  
Step 10A**

<b>East King PLANNING AREA</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Target 2028</b>	<b>2029</b>	<b>2030</b>
<b>POPULATION 0-64</b>	543,838	549,454	555,070	556,583	558,097	559,610	561,124	562,637	564,150	565,664
<b>0-64 USE RATE</b>	120.55	123.40	126.26	129.11	131.96	134.82	137.67	140.52	143.38	146.23
<b>POPULATION 65+</b>	92,928	95,878	98,827	102,357	105,887	109,418	112,948	116,478	120,008	123,538
<b>65+ USE RATE</b>	809.05	811.90	814.75	817.60	820.46	823.31	826.16	829.02	831.87	834.72
<hr/>										
<b>TOTAL POPULATION</b>	636,766	645,331	653,897	658,941	663,984	669,028	674,071	679,115	684,159	689,202
<b>TOTAL PA RESIDENT DAYS</b>	140,742	145,647	150,600	155,548	160,524	165,529	170,563	175,625	180,717	185,837
<b>TOTAL DAYS IN PA HOSPITALS</b>	164,239	169,966	175,749	181,572	187,428	193,319	199,243	205,202	211,194	217,221
<hr/>										
<b>AVAILABLE BEDS PER MOST RECENT DATA AVAILABLE - EITHER ACUTE CARE SURVEY OR YEAR-END FINANCIAL REPORT</b>										
<b>EvergreenHealth Kirkland</b>	318	318	318	318	318	318	318	318	318	318
<b>Overlake Medical Center</b>	349	349	349	349	349	349	349	349	349	349
<b>Snoqualmie Valley</b>	25	25	25	25	25	25	25	25	25	25
<b>Swedish Issaquah</b>	175	175	175	175	175	175	175	175	175	175
<b>TOTAL</b>	<b>867</b>	<b>867</b>	<b>867</b>	<b>867</b>	<b>867</b>	<b>867</b>	<b>867</b>	<b>867</b>	<b>867</b>	<b>867</b>
<hr/>										
<b>Market Share By Hospital</b>										
<b>EvergreenHealth Kirkland</b>	36.68%	36.68%	36.68%	36.68%	36.68%	36.68%	36.68%	36.68%	36.68%	36.68%
<b>Overlake Medical Center</b>	40.25%	40.25%	40.25%	40.25%	40.25%	40.25%	40.25%	40.25%	40.25%	40.25%
<b>Snoqualmie Valley</b>	2.88%	2.88%	2.88%	2.88%	2.88%	2.88%	2.88%	2.88%	2.88%	2.88%
<b>Swedish Issaquah</b>	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%	20.18%
 <b>Occupancy Standard by Hospital</b>										
<b>EvergreenHealth Kirkland</b>	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
<b>Overlake Medical Center</b>	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
<b>Snoqualmie Valley</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>Swedish Issaquah</b>	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
 <b>WEIGHTED OCCUPANCY STANDARD</b>										
	72.26%	72.26%	72.26%	72.26%	72.26%	72.26%	72.26%	72.26%	72.26%	72.26%
 <b>GROSS BED NEED</b>										
	<b>622.70</b>	<b>644.42</b>	<b>666.34</b>	<b>688.42</b>	<b>710.62</b>	<b>732.96</b>	<b>755.42</b>	<b>778.01</b>	<b>800.73</b>	<b>823.58</b>
 <b>NET BED NEED/(SURPLUS)</b>										
	<b>-244</b>	<b>-223</b>	<b>-201</b>	<b>-179</b>	<b>-156</b>	<b>-134</b>	<b>-112</b>	<b>-89</b>	<b>-66.27</b>	<b>-43.42</b>

**East King Acute Care Bed Need  
Step 10B**

<b>East King PLANNING AREA</b>								Target		
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
<b>POPULATION 0-64</b>	543,838	549,454	555,070	556,583	558,097	559,610	561,124	562,637	564,150	565,664
<b>0-64 USE RATE</b>	120.55	123.40	126.26	129.11	131.96	134.82	137.67	140.52	143.38	146.23
<b>POPULATION 65+</b>	92,928	95,878	98,827	102,357	105,887	109,418	112,948	116,478	120,008	123,538
<b>65+ USE RATE</b>	809.05	811.90	814.75	817.60	820.46	823.31	826.16	829.02	831.87	834.72
<hr/>										
<b>TOTAL POPULATION</b>	636,766	645,331	653,897	658,941	663,984	669,028	674,071	679,115	684,159	689,202
<b>TOTAL PA RESIDENT DAYS</b>	140,742	145,647	150,600	155,548	160,524	165,529	170,563	175,625	180,717	185,837
<b>TOTAL DAYS IN PA HOSPITALS</b>	164,239	169,966	175,749	181,572	187,428	193,319	199,243	205,202	211,194	217,221
<hr/>										
<b>AVAILABLE BEDS PER MOST RECENT DATA AVAILABLE - EITHER ACUTE CARE SURVEY OR YEAR-END FINANCIAL REPORT</b>										
<b>EvergreenHealth Kirkland</b>	318	318	354	354	354	354	354	354	354	354
<b>Overlake Medical Center</b>	349	349	349	349	349	349	349	349	349	349
<b>Snoqualmie Valley</b>	25	25	25	25	25	25	25	25	25	25
<b>Swedish Issaquah</b>	175	175	175	175	175	175	175	175	175	175
<b>TOTAL</b>	<b>867</b>	<b>867</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>903</b>	<b>903</b>
<hr/>										
<b>Market Share By Hospital</b>										
<b>EvergreenHealth Kirkland</b>	36.68%	36.68%	39.20%	39.20%	39.20%	39.20%	39.20%	39.20%	39.20%	39.20%
<b>Overlake Medical Center</b>	40.25%	40.25%	38.65%	38.65%	38.65%	38.65%	38.65%	38.65%	38.65%	38.65%
<b>Snoqualmie Valley</b>	2.88%	2.88%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%
<b>Swedish Issaquah</b>	20.18%	20.18%	19.38%	19.38%	19.38%	19.38%	19.38%	19.38%	19.38%	19.38%
 <b>Occupancy Standard by Hospital</b>										
<b>EvergreenHealth Kirkland</b>	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
<b>Overlake Medical Center</b>	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
<b>Snoqualmie Valley</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>Swedish Issaquah</b>	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
 <b>WEIGHTED OCCUPANCY STANDARD</b>										
	72.26%	72.26%	72.37%	72.37%	72.37%	72.37%	72.37%	72.37%	72.37%	72.37%
 <b>GROSS BED NEED</b>										
	<b>622.70</b>	<b>644.42</b>	<b>665.34</b>	<b>687.38</b>	<b>709.55</b>	<b>731.85</b>	<b>754.28</b>	<b>776.84</b>	<b>799.52</b>	<b>822.34</b>
 <b>NET BED NEED/(SURPLUS)</b>										
	<b>-244</b>	<b>-223</b>	<b>-238</b>	<b>-216</b>	<b>-193</b>	<b>-171</b>	<b>-149</b>	<b>-126</b>	<b>-103.48</b>	<b>-80.66</b>



**East King  
Acute Care Bed Need  
Population Summary-2021**

<b>East King</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
0-64	482,060	487,676	493,292	498,908	504,525	510,141	515,757	521,373	526,989	532,605	538,222	543,838	549,454	555,070	556,583	558,097	559,610	561,124	562,637	564,150	565,664
65+	60,484	63,433	66,383	69,332	72,282	75,231	78,181	81,130	84,080	87,029	89,979	92,928	95,878	98,827	102,357	105,887	109,418	112,948	116,478	120,008	123,538
<b>TOTAL</b>	<b>542,544</b>	<b>551,110</b>	<b>559,675</b>	<b>568,241</b>	<b>576,806</b>	<b>585,372</b>	<b>593,938</b>	<b>602,503</b>	<b>611,069</b>	<b>619,635</b>	<b>628,200</b>	<b>636,766</b>	<b>645,331</b>	<b>653,897</b>	<b>658,941</b>	<b>663,984</b>	<b>669,028</b>	<b>674,071</b>	<b>679,115</b>	<b>684,159</b>	<b>689,202</b>

**HSA #1 POPULATION**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
0-64	3,710,587	3,731,464	3,752,341	3,773,218	3,794,096	3,814,973	3,861,024	3,907,076	3,953,128	3,999,179	4,114,963	4,134,599	4,154,236	4,173,873	4,193,509	4,213,146	4,232,783	4,252,419	4,272,056	4,291,693	4,312,241
65+	493,947	518,051	542,155	566,259	590,363	614,467	646,501	678,536	710,570	742,604	749,820	779,638	809,456	839,273	869,091	898,909	928,727	958,545	988,362	1,018,180	1,052,149
<b>TOTAL</b>	<b>4,204,534</b>	<b>4,249,515</b>	<b>4,294,496</b>	<b>4,339,478</b>	<b>4,384,459</b>	<b>4,429,440</b>	<b>4,507,526</b>	<b>4,585,612</b>	<b>4,663,697</b>	<b>4,741,783</b>	<b>4,864,783</b>	<b>4,914,237</b>	<b>4,963,692</b>	<b>5,013,146</b>	<b>5,062,601</b>	<b>5,112,055</b>	<b>5,161,509</b>	<b>5,210,964</b>	<b>5,260,418</b>	<b>5,309,873</b>	<b>5,364,390</b>
		44,981	44,981	44,981	44,981	44,981	78,086	78,086	78,086	78,086	123,000	49,454	49,454	49,454	49,454	49,454	49,454	49,454	49,454	49,454	54,517

**WASHINGTON STATE POPULATION**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
0-64	5,896,863	5,924,242	5,951,621	5,979,000	6,006,379	6,033,758	6,098,852	6,163,946	6,229,040	6,294,134	6,452,523	6,483,537	6,514,551	6,545,565	6,576,579	6,607,593	6,638,607	6,669,621	6,700,635	6,731,649	6,771,072
65+	827,677	867,672	907,667	947,662	987,657	1,027,652	1,077,960	1,128,269	1,178,578	1,228,886	1,253,787	1,301,586	1,349,385	1,397,185	1,444,984	1,492,783	1,540,582	1,588,381	1,636,181	1,683,980	1,731,715
<b>TOTAL</b>	<b>6,724,540</b>	<b>6,791,914</b>	<b>6,859,288</b>	<b>6,926,662</b>	<b>6,994,036</b>	<b>7,061,410</b>	<b>7,176,813</b>	<b>7,292,215</b>	<b>7,407,618</b>	<b>7,523,020</b>	<b>7,706,310</b>	<b>7,785,123</b>	<b>7,863,936</b>	<b>7,942,750</b>	<b>8,021,563</b>	<b>8,100,376</b>	<b>8,179,189</b>	<b>8,258,002</b>	<b>8,336,816</b>	<b>8,415,629</b>	<b>8,502,787</b>
		67,374	67,374	67,374	67,374	67,374	115,403	115,403	115,403	115,403	183,290	78,813	78,813	78,813	78,813	78,813	78,813	78,813	78,813	78,813	87,158

## East King Acute Care Bed Need Hospital Patient Day Data

### HOSPITAL PATIENT DAY DATA 2021

#### Total Patient Days in East King Hospitals

	EvergreenHealth	Overlake	Snoqualmie	Swedish - Issaquah	TOTAL
Total 0-64	31,894	28,458	893	12,154	<b>73,399</b>
Total 65+	37,200	33,755	7,107	10,881	<b>88,943</b>

#### Out of State (OOS) Resident Patient Days in East King Hospitals

	EvergreenHealth	Overlake	Snoqualmie	Swedish - Issaquah	TOTAL
OOS 0-64	230	247	n/a	128	<b>605</b>
OOS 65+	508	440	45	182	<b>1,175</b>

#### East King Resident Patient Days in East King Hospitals

	EvergreenHealth	Overlake	Snoqualmie	Swedish - Issaquah	TOTAL
0-64	16,005	15,279	584	6,301	<b>38,169</b>
65+	23,310	22,395	4,255	6,918	<b>56,878</b>

#### East King Resident Patient Days in All Other Washington State Hospitals

0-64	27,389
65+	18,304

#### East King Resident Patient Days in Oregon Hospitals\*

0-64	1
65+	1

\* Oregon data was excluded since it has very little impact on East King

#### Total Washington State Resident Patient Days in Washington State Hospitals

0-64	1,325,922
65+	1,249,202

#### Total Out of State Resident Patient Days Within Washington State

0-64	65,082
65+	46,830

# APPENDIX B

**East King Acute Care Bed Need  
Step 1**

**2010 to 2019 HSA TOTAL NUMBER OF RESIDENT PATIENT DAYS**

Source: DOH 2019 Statewide Methodology

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	1,272,789	1,298,227	1,282,023	1,300,706	1,339,663	1,406,654	1,432,521	1,515,233	1,537,566	1,550,834	<b>13,936,216</b>
<b>STATEWIDE TOTAL</b>	<b>2,055,241</b>	<b>2,068,011</b>	<b>2,054,931</b>	<b>2,067,274</b>	<b>2,116,496</b>	<b>2,210,893</b>	<b>2,274,457</b>	<b>2,387,290</b>	<b>2,414,946</b>	<b>2,464,085</b>	<b>22,113,624</b>

**East King Acute Care Bed Need  
Step 2**

**2010 to 2019 HSA TOTAL NUMBER OF RESIDENT PATIENT DAYS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	1,272,789	1,298,227	1,282,023	1,300,706	1,339,663	1,406,654	1,432,521	1,515,233	1,537,566	1,550,834	13,936,216
<b>STATEWIDE TOTAL</b>	2,055,241	2,068,011	2,054,931	2,067,274	2,116,496	2,210,893	2,274,457	2,387,290	2,414,946	2,464,085	22,113,624

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**2010 TO 2019 HSA TOTAL NUMBER OF PSYCHIATRIC PATIENT DAYS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	14,127	14,165	14,474	12,941	18,538	25,933	24,318	25,342	26,288	27,704	<b>203,830</b>
<b>STATEWIDE TOTAL</b>	17,392	17,964	16,983	16,105	22,239	29,898	29,562	31,607	31,577	34,071	<b>247,398</b>

HSA # 1 Psych Hospitals Include: BHC Fairfax in Kirkland, BHC Fairfax North in Everett, Fairfax Behavioral Health Monroe in Monroe, Cascade Behavioral Health in Tukwila, Navos in Seattle, and Smokey Point Behavioral Hospital in Marysville

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**2010 to 2019 HSA TOTAL NUMBER OF PATIENT DAYS MINUS PSYCH DAYS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	1,258,662	1,284,062	1,267,549	1,287,765	1,321,125	1,380,721	1,408,203	1,489,891	1,511,278	1,523,130	<b>13,732,386</b>
<b>STATEWIDE TOTAL</b>	2,037,849	2,050,047	2,037,948	2,051,169	2,094,257	2,180,995	2,244,895	2,355,683	2,383,369	2,430,014	<b>21,866,226</b>

**East King Acute Care Bed Need  
Step 3**

**2010 to 2019 HSA TOTAL NUMBER OF PATIENT DAYS MINUS PSYCH DAYS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	1,258,662	1,284,062	1,267,549	1,287,765	1,321,125	1,380,721	1,408,203	1,489,891	1,511,278	1,523,130	<b>13,732,386</b>
<b>STATEWIDE TOTAL</b>	2,037,849	2,050,047	2,037,948	2,051,169	2,094,257	2,180,995	2,244,895	2,355,683	2,383,369	2,430,014	<b>21,866,226</b>

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**TOTAL POPULATIONS**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>10-YEAR TOTAL</b>
<b>HSA #1</b>	4,204,534	4,249,515	4,294,496	4,339,478	4,384,459	4,429,440	4,507,526	4,585,612	4,663,697	4,741,783	<b>44,400,540</b>
<b>STATEWIDE TOTAL</b>	6,724,540	6,791,914	6,859,288	6,926,662	6,994,036	7,061,410	7,176,813	7,292,215	7,407,618	7,523,020	<b>70,757,516</b>

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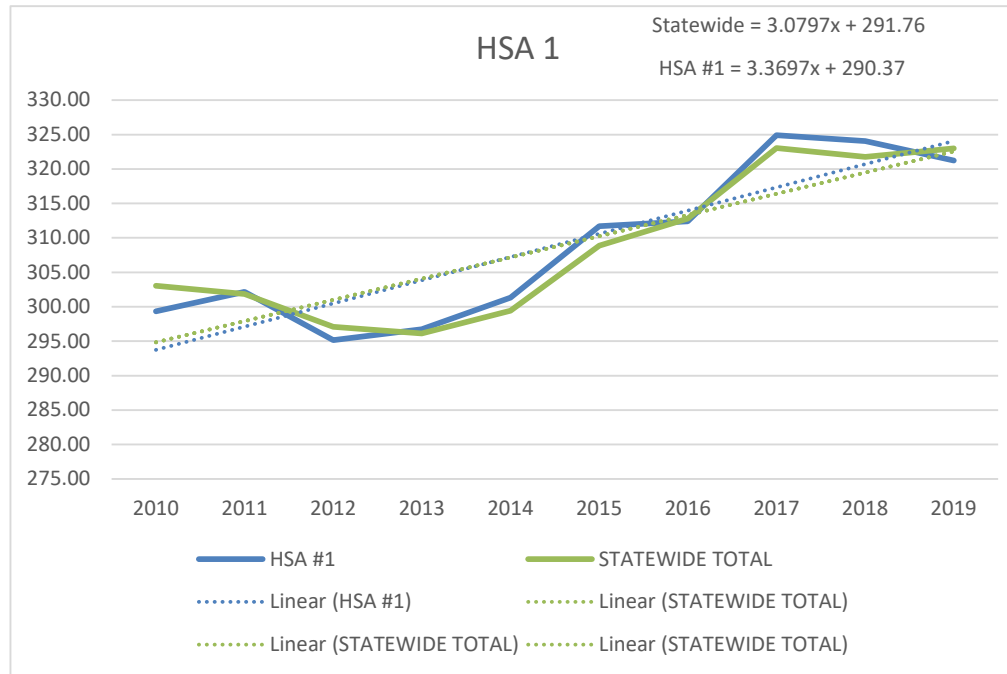
**RESIDENT USE RATE PER 1,000**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>HSA #1</b>	299.36	302.17	295.16	296.76	301.32	311.71	312.41	324.91	324.05	321.21
<b>STATEWIDE TOTAL</b>	303.05	301.84	297.11	296.13	299.43	308.86	312.80	323.04	321.75	323.01

## East King Acute Care Bed Need Step 4

### RESIDENT USE RATE PER 1,000

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TREND LINE
<b>HSA #1</b>	299.36	302.17	295.16	296.76	301.32	311.71	312.41	324.91	324.05	321.21	3.3697
<b>STATEWIDE TOTAL</b>	303.05	301.84	297.11	296.13	299.43	308.86	312.80	323.04	321.75	323.01	3.0797



## East King Acute Care Bed Need Steps 5 & 6

### STEP #5

#### HOSPITAL PATIENT DAYS

	Total Patient Days in East King Hospitals	- Out of State (OOS) Resident Patient Days in East King Hospitals	= Total Patient Days in East King Hospitals, Minus OOS	%
0-64	67,813	656	67,157	0.97%
65+	83,773	1,683	82,090	2.01%
<b>TOTAL</b>	<b>151,586</b>	<b>2,339</b>	<b>149,247</b>	<b>1.54%</b>

	Total Patient Days in Washington State Hospitals Minus East King	- Out of State (OOS) Resident Patient Days in Washington State Hospitals Minus East King	= Total Patient Days in Washington State Hospitals, Minus OOS, Minus East King	%
0-64	1,213,067	64,541	1,148,526	5.32%
65+	1,099,432	46,590	1,052,842	4.24%
<b>TOTAL</b>	<b>2,312,499</b>	<b>111,131</b>	<b>2,201,368</b>	<b>4.81%</b>

	Total East King Resident Patient Days in East King Hospitals	+ Total East King Resident Patient Days in Other Washington State Hospitals	= Total East King Resident Patient Days	+ East King Resident Patient Days Provided in Oregon	= Total East King Resident Patient Days - All Settings
0-64	37,449	29,581	67,030	1	67,031
65+	55,833	17,130	72,963	1	72,964
<b>TOTAL</b>	<b>93,282</b>	<b>46,711</b>	<b>139,993</b>	<b>2</b>	<b>139,995</b>

	Total Other Washington State Resident Patient Days in East King Hospitals	+ Total Other Washington State Resident Patient Days in Other Washington State Hospitals	= Total Other Washington State Resident Patient Days	+ Other Washington State Resident Patient Days Provided in Oregon	= Total Other Washington State Resident Patient Days - All Settings
0-64	29,708	1,118,945	1,148,653	1	1,148,654
65+	26,257	1,035,712	1,061,969	1	1,061,970
<b>TOTAL</b>	<b>55,965</b>	<b>2,154,657</b>	<b>2,210,622</b>	<b>2</b>	<b>2,210,624</b>



## East King Acute Care Bed Need Steps 5 & 6

### MARKET SHARES

#### PERCENTAGES OF PATIENT DAYS

##### East King RESIDENT PATIENT DAYS

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	55.87%	44.13%	0.00%
65+	76.52%	23.48%	0.00%

##### OTHER WASHINGTON STATE RESIDENT PATIENT DAYS

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	2.59%	97.41%	0.00%
65+	2.47%	97.53%	0.00%

#### HOSPITAL PATIENT DAYS POPULATION BY PLANNING AREA

	East King County	Other Washington State
0-64	543,838	5,939,699
65+	92,928	1,208,658
<b>TOTAL</b>	<b>636,766</b>	<b>7,148,357</b>

#### STEP #6

##### USE RATE BY PLANNING AREA

	East King County	Other Washington State
0-64	123.26	193.39
65+	785.17	878.64

**East King Acute Care Bed Need  
Step 7A**

**USE RATE BY PLANNING AREA**

**2019**

**East King County**

<b>0-64</b>	<b>123.26</b>
<b>65+</b>	<b>785.17</b>

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**PROJECTED POPULATION - East King COUNTY**

<b>PROJECTION YEAR</b>	<b>2026</b>	
<b>0-64</b>		562,637
<b>65+</b>		116,478
<b>TOTAL</b>		679,115

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**PROJECTED USE RATE**

<b>PROJECTION YEAR</b>	<b>2026</b>	
<b>USE RATES</b>		
0-64 Using HSA #1 Trend		146.84
0-64 Using Statewide Trend		<b>144.81</b>
65+ Using HSA #1 Trend		808.75
65+ Using Statewide Trend		<b>806.72</b>

**East King Acute Care Bed Need  
Step 8**

**PROJECTED USE RATE**

**PROJECTION YEAR                      2026**

**USE RATES**

<b>0-64</b>	<b>144.81</b>
<b>65+</b>	<b>806.72</b>

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**PROJECTED POPULATION**

**PROJECTION YEAR                      2026**

<b>0-64</b>	<b>562,637</b>
<b>65+</b>	<b>116,478</b>
<b>TOTAL</b>	<b>679,115</b>

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**PROJECTED NUMBER OF PATIENT DAYS**

**PROJECTION YEAR                      2026**

<b>0-64</b>	<b>81,477</b>
<b>65+</b>	<b>93,966</b>
<b>TOTAL</b>	<b>175,443</b>

**East King Acute Care Bed Need  
Step 9**

**PROJECTED NUMBER OF PATIENT DAYS**

PROJECTION YEAR	2026		
	East King COUNTY RESIDENTS	ALL OTHER WASHINGTON STATE	TOTAL WASHINGTON STATE
0-64	81,477	1,397,193	1,478,670
65+	93,966	1,495,903	1,589,869
<b>TOTAL</b>	<b>175,443</b>	<b>2,893,096</b>	<b>3,068,539</b>

**MARKET SHARE (% PATIENT DAYS FROM STEP 5)**

**East King RESIDENT PATIENT DAYS**

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	55.87%	44.13%	0.00%
65+	76.52%	23.48%	0.00%

**OTHER WASHINGTON STATE RESIDENT PATIENT DAYS**

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	2.59%	97.41%	0.00%
65+	2.47%	97.53%	0.00%

**PROJECTED RESIDENT PATIENT DAYS BY LOCATION, WITH MARKET SHARE ASSIGNED**

**East King RESIDENT PATIENT DAYS**

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	45,520	35,956	1
65+	71,904	22,061	1
<b>TOTAL</b>	<b>117,424</b>	<b>58,017</b>	<b>3</b>

**OTHER WASHINGTON STATE RESIDENT PATIENT DAYS**

	In East King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
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**East King Acute Care Bed Need  
Step 9**

**TOTAL**

**193,523**

**East King Acute Care Bed Need  
Step 10A**

East King PLANNING AREA	2019	2020	2021	2022	2023	2024	2025	Target 2026	2027	2028
<b>POPULATION 0-64</b>	532,605	538,222	543,838	549,454	555,070	556,583	558,097	559,610	561,124	562,637
<b>0-64 USE RATE</b>	123.26	126.34	129.41	132.49	135.57	138.65	141.73	144.81	147.89	150.97
<b>POPULATION 65+</b>	87,029	89,979	92,928	95,878	98,827	102,357	105,887	109,418	112,948	116,478
<b>65+ USE RATE</b>	785.17	788.25	791.33	794.41	797.49	800.56	803.64	806.72	809.80	812.88
<hr/>										
<b>TOTAL POPULATION</b>	619,635	628,200	636,766	645,331	653,897	658,941	663,984	669,028	674,071	679,115
<b>TOTAL PA RESIDENT DAYS</b>	133,979	138,922	143,917	148,965	154,066	159,116	164,197	169,309	174,452	179,626
<b>TOTAL DAYS IN PA HOSPITALS</b>	147,203	152,646	158,145	163,701	169,313	174,956	180,634	186,347	192,095	197,878
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<b>AVAILABLE BEDS PER MOST RECENT DATA AVAILABLE - EITHER ACUTE CARE SURVEY OR YEAR-END FINANCIAL REPORT</b>										
<b>EvergreenHealth Kirkland</b>	318	318	318	318	318	318	318	318	318	318
<b>Overlake Medical Center</b>	349	349	349	349	349	349	349	349	349	349
<b>Snoqualmie Valley</b>	28	28	28	28	28	28	28	28	28	28
<b>Swedish Issaquah</b>	175	175	175	175	175	175	175	175	175	175
<b>TOTAL</b>	<b>870</b>	<b>870</b>	<b>870</b>	<b>870</b>	<b>870</b>	<b>870</b>	<b>870</b>	<b>870</b>	<b>870</b>	<b>870</b>
<hr/>										
<b>Market Share By Hospital</b>										
<b>EvergreenHealth Kirkland</b>	36.55%	36.55%	36.55%	36.55%	36.55%	36.55%	36.55%	36.55%	36.55%	36.55%
<b>Overlake Medical Center</b>	40.11%	40.11%	40.11%	40.11%	40.11%	40.11%	40.11%	40.11%	40.11%	40.11%
<b>Snoqualmie Valley</b>	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%
<b>Swedish Issaquah</b>	20.11%	20.11%	20.11%	20.11%	20.11%	20.11%	20.11%	20.11%	20.11%	20.11%
 <b>Occupancy Standard by Hospital</b>										
<b>EvergreenHealth Kirkland</b>	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
<b>Overlake Medical Center</b>	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
<b>Snoqualmie Valley</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>Swedish Issaquah</b>	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
 <b>WEIGHTED OCCUPANCY STANDARD</b>										
	72.18%	72.18%	72.18%	72.18%	72.18%	72.18%	72.18%	72.18%	72.18%	72.18%
 <b>GROSS BED NEED</b>										
	<b>558.71</b>	<b>579.36</b>	<b>600.24</b>	<b>621.32</b>	<b>642.62</b>	<b>664.04</b>	<b>685.59</b>	<b>707.27</b>	<b>729.09</b>	<b>751.04</b>
 <b>NET BED NEED/(SURPLUS)</b>										
	<b>-311</b>	<b>-291</b>	<b>-270</b>	<b>-249</b>	<b>-227</b>	<b>-206</b>	<b>-184</b>	<b>-163</b>	<b>-140.91</b>	<b>-118.96</b>

**East King Acute Care Bed Need  
Step 10B**

East King PLANNING AREA	2019	2020	2021	2022	2023	2024	2025	Target 2026	2027	2028
<b>POPULATION 0-64</b>	532,605	538,222	543,838	549,454	555,070	556,583	558,097	559,610	561,124	562,637
<b>0-64 USE RATE</b>	123.26	126.34	129.41	132.49	135.57	138.65	141.73	144.81	147.89	150.97
<b>POPULATION 65+</b>	87,029	89,979	92,928	95,878	98,827	102,357	105,887	109,418	112,948	116,478
<b>65+ USE RATE</b>	785.17	788.25	791.33	794.41	797.49	800.56	803.64	806.72	809.80	812.88
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<b>TOTAL POPULATION</b>	619,635	628,200	636,766	645,331	653,897	658,941	663,984	669,028	674,071	679,115
<b>TOTAL PA RESIDENT DAYS</b>	133,979	138,922	143,917	148,965	154,066	159,116	164,197	169,309	174,452	179,626
<b>TOTAL DAYS IN PA HOSPITALS</b>	147,203	152,646	158,145	163,701	169,313	174,956	180,634	186,347	192,095	197,878
<hr/>										
<b>AVAILABLE BEDS PER MOST RECENT DATA AVAILABLE - EITHER ACUTE CARE SURVEY OR YEAR-END FINANCIAL REPORT</b>										
<b>EvergreenHealth Kirkland</b>	318	318	318	318	354	354	354	354	354	354
<b>Overlake Medical Center</b>	349	349	349	349	349	349	349	349	349	349
<b>Snoqualmie Valley</b>	28	28	28	28	28	28	28	28	28	28
<b>Swedish Issaquah</b>	175	175	175	175	175	175	175	175	175	175
<b>TOTAL</b>	<b>870</b>	<b>870</b>	<b>870</b>	<b>870</b>	<b>906</b>	<b>906</b>	<b>906</b>	<b>906</b>	<b>906</b>	<b>906</b>
<hr/>										
<b>Market Share By Hospital</b>										
<b>EvergreenHealth Kirkland</b>	36.55%	36.55%	36.55%	36.55%	39.07%	39.07%	39.07%	39.07%	39.07%	39.07%
<b>Overlake Medical Center</b>	40.11%	40.11%	40.11%	40.11%	38.52%	38.52%	38.52%	38.52%	38.52%	38.52%
<b>Snoqualmie Valley</b>	3.22%	3.22%	3.22%	3.22%	3.09%	3.09%	3.09%	3.09%	3.09%	3.09%
<b>Swedish Issaquah</b>	20.11%	20.11%	20.11%	20.11%	19.32%	19.32%	19.32%	19.32%	19.32%	19.32%
 <b>Occupancy Standard by Hospital</b>										
<b>EvergreenHealth Kirkland</b>	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
<b>Overlake Medical Center</b>	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
<b>Snoqualmie Valley</b>	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
<b>Swedish Issaquah</b>	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
 <b>WEIGHTED OCCUPANCY STANDARD</b>										
	72.18%	72.18%	72.18%	72.18%	72.30%	72.30%	72.30%	72.30%	72.30%	72.30%
 <b>GROSS BED NEED</b>										
	<b>558.71</b>	<b>579.36</b>	<b>600.24</b>	<b>621.32</b>	<b>641.63</b>	<b>663.01</b>	<b>684.53</b>	<b>706.18</b>	<b>727.96</b>	<b>749.88</b>
 <b>NET BED NEED/(SURPLUS)</b>										
	<b>-311</b>	<b>-291</b>	<b>-270</b>	<b>-249</b>	<b>-264</b>	<b>-243</b>	<b>-221</b>	<b>-200</b>	<b>-178.04</b>	<b>-156.12</b>



**East King  
Acute Care Bed Need  
Population Summary-2019**

<b>East King</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
0-64	482,060	487,676	493,292	498,908	504,525	510,141	515,757	521,373	526,989	532,605	538,222	543,838	549,454	555,070	556,583	558,097	559,610	561,124	562,637	564,150	565,664
65+	60,484	63,433	66,383	69,332	72,282	75,231	78,181	81,130	84,080	87,029	89,979	92,928	95,878	98,827	102,357	105,887	109,418	112,948	116,478	120,008	123,538
<b>TOTAL</b>	<b>542,544</b>	<b>551,110</b>	<b>559,675</b>	<b>568,241</b>	<b>576,806</b>	<b>585,372</b>	<b>593,938</b>	<b>602,503</b>	<b>611,069</b>	<b>619,635</b>	<b>628,200</b>	<b>636,766</b>	<b>645,331</b>	<b>653,897</b>	<b>658,941</b>	<b>663,984</b>	<b>669,028</b>	<b>674,071</b>	<b>679,115</b>	<b>684,159</b>	<b>689,202</b>

**HSA #1 POPULATION**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
0-64	3,710,587	3,731,464	3,752,341	3,773,218	3,794,096	3,814,973	3,861,024	3,907,076	3,953,128	3,999,179	4,114,963	4,134,599	4,154,236	4,173,873	4,193,509	4,213,146	4,232,783	4,252,419	4,272,056	4,291,693	4,312,241
65+	493,947	518,051	542,155	566,259	590,363	614,467	646,501	678,536	710,570	742,604	749,820	779,638	809,456	839,273	869,091	898,909	928,727	958,545	988,362	1,018,180	1,052,149
<b>TOTAL</b>	<b>4,204,534</b>	<b>4,249,515</b>	<b>4,294,496</b>	<b>4,339,478</b>	<b>4,384,459</b>	<b>4,429,440</b>	<b>4,507,526</b>	<b>4,585,612</b>	<b>4,663,697</b>	<b>4,741,783</b>	<b>4,864,783</b>	<b>4,914,237</b>	<b>4,963,692</b>	<b>5,013,146</b>	<b>5,062,601</b>	<b>5,112,055</b>	<b>5,161,509</b>	<b>5,210,964</b>	<b>5,260,418</b>	<b>5,309,873</b>	<b>5,364,390</b>
		44,981	44,981	44,981	44,981	44,981	78,086	78,086	78,086	78,086	123,000	49,454	49,454	49,454	49,454	49,454	49,454	49,454	49,454	49,454	54,517

**WASHINGTON STATE POPULATION**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
0-64	5,896,863	5,924,242	5,951,621	5,979,000	6,006,379	6,033,758	6,098,852	6,163,946	6,229,040	6,294,134	6,452,523	6,483,537	6,514,551	6,545,565	6,576,579	6,607,593	6,638,607	6,669,621	6,700,635	6,731,649	6,771,072
65+	827,677	867,672	907,667	947,662	987,657	1,027,652	1,077,960	1,128,269	1,178,578	1,228,886	1,253,787	1,301,586	1,349,385	1,397,185	1,444,984	1,492,783	1,540,582	1,588,381	1,636,181	1,683,980	1,731,715
<b>TOTAL</b>	<b>6,724,540</b>	<b>6,791,914</b>	<b>6,859,288</b>	<b>6,926,662</b>	<b>6,994,036</b>	<b>7,061,410</b>	<b>7,176,813</b>	<b>7,292,215</b>	<b>7,407,618</b>	<b>7,523,020</b>	<b>7,706,310</b>	<b>7,785,123</b>	<b>7,863,936</b>	<b>7,942,750</b>	<b>8,021,563</b>	<b>8,100,376</b>	<b>8,179,189</b>	<b>8,258,002</b>	<b>8,336,816</b>	<b>8,415,629</b>	<b>8,502,787</b>
		67,374	67,374	67,374	67,374	67,374	115,403	115,403	115,403	115,403	183,290	78,813	78,813	78,813	78,813	78,813	78,813	78,813	78,813	78,813	87,158

## East King Acute Care Bed Need Hospital Patient Day Data

### HOSPITAL PATIENT DAY DATA 2019

#### Total Patient Days in East King Hospitals

	EvergreenHealth	Overlake	Snoqualmie	Swedish - Issaquah	TOTAL
Total 0-64	30,984	25,234	2,415	9,180	<b>67,813</b>
Total 65+	33,703	31,934	8,722	9,414	<b>83,773</b>

#### Out of State (OOS) Resident Patient Days in East King Hospitals

	EvergreenHealth	Overlake	Snoqualmie	Swedish - Issaquah	TOTAL
OOS 0-64	331	253	n/a	72	<b>656</b>
OOS 65+	639	653	161	230	<b>1,683</b>

#### East King Resident Patient Days in East King Hospitals

	EvergreenHealth	Overlake	Snoqualmie	Swedish - Issaquah	TOTAL
0-64	16,267	13,943	1,464	5,775	<b>37,449</b>
65+	20,925	21,780	6,431	6,697	<b>55,833</b>

#### East King Resident Patient Days in All Other Washington State Hospitals

0-64	29,581
65+	17,130

#### East King Resident Patient Days in Oregon Hospitals\*

0-64	1
65+	1

\* Oregon data was excluded since it has very little impact on East King

#### Total Washington State Resident Patient Days in Washington State Hospitals

0-64	1,280,880
65+	1,183,205

#### Total Out of State Resident Patient Days Within Washington State

0-64	65,197
65+	48,273