

EXECUTIVE SUMMARY

EVALUATION OF TWO CERTIFICATE OF NEED APPLICATIONS PROPOSING TO ADD MEDICARE CERTIFIED/MEDICAID ELIGIBLE HOME HEALTH SERVICES TO KING COUNTY.

- HARVARD PARTNERS, LLC; AND
- AMENITY HOME HEALTH CARE, INC.

BRIEF PROJECT DESCRIPTIONS

Harvard Partners, LLC

Harvard Partners, LLC proposes to obtain Medicare certification at the following two of its branch offices in King County:

4910 – 11th Avenue Northeast
Kirkland, Washington 98033

2450 Aurora Avenue North
Seattle, Washington 98109

The capital expenditure associated with the establishment of this service is \$35,000. Harvard Partners, LLC anticipates that the service would be operational by end of year 2010. Under this timeline year 2011 would be the first full calendar year of operation and year 2013 would be year three. [Source: Application p2, November 24 supplemental questions p1]

Amenity Home Health Care, Inc.

Amenity Home Health Care Inc. an existing home health agency in King County proposes to obtain Medicare certification/Medicaid eligibility to provide home health services to residents of King County. Amenity is not currently providing home health services even though they are a licensed agency. [Source: November 30, 2009 Response to Screening Questions p8]

The capital expenditure associated with the establishment of this service is \$21,001 which is solely related to the CN filing fee.

Amenity Home Health Care Inc. anticipates that the service would be operational by the end of year 2010. Under this timeline year 2011 would be the first full calendar year of operation and year 2013 would be year three. [Source: November 30, 2009 Response to Screening Questions p1]

APPLICABILITY OF CERTIFICATE OF NEED LAW

Both projects are subject to Certificate of Need review as the establishment of a new health care facility under Revised Code of Washington RCW 70.38.105(4)(a), and Washington Administrative Code (WAC) 246-310-020(1)(a).

CONCLUSIONS

Harvard Partners, LLC

For the reasons stated in this evaluation, the application submitted on behalf of Harvard Partners LLC proposing to establish a Medicare certified Medicaid eligible home health agency in the city of Seattle within King County is consistent with applicable criteria.

Harvard Partners Medicare certified home health agency would serve the entire service area of King County.

Amenity Home Health Care, Inc.

For the reasons stated in this evaluation, the application submitted on behalf of Amenity Home Health Care, Inc. proposing to establish a Medicare certified Medicaid eligible home health agency in the city of Seattle within King County is consistent with applicable criteria.

Harvard Partners Medicare certified home health agency would serve the entire service area of King County.

EVALUATION OF TWO CERTIFICATE OF NEED APPLICATIONS PROPOSING TO ADD MEDICARE CERTIFIED/MEDICAID ELIGIBLE HOME HEALTH SERVICES TO KING COUNTY.

- **HARVARD PARTNERS, LLC; AND**
- **AMENITY HOME HEALTH CARE, INC.**

APPLICANT DESCRIPTIONS

Harvard Partners, LLC

Harvard Partners, LLC (Harvard Partners) is a locally women-owned business and is operated by its principle investors. The agency is current serving King County private and long term care insurance patients. The agency is incorporated as a Washington limited liability corporation. [Source: Harvard Partners application p1]

Amenity Home Health Care, Inc.

Amenity Home Health Care Inc. (Amenity) is an existing home health agency in King County organized as a for profit corporation under the laws of the state of Washington. Amenity is not currently providing home health services even though they are a licensed agency. [Source: Application p 1and 28; and November 30, 2009 Response to Screening Questions p8] Amenity also operates a staffing agency and two adult family homes.

PROJECT DESCRIPTIONS

Harvard Partners, LLC

Harvard Partners proposes to obtain Medicare certification and Medicaid eligibility at the following two branch offices in King County:

4910 – 11th Avenue Northeast
Kirkland, Washington 98033

2450 Aurora Avenue North
Seattle, Washington 98109

[Source: Harvard Partners application p2]

The capital expenditure associated with the establishment of this service is \$35,000, and is solely related to equipment and supplies.

Harvard Partners anticipates that it would begin provide Medicare and Medicaid services by the end of year 2010. Under this timeline year 2011 would be the first full calendar year of operation and year 2013 would be year three. [Source: Harvard Partners application p1]

Amenity Home Health Care, Inc.

Amenity proposes to obtain Medicare certification and Medicaid eligibility for its existing licensed only home health agency located at 2528 Northeast 110th Street in the city of Seattle, within King County. Amenity is not currently providing home health services even though they are a licensed agency. [Source: November 30, 2009 Response to Screening Questions p8]

The capital expenditure associated with the establishment of this service is \$21,001, which is solely related to the Certificate of Need review fee for this application.

Amenity anticipates that the service would be operational by the end of year 2010. Under this timeline year 2011 would be the first full calendar year of operation and year 2013 would be year three. [Source: November 30, 2009 Response to Screening Questions p1]

APPLICABILITY OF CERTIFICATE OF NEED LAW

Both projects are subject to Certificate of Need review as the establishment of a new healthcare facility under provisions of Revised Code of Washington RCW 70.38.105(4)(a) and Washington Administrative Code (WAC) 246-310-020(1)(a).

A Medicare certified home health agency is also Medicaid eligible, therefore, the term “Medicaid eligible” will not be repeated throughout this evaluation. Those agencies that are state licensed, but not Medicare certified, will be referred to in this evaluation as “licensed only.”

CRITERIA EVALUATION

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. It states:

“Criteria contained in this section and in WAC 246-310-210, 246-310-220, 246-310-230, and 246-310-240 shall be used by the department in making the required determinations.

(a) In the use of criteria for making the required determinations, the department shall consider:

- (i) The consistency of the proposed project with service or facility standards contained in this chapter;*
- (ii) In the event the standards contained in this chapter do not address in sufficient detail for a required determination the services or facilities for health services proposed, the department may consider standards not in conflict with those standards in accordance with subsection (2)(b) of this section; and*
- (iii) The relationship of the proposed project to the long-range plan (if any) of the person proposing the project.”*

In the event the WAC 246-310 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. Specifically WAC 246-310-200(2) (b) states:

“The department may consider any of the following in its use of criteria for making the required determinations:

- (i) Nationally recognized standards from professional organizations;*
- (ii) Standards developed by professional organizations in Washington State;*
- (iii) Federal Medicare and Medicaid certification requirements;*
- (iv) State licensing requirements;*
- (v) Applicable standards developed by other individuals, groups, or organizations with recognized expertise related to a proposed undertaking; and*

(vi) *The written findings and recommendations of individuals, groups, or organizations with recognized expertise related to a proposed undertaking, with whom the department consults during the review of an application.*”

In order to obtain Certificate of Need approval, each applicant must demonstrate compliance with the criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-31-230 (structure and process of care); and 246-310-240 (cost containment).¹ Additionally, each applicant must demonstrate compliance with the home health agency projection methodology and standards found in the 1987 State Health Plan, Volume II, Section (4)(d).

APPLICATION CHRONOLOGY

Applications for home health agencies are not submitted under a published concurrent review cycle. On April 1, 2009, Harvard Partners submitted their application, and before the department began formal review of the application, Amenity submitted their application. Since both applications propose to establish Medicare certified home health services in King County, the department reviewed the project simultaneously. A chronologic summary of the review for both applications is shown below:

Action	Harvard Partners	Amenity Home Health
Letter of Intent Submitted	October 15, 2008	January 26, 2009
Application Submitted	April 1, 2009	July 30, 2009
Department’s Pre-Review Activities, including screening and responses	April 2, 2009, through December 3, 2009	
Beginning of Review	December 4, 2009	
End of Public Comment ²	January 8, 2010	
Rebuttal Comments ³	January 26, 2010	
Department’s Anticipated Decision Date	March 12, 2010	
Department's Actual Decision Date	December 1, 2010	

CONCURRENT REVIEW

While not submitted under a published concurrent review cycle, the applications were reviewed concurrently. The concurrent review process promotes the expressed public policy goal of RCW 70.38 that the development or expansion of health care services is accomplished in a planned, orderly fashion and without unnecessary duplication.

For these two projects, the concurrent review allows the department to review applications proposing the serve the same planning area—King County—simultaneously to reach a decision that serves the best interests of the planning area’s residents.

¹ Each criterion contains certain sub-criteria. The following sub-criteria are not discussed in this evaluation because they are not relevant to this project: WAC 246-310-210(3), (4), (5), and (6); and WAC 246-310-240(2) and (3).

² No public hearing was requested or conducted for these two projects.

³ Since no public comment was submitted, neither applicant provided rebuttal comments.

In the case of these projects, the department will issue one single evaluation regarding whether both, one or none of the projects should be issued a Certificate of Need.

AFFECTED PERSONS

Washington Administrative Code 246-310-010(2) defines “*affected person*” as:

“...an “*interested person*” who:

- (a) *Is located or resides in the applicant's health service area;*
- (b) *Testified at a public hearing or submitted written evidence; and*
- (c) *Requested in writing to be informed of the department's decision.”*

For each application, the other applicant sought and received affected person status under WAC 246-310-010. Multicare Home Health and Hospice requested affected person status for the Harvard Partners, LLC application; but later in a letter dated September 30, 2009 indicated that they would not formally intervene or challenge this application. No other entity sought or received affected person status related to these two projects.

SOURCE INFORMATION REVIEWED

- Harvard Partners’s Certificate of Need application submitted April 1, 2009
- Amenity’s Certificate of Need application submitted July 30, 2009
- Harvard Partners supplemental information submitted November 24, 2009
- Amenity’s supplemental information submitted November 24, 2009
- Amenity’s supplemental information submitted November 30, 2009
- Public comment received during the review
- Completed provider utilization surveys received from existing King County home health providers for calendar year 2008
- Population data obtained from the Office of Financial Management based on year 2000 census and published January 2007.
- Washington State Health Plan Acute Care Performance Standards, 4(d) (the home health agency projections methodology and standards)
- Licensing and survey data provided by the Department of Health’s Investigations and Inspections Office.

CONCLUSIONS

Harvard Partners, LLC

For the reasons stated in this evaluation, the application submitted on behalf of Harvard Partners, LLC is consistent with applicable criteria, and a Certificate of Need should be issued with the following condition.

Harvard Partners Medicare certified home health agency would serve the entire service area of King County.

The approved capital expenditure for this project is \$35,000.

Amenity Home Health Care, Inc.

For the reasons stated in this evaluation, the application submitted on behalf of Amenity Home Health Care, Inc. is consistent with applicable criteria, and a Certificate of Need should be issued with the following condition.

Amenity Home Health Care's Medicare certified home health agency would serve the entire service area of King County.

The approved expenditure for this project is \$21,001.

A. Need (WAC 246-310-210)

Based on the source information reviewed and agreement to the condition identified in the ‘conclusion’ section of this evaluation, the department concludes:

- Harvard Partners, LLC’s project has met the need criteria in WAC 246-310-210(1) and (2); and
- Amenity Home Health, Inc.’s project has met the need criteria in WAC 246-310-210(1) and (2).

(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.

Home Health Numeric Methodology

WAC 246-310 does not contain a home health forecasting methodology. The determination of numeric need for home health agencies is performed using the numeric methodology contained in the 1987 Washington State Health Plan (SHP). The methodology determines the projected number of home health visits in a given planning area using the following factors:

- projected population of the planning area, broken down by age groups [0-64; 65-70; & 80+].
- estimated home health use rates per age group; and
- the number of visits per age group.

Table 1 below is an example of the numeric methodology.

**Table 1
Home Health Numeric Methodology
Example Planning area**

Age Group	County Population	X	Use Rate	X	# of Visits	=	Projected # of Visits
0-64	359,987		0.005		10		17,999.35
65-79	28,837		0.044		14		17,763.59
80+	10,683		0.183		21		41,054.77
TOTAL	399,507				TOTAL		76,817.71

The total projected number of visits is then divided by 10,000, which is considered the ‘target minimum operating volume’ for a home health agency. The resulting number represents the projected number of agencies needed in a planning area. That calculation is shown below.

76,817.71	/	10,000	=	7.68	Projected # of home health agencies needed
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The SHP specifically states that the maximum number of home health agencies in a planning area shall not exceed the number of agencies derived by dividing the number of visits estimated by 10,000. [Source: SHP, pB-35] As a result, fractions are rounded down to the nearest whole number. The calculations above result in 7 agencies projected to be needed in the ‘Example’ planning area.

The final step in the numeric methodology is to subtract the existing number of Medicare certified home health agencies in a planning area from the total number of agencies projected to be needed. For this example, assume there are 5 Medicare certified home health agencies operating in the example planning area. Those 5 agencies would be subtracted from the 7 agencies projected to be needed, resulting in a net need for 2 agencies.

Harvard Partners methodology and assumptions

Using the methodology as described above, Harvard Partners determined the number of projected patient visits in King County for year 2013, its projected third full calendar year of operation, to be 550,282. Dividing the projected number of visits by 10,000, Harvard Partners projected a total of 56 agencies would be needed in King County.

Following the methodology to completion, the applicant identified 15 Medicare certified home health agencies operating in King County. Subtraction of the 15 agencies from the 56 total agencies, results in a net need for 41 agencies in year 2013.

Amenity Home Health, Inc.’s methodology and assumptions

Using the methodology as described above, Amenity determined the number of projected patient visits in King County for year 2013, its projected third full calendar year of operation, to be 456,898. Dividing the projected number of visits by 10,000, Amenity projected a total of 44 home health agencies would be needed in King County in year 2013.

Following the methodology to completion, the applicant identified a numerical need for 44 agencies in year 2013.

Department’s Numeric Methodology

The department also used the methodology to determine need for Medicare certified home health agencies in King County. Tables 1 through 5 show the numeric methodology by each step.

Step 1:

King County population for years 2009 through 2013, broken down by age group, is shown in Table 2 below. [Source: Office of Fiscal Management – Intermediate figures]

**Table 2
King County Population Projections**

Age Cohort	2009	2010	2011	2012	2013
0-64	1,693,915	1,713,717	1,722, 795	1,731,873	1,740,951
65-79	148,967	153,678	163,541	173,404	183,266
80+	66,077	66,729	66,774	66,819	66,864
Total	1,908,959	1,934,124	1,953,110	1,972,096	1,991081

Step 2

Table 3 below shows the result of multiplying the specific use rate by age group to the county populations identified in Table 2 above. The resulting number is the total number of the planning area residents projected to need home health services.

Table 3
King County Projected Patients

Age Group	Use Rate	2009	2010	2011	2012	2013
0-64	0.005	8,470	8,569	8,614	8,659	8,705
65-79	0.044	6,555	6,762	7,196	7,630	8,064
80+	0.183	12,092	12,211	12,220	12,228	12,236
Total		27,116	27,542	28,029	28,517	29,005

Step 3

The projected number of patients from Table 3 above is multiplied by the projected number of visits by age group. The sub-totals, by age group, are then added together resulting in the total number of visits in the planning area. Table 4 illustrates the number of visits per year by age group and shows the total number of visits for the planning area.

Table 4
King County Projected Visits

Age Cohort	2009	2010	2011	2012	2013
0-64	8,470	8,569	8,614	8,659	8,705
Multiplier	10	10	10	10	10
Subtotal	84,700	85,690	86,140	86,590	87,050
65-79	6,555	6,762	7,196	7,630	8,064
Multiplier	14	14	14	14	14
Subtotal	91,770	94,668	100,744	106,720	112,896
80+	12,092	12,211	12,220	12,228	12,236
Multiplier	21	21	21	21	21
Subtotal	253,932	256,431	256,620	256,788	256,935
Total	430,402	436,789	443,504	450,098	456,881

Step 4

This final step divides the total projected number of visits calculated in step 3 (Table 4) by 10,000—the minimum required volumes per home health agency. The result of this calculation is shown in Table 5 below.

**Table 5
King County Agency Need**

	2009	2010	2011	2012	2013
# Total Patient Visits	430,402	436,789	443,504	450,098	456,881
Divided by 10,000	43	43	44	45	45

fractions are rounded down to the nearest whole number.

The result of these calculations determines the number of home health agencies needed for the projected population in King County.

Based on documentation obtained from the department’s internal database, there are a total of 33 home health agencies serving King County. Of the 33 agencies, 19 are licensed only agencies⁴ and 14 are Medicare certified agencies. [Source: DOH ILRS] Table 6 identifies each of the agencies.

⁴ The 19 licensed only agencies include both applicants.

**Table 6
King County Home Health Agencies**

Licensed Only Agencies	
Fedelta Home Care	The Kenny In Home Services
Maxim Healthcare Services, Inc.	Home Health Care Services, LLC
Comprehensive Home & Companion Services	A Helping Hand
Renton in Home Services Agency	Harvard Partners
Alacrity Merger Corp	Apria Healthcare/Redmond
Voto Health Care Inc.	Ashley House/Enumclaw
Alliance Nursing	Chesterfield Health Services, Inc.
Jodem Home Health Care	Health People, Inc.
Amenity Home Healthcare, Inc.	Addus Health Care
Amicable Health Care, Inc.	

Medicare Certified Agencies	
Multicare Home Health/Certified	Careage Home Health
Providence Home Services	Evergreen Home Health Services
SeaMar Community H. H.	Group Health Home & Comm. Services.
Signature Home Health (Bellevue)	Heartland Home Health Care
Signature Home Health (Federal Way)	Highline Home Care Services
Swedish Home Health & Hospice ⁵	Lifecare at Home of WA
Wesley Home, LLC	Gentiva Health Services /Kent/Certified

The methodology requires subtraction of the Medicare certified agencies from the total number of agencies projected to be needed in a planning area. That calculation is shown in Table 7 below.

**Table 7
King County Agency Need**

	2009	2010	2011	2012	2013
Total of Agencies Needed	43	43	44	45	45
Minus Existing Number of Agencies	14	14	14	14	14
Net Need	29	29	30	31	31

As shown in Table 7 above, 29 home health agencies are projected to be needed in year 2010, which increases to 31 by the end of year 2013. Based solely on the numeric methodology, there is a projected need for both projects.

⁵ Visiting Nurse Services of the Northwest recently was acquired by Swedish Homecare Services, as a result both agencies are not included in this list.

WAC 246-310-210(1)

As required under WAC 246-310-210(1), each applicant must provide documentation to demonstrate that the existing providers are not available or accessible to meet the projected need.

Harvard Partners, LLC

The applicant identified 15 Medicare certified home health agencies serving residents of King county. Of the 15 agencies, 7 are located within the county and 7 are outside the county. Harvard Partners questioned whether the 7 agencies located outside of King County are accessible to residents of King County. This applicant also notes that some of the agencies are also certified to serve counties surrounding King County, which could affect their accessibility. Harvard Partners suggested there may be delays in response to service requests, but did not provide documentation to support this contention

Amenity Home Health, Inc.

Amenity provided a list of 30 Medicare certified home health agencies that had served residents of King County as March 23, 2009, according to the website Medicare.gov. The applicant interviewed staff at each agency by phone and determined that only 14 of the agencies could actually provide services to patients located in King County. Some of these agencies were located too far from King County to provide these services to residents in the county. Other agencies could not provide services in the county because of other limitations. Of these 14 agencies only 6 agencies reported visits in 2007 according to Medicare cost reports these agencies are required to submit. The applicant also reported that the number of Medicare funded home health visits declined from 2005 to 2007. This information is provided in Table 8 below.

Table 8
CMS Historical King County Medicare Visits

Year	# Medicare Visits
2005	197,297
2006	164,433
2007	137,977

The applicant states that there should be a growing demand for home health services due to the growing population that would use these services. The applicant attributes the decline either to a failure of agencies to report Medicare visits or a problem with people being able to access the services.

Of the agencies that reported their Medicare visits, only one Medicare certified agency serving King County is under the 10,000 minimum annual visits specified in the 1987 SHP. In 2007 Heartland Home Care had 7,611 total visits. This agency has been certified since October 1980. The applicant asserts that this was not an indication of a surplus of agencies since Heartland has been in operation for since 1980. Some of the other agencies are serving far more than the 10,000 minimum. The applicant provided data From CMS on the other agencies providing service in King County. Table 9 illustrates this information:

**Table 9
Medicare Certified Agencies in King County
Year 2007 Total Patient Visits**

Agency	2007 visits	Certified Since
Swedish Home Health & Hospice	86,713	11/04/1974
Providence Home Care	22,881	06/22/1992
Gentiva Health Services	35,872	08/01/1985
Evergreen Hospital M C	30,440	12/07/1994
Signature Home Care	10,032	10/07/1994
Heartland Home Care	7,611	10/29/1980

[Source: CMS reports on 2005 to 2007 Medicare cost reports]

Department’s Review

In May 2009, the department conducted a utilization data survey of home health agencies serving King County. The department received responses from 15 licensed only and 7 Medicare certified agencies. Some of the agencies licensed by the department as home health agencies reported no home health services or not providing the full range of home health services required to be Medicare certified. The department contacted the agencies not responding to attempt to get the additional data without a response.

Amenity asserts that one of the Medicare certified non-responders provided 35,872 visits in 2005. The applicants also attempted to identify the correct number of agencies serving King County. Both the department and Amenity identified 14 Medicare certified home health agencies, while Harvard Partners identified 15 agencies. It is possible that Harvard Partners counted both Visiting Nurse Services of the Northwest and Swedish Homecare Services as two separate agencies. Since Swedish purchased Visiting Nurse Services, this agency is counted only once. The 14 agencies are shown in Table 6.

Based on the data provided by agencies responding to the utilization survey and data provided by the applicants, the department calculated the market share percentages that each applicant would capture if their projections are achieved. These calculations are shown in Table 10.

Table 10
Home Health Agencies Projected Visits and Market Share

Name	Year 2008	Year 2010	Year 2011	Year 2012	Year 2013
Careage Home Health	5,445	5,445	5,445	5,445	5,445
Evergreen Home Health Services	34,741	34,741	34,741	34,741	34,741
Heartland Home Health Care	6,148	6,148	6,148	6,148	6,148
Highline Home Care Services	16,147	16,147	16,147	16,147	16,147
Providence Home Services	19,509	19,509	19,509	19,509	19,509
Signature Home Health (Federal Way)	10,076	10,076	10,076	10,076	10,076
Swedish Home Health & Hospice	43,815	43,815	43,815	43,815	43,815
Visiting Nurse Services ⁶	47,427	47,427	47,427	47,427	47,427
Wesley Homes	4,857	4,857	4,857	4,857	4,857
Sub Total	188,165	188,165	188,165	188,165	188,165
Amenity Home Health		1,966	3,991	4,052	4,112
Harvard Partners		2,550	3,315	4,335	5,644
Total		192,681	195,471	196,557	197,921

Amenity Market Share (%)		1.04	2.12	2.15	2.19
Harvard Partners Market Share (%)		1.36	1.76	2.30	2.85

The calculations assume that the current providers in King County will not experience any increase in home health visits over those provided in the 2008. This will provide a very conservative projection of the total number of home health visits for King County. Based on this data, both applicants are projecting to acquire less than 3% of the market share in 2013 for each of their agencies. Both applicants are projecting very conservative growth rates in market shares which should enable them to be able to provide their projected levels of service.

Based on the information reviewed by the department, the department concludes that there is a numeric need in King County for at least two more Medicare certified home health agencies. Both applicants are projecting reasonable market shares for the existing number of patients seeking home health services in King County.

The approval of both applications will not result in unnecessary duplication of Medicare certified home health agencies in King County. This sub-criterion is met.

⁶ In 2008, Visiting Nurse Services of the Northwest and Swedish Homecare Services were two separate agencies. The department would expect the projected number of visits for the combined agency to be near the total of both agencies.

- (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.

Harvard Partners, LLC

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 any assurances regarding access. The admission policies provided by the applicant demonstrates that patients would be admitted to the facility for treatment without regard to age, color, religion, sex national origin, handicap, or sexual preference, and will be treated with respect and dignity

The applicant states in the project description of their application that their intent is to serve minority populations in King County. The agency has multilingual staff currently able to serve Asian, Soviet Union/Eastern Europe, African and Middle Eastern language groups. The applicant reports that the 2000 census reported that 5.3 % of the King County 65+ age group speak English either ‘not well or not at all.’ [Source: Application, p4&6]

To determine whether low income residents would have access to the proposed services, the department uses the facility’s Medicaid eligibility or contracting with Medicaid as the measure to make that determination.

To determine whether the elderly would have access to services, the department uses Medicare certification as the measure to make that determination. The admission policy discussion submitted by Harvard Partners indicates that they have submitted an application for Medicare to be eligible to serve Medicare patients. [Source: Application: p13 & 36]

The applicant has also submitted a copy of their charity care policy and their process for notifying patients about the availability of charity care and how they can apply for charity care. The applicant’s proformas include an adjustment to revenue for charity care. [Source: Application, p16, 17, 18, & 47]

Amenity Home Health, Inc.

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 any assurances regarding access. The admission policies provided by the applicant demonstrate that patients would be admitted to the facility for treatment without regard to age, color, religion, sex national origin, handicap, or sexual preference, and will be treated with respect and dignity

The applicant states in the project description of their application that their intent is to serve minority populations in King County especially the Filipino population. The agency has bilingual staff currently able to serve the Filipino community and has established ties to other community organizations serving Filipino community. [Source: Application, p7]

To determine whether low income residents would have access to the proposed services, the department uses the facility’s Medicaid eligibility or contracting with Medicaid as the measure to make that determination.

To determine whether the elderly would have access to services, the department uses Medicare certification as the measure to make that determination. The admission policy discussion submitted by Amenity indicates that they have submitted an application for Medicare to be eligible to serve Medicare patients. [SOURCE: Application, p14, Appendix 11]

The applicant has also submitted a copy of their charity care policy and their process for notifying patients about the availability of charity care and how they can apply for charity care. The applicant's proformas include adjustments to revenue for charity care. [Source: Application, p14, Appendix 11]

Department's Review

Both applicants indicate that they intend to focus on specific minority populations in King County. Both applicants provided admission policies demonstrating that patients would be admitted to their facilities for treatment without regard to age, color, religion, sex national origin, handicap, or sexual preference, and will be treated with respect and dignity. Further, both applicants submitted Charity Care policies indicating they will provide charity care and have budgeted charity care deductions to revenue in their financial statements.

For home health agencies, Certificates of Need are issued by planning area, and the majority of the planning areas are county specific or combined counties. King County is one planning area for home health services. If a Certificate of Need is issued for the county, the department requires the certificate holder to provide services to the entire county. While each applicant indicates that will provide services to the entire county, data provided in each of the applications indicates that they will focus on specific minority populations within the county. As a result, to ensure all residents of the service area would have access to the proposed Medicare certified home health services, the department would require a condition related to the approval.

Provided that each applicant agrees to the condition discussed above, this sub-criterion is met.

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

Based on the source information reviewed and agreement to the condition identified in the ‘conclusion’ section of this evaluation, the department concludes:

- Harvard Partners, LLC’s project has met the financial feasibility criteria in WAC 246-310-220; and
- Amenity Home Health, Inc.’s project has met the financial feasibility criteria in WAC 246-310-220.

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

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

Harvard Partners, Inc.

Harvard Partners is currently operating as a licensed only home health agency and intends to apply for Medicare certification immediately if this project is approved. Since the agency is already operating, year 2010 shown in Table 11 below is 12 months of operation. Year 2011 is the projected first year of operation as a Medicare certified agency. Using the financial information provided by the Harvard Partners, Table 11 illustrates the projected revenue, expenses and net income for partial year 2010 and the first 3 years of operation of the proposed Medicare certified home health agency. [Source: October 24, 2009 Response to Screening Questions, p 3]

**Table 11
Harvard Partners Projected Revenues Years 2010 through 2013**

	2010	2011	2012	2013
Projected # Patients	150	195	255	332
Projected # Visits	2,550	3,315	4,335	5,644
Average Visits per Patient	17	17	17	17
Net Revenues	\$ 1,217,417	\$ 1,582,642	\$ 2,069,608	\$ 2,694,549
Total Operating Expense	\$ 1,109,686	\$ 1,438,362	\$ 1,876,878	\$ 2,434,248
Net Profit/Loss	\$ 107,731	\$ 144,280	\$ 192,730	\$ 260,301
Operating Revenue per Visit	\$ 477.42	\$ 477.42	\$ 477.42	\$ 477.42
Operating Expense per Visit	\$435.17	\$ 433.90	\$ 432.96	\$ 431.30
Net Profit per Visit	\$ 42.25	\$ 43.52	\$ 44.46	\$ 46.12

As shown in Table 11 above, the applicant is projecting a profit in year one, which continues through the third full year of operation.

Harvard Partners provided a letter from the Board of Directors committing to funds to support the initial start up of the Medicare portion of the operation. The applicant has

documented the availability of the funds for the capital contribution. [Source: November 24, 2009 Response to Screening Questions, Appendix 4]

Based on the information submitted by the Harvard Partners and the above analysis, the department concludes that the immediate and long-range capital and operating costs of the project can be met.

Amenity Home Health, Inc.

If approved, Amenity will be operational as a home health agency by the end of 2010. [Source: October 5, 2009 Response to Screening Questions, p1] Under this timeline 2011 will be the first full calendar year of operation. All funding for the project will be provided from the net operating income and cash reserves of the applicant.

Using the financial information provided by the Amenity, Table 12 illustrates the projected revenue, expenses and net income for partial year 2010 through 2013. [Source: October Response to Screening Questions, Appendix 5]

**Table 12
Amenity Home Health Projected Revenues Years 2010 through 2013**

	2010	2011	2012	2013
Projected # Patients	132	267	271	276
Projected # Visits	1966	3991	4052	4112
Average Visits per Patient	14.9	14.9	15	14.9
Net Revenues	\$ 393,949	\$ 538,515	\$ 546,486	\$ 554,663
Total Operating Expense	\$ 393,176	\$ 507,270	\$ 510,818	\$ 514,394
Net Profit/Loss	\$ 773	\$ 31,245	\$ 35,668	\$ 40,269
Operating Revenue per Visit	\$ 200.38	\$ 134.93	\$ 134.87	\$ 134.89
Operating Expense per Visit	\$ 199.99	\$ 127.10	\$ 126.07	\$ 125.10
Net Profit per Visit	\$ 0.39	\$ 7.83	\$ 8.80	\$ 9.79

As shown in Table 12 above, the applicant is projecting a slight profit in year one, which continues to increase through the third full year of operation. Additionally, the partial year 2010 revenue includes a capital contribution of \$140,000 by the owners of the agency to offset expenses during start up of operations. The applicant has documented the availability of the funds for the capital contribution. [Source: Application, p19, Appendix 13]

Based on the information submitted by the Amenity and the above analysis, the department concludes that the immediate and long-range capital and operating costs of the project can be met.

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

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

and expertise the department compared the proposed project's costs with those previously considered by the department.

Harvard Partners, Inc.

The proposed Medicare certified home health agency is already operating as a licensed only agency. The capital expenditure associated with this project is \$35,000 and is solely related to the Certificate of Need review fee, application preparation, office equipment, office and nursing supplies. There is no construction cost associated with this project. [Source: Application, p18 &19]

Harvard Partners is projecting that 70% of their projected revenues would come from service provided to Medicare patients. Medicare has changed their reimbursement for Home Health Agencies to a prospective payment system. Since Medicare is reimbursing on this basis, the addition of the proposed agency would not generally result in an unreasonable impact on the costs and charges for health services. The applicant's charges will be determined by Medicare and the applicant will need to control their costs to be within the prospective reimbursement amount. If they fail to control their costs, they will not be able to stay in business.

This sub-criterion is met.

Amenity Home Health, Inc.

The proposed Medicare certified home health agency is already established, but not currently operating as a licensed only home health agency. The capital expenditure associated with this project is \$21,001 and is solely related to the Certificate of Need review fee, which was submitted with this application. There are no other costs, including construction costs, associated with this project.

Amenity is projecting that 37% of their projected revenues would come from service provided to Medicare patients. Medicare has changed their reimbursement for home health agencies to a prospective payment system. Since Medicare is reimbursing on this basis, the addition of the proposed agency would not generally result in an unreasonable impact on the costs and charges for health services. The applicant's charges will be determined by Medicare and the applicant will need to control their costs to be within the prospective reimbursement amount. If they fail to control their costs, they will not be able to stay in business. In addition, Medicaid and other insurance companies tend to follow Medicare reimbursement policies, therefore the other reimbursements will also tend to be limited to the Medicare level. This could affect up to 68% of this applicant's reimbursement.

This sub-criterion is met.

(3) The project can be appropriately financed.

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

Harvard Partners, Inc.

The total capital expenditure for the establishment of a Medicare certified home agency is \$35,000. These funds will cover the Certificate of Need review fee, application preparation, office equipment, office and nursing supplies. The source of financing for the part of the project will be from Harvard Partners reserves and the majority of the funds have already been expended.

In addition, home health agencies must have enough reserve funds to operate for approximately three months after becoming Medicare certified. Harvard Partners will require \$100,000 to meet 3 months expenses based up the proforma submitted by the applicant.

**Table 13
Harvard Partners Balance Sheet Year Ending December 31, 2008**

Assets		Liabilities	
Current Assets	\$ 14,328	Current Liabilities	\$ 5,082
Fixed Assets	\$ 4,440	Long Term Debt	\$ 0
Board Designated Assets	\$ 0	Other Liabilities	\$ 0
Other Assets	\$ 0	Equity	\$ 13,686
Total Assets	\$ 18,768	Total Liabilities and Equity	\$ 18,768

Review of the balance sheet above does not demonstrate sufficient equity to provide for this reserve. This would require additional capital from Harvard Partners to meet this requirement. The applicant has provided a letter of financial commitment from the Harvard Partners Advisory Board. [Source: October Response to Screening Questions, Appendix 1]

Based on financial information submitted by Harvard Partners, the three-month capital reserve for possible delay in Medicare reimbursement is available in the Harvard Partners equity or from the Board of Directors. This sub-criterion is met.

Amenity Home Health, Inc.

The total capital expenditure for the establishment of a Medicare certified home agency is \$21,001. These funds are solely related to the Certificate of Need review fee. The source of financing for the part of the project will be from Amenity’s reserves and the funds have been expended. [Source: Application, p19]

In addition, home health agencies must have enough reserve funds to operate for approximately three months after becoming Medicare certified. The department estimates, the applicant will require approximately \$115,000 for the first 3 months of operation for account for the initial delay in billing. The balance sheet in Table 14 above shows sufficient equity to provide for this reserve.

**Table 14
Amenity Balance Sheet Year Ending December 31, 2008**

Assets		Liabilities	
Current Assets	\$ 426,590	Current Liabilities	\$ 97,074
Fixed Assets	\$ 12,500	Long Term Debt	\$ 0
Board Designated Assets	\$ 0	Other Liabilities	\$ 0
Other Assets	\$ 0	Equity	\$ 342,016
Total Assets	\$ 439,090	Total Liabilities and Equity	\$ 439,090

Based on financial information submitted by Amenity, the three-month capital reserve for possible delay in Medicare reimbursement is available in the Amenity equity. This sub-criterion is met.

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

Based on the source information reviewed and the applicant’s agreement to the condition identified in the ‘conclusion’ section of this evaluation, the department concludes:

- Harvard Partners, LLC’s project has met the structure and process (quality) of care criteria in WAC 246-310-230; and
- Amenity Home Health, Inc.’s project has met the structure and process (quality) of care criteria in WAC 246-310-230.

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

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

Harvard Partners, Inc.

Harvard Partners is currently a licensed provider of home health services in King County. The applicant identified and provided to the department for review, a staffing plan if this project is approved. Summarized in Table 15 below is the proposed staffing for partial year 2010 and calendar years 2011 through 2013. [Source: October Response to Screening Questions, Appendix 5]

**Table 15
Harvard Partners, LLC
Current and Project Number of FTEs**

Staff	Current FTE		Year 1		Year 2		Year 3	
	FTE	Contracted	FTE	Contracted	FTE	Contracted	FTE	Contracted
RN	1	1	1	2	2	2	2	3
LPN	0	0	1	2	2	3	2	4
HH Aide	1	20	8	28	12	35	16	46
Nursing Total	2	21	10	32	16	40	20	53
Admin.	1	1	2	1	2	2	2	3
Medical Director			1		1		1	
DNS	0	0	0	0	0	0	0	0
Bus./Clerical		2	1	2	2	3	2	3
Admin Total	1	3	4	3	5	5	5	6
PT	0	1	1	2	2	2	2	3
OT	0	0	1	1	1	2	2	2
Speech Therapy		1		1		1		2
Med Social Work		1	1		1	1	1	1
Other								
All Others Total		3	3	4	4	6	5	8
Total Staffing	3	27	17	39	25	51	30	67

Harvard Partners is currently operating as a licensed only home health agency with sufficient staff. Harvard partners provided documentation of management and supervisory staff and proposes to add staff only as volume increases. Additionally, contracts with some health care providers are already in place. Harvard Partners proposes to provide competitive wages, training opportunities, good working environment and responsive management. [Source: Application, p22]

Dr. Alexandra M. Danilov is identified as the Clinical Director for Harvard Partners home health agency. [Source: Application, p2]

As shown in Table 15 above, Harvard Partners is expecting to start with 3 FTEs and 27

contract staff in partial year 2010 and increase to 30 FTEs and 67 contract staff in year 3 (2013). This sub-criterion is met.

Amenity Home Health, Inc.

Amenity is currently a licensed provider of home health services in King County but is not currently providing home health services. The applicant provided staffing plan if this project is approved. Summarized in Table 16 below is the proposed staffing for partial year 2010 and calendar years 2011 through 2013. [Source: Application p24]

**Table 16
Amenity Home Health, Inc.
Current and Project Number of FTEs**

Staff	Current FTE		Year 1		Year 2		Year 3	
	FTE	Contracted	FTE	Contracted	FTE	Contracted	FTE	Contracted
RN	1.13	0.00	1.00	0.00	2.00	0.00	2.00	0.00
LPN	0	0.00	1.29	0.00	0.33	0.00	0.36	0.00
HH Aide	0.76	0.00	1.55	0.00	1.57	0.00	1.59	0.00
Nursing Total	1.88	0.00	3.84	0.00	3.9	0.00	3.95	0.00
		0.00		0.00		0.00		0.00
Admin.	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00
Medical Director	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00
DNS	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00
Bus./Clerical	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Admin Total	3.00	0.00	3.00	0.00	3.00	0.00	3.00	0.00
		0.00		0.00		0.00		0.00
PT	0.34	0.00	0.69	0.00	0.70	0.00	0.71	0.00
OT	0.07	0.00	0.15	0.00	0.15	0.00	0.16	0.00
Speech Therapy	0.02	0.00	0.03	0.00	0.03	0.00	0.03	0.00
Med Social Work	0.05	0.00	0.08	0.00	0.08	0.00	0.08	0.00
All Others Total	0.48	0.00	0.95	0.00	0.96	0.00	0.98	0.00
		0.00		0.00		0.00		0.00
Total Staffing	5.36	0.00	7.79	0.00	7.86	0.00	7.93	0.00

Amenity has provided documentation of the management and supervisory staff for the proposed Medicare certified home health agency. The applicant currently operates a staffing agency in King County which will be a source for the agency staffing needs. The applicant will ensure the employees have and maintain the training required for certification. [Source: Application, p24]

Amenity has identified Dr. Joseph Palermo as the medical director who will be hired after receiving their Medicare certification.

This criterion is met.

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

WAC 246-310 does not contain specific WAC 246-310-230(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.

Harvard Partners, Inc.

Harvard Partners support staff performs program supervision, administrative, and community liaison functions. The costs for the support functions have been included in their financial statements. [Source: Application, p23 & 24]

The department requested identification and appropriate documentation demonstrating agreements for ancillary and support services. The applicant provided a list of agencies they will be coordinating with and receiving referrals from. [Source: October Response to Screening Questions, p3]

This sub-criterion is met.

Amenity Home Health, Inc.

Amenity is currently operating a medical staffing agency which will provide support to the home health agency in obtaining the personnel necessary to staff the home health operation.

The administrator will provide the expertise to ensure other administrative functions will be operational in the agency. staffing and other human resources activities as well as overall control of daily operations. [Source: Application, p26]

The sub-criterion has been met.

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

WAC 246-310 does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's history in meeting these standards at other facilities owned or operated by the applicant.

Harvard Partners, Inc.

As stated in the project description of this evaluation, Harvard Partners currently provides licensed only home health services in King County. The Department of Health's Investigations and Inspections Office (IIO), which surveys home health agencies within

Washington State, has completed at least two compliance surveys for Harvard Partners.⁷ The survey revealed no substantial non-compliance issues for the agency. [Source: IIO compliance data]

The Department of Health's Medical Quality Assurance Commission credentials medical staff in Washington State and is used to review the compliance history for all medical staff, which includes physicians, RNs, and LPNs, associated with Harvard Partners. A compliance history review of all medical staff reveals no recorded sanctions for all. [Source: MQAC compliance history]

Given Harvard Partners compliance history and the compliance history of the personnel, the department concludes that there is reasonable assurance that the home health agency will be operated in conformance with applicable state licensing requirements and with the applicable conditions of Medicare and Medicaid. This sub-criterion is met.

Amenity Home Health, Inc.

As stated in the project description of this evaluation, Amenity is currently a licensed only home health agency in King County. The Department of Health's Investigations and Inspections Office (IIO), which surveys home health agencies within Washington State, has completed at least two compliance surveys for Amenity Home Health, Inc.⁸ The survey revealed no substantial non-compliance issues for the agency. [Source: IIO compliance data]

The Department of Health's Medical Quality Assurance Commission credentials medical staff in Washington State and is used to review the compliance history for all medical staff, which includes physicians, RNs, and LPNs, associated with Amenity. A compliance history review of all medical staff reveals no recorded sanctions for all. [Source: MQAC compliance history]

Given Amenity's compliance history and the compliance history of the personnel, the department concludes that there is reasonable assurance that the project will be in conformance with applicable state licensing requirements and with the applicable conditions of Medicare and Medicaid. 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.*

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

⁷ Initial compliance survey completed in 2006 and recertification completed in 2007.

⁸ Initial compliance survey completed in 2007 and recertification completed in 2008.

Harvard Partners, Inc.

In response to this sub-criterion, Harvard Partners provided the following statements. [Source: Application, p23]

“This proposed project will promote continuity in the provision of health care to the defined population and avoid unwarranted fragmentation of services. Harvard Partners has established working relationships with all the major local hospitals. (Overlake, Virginia Mason, UW Hospital, Harborview Medical Center, Evergreen, Children’s hospital.)

In order to maintain provider relations, Harvard Partners staff will contact physician offices, meet with office staff, discharge staff, and medical social workers in skilled nursing homes and in located hospitals to provide information concerning services provided by the agency. Home health staff will also meet with staff from assisted living facilities and boarding homes to offer and provide home health services to residents of these facilities.

Based on this information provided above, the department concludes that approval of this project would not cause unwarranted fragmentation of the existing healthcare system. Therefore, this sub-criterion is met.

Amenity Home Health, Inc.

In response to this sub-criterion, Amenity provided the following statements. [Source: Application, p26]

“The provision of home health care is usually the result of a referral from another provider such as a hospital, physician or boarding home. A timely referral to home health care is essential in obtaining the full benefits of the service and to help avoid unnecessary hospitalization or disability. Amenity will work with physicians, hospitals and residential facilities in King County to maintain good provider relations and to educate about home health care services.”

In order to maintain provider relations, Amenity’s staff will contact physician offices, meet with office staff, discharge staff and medical social workers in skilled nursing homes and in located hospitals to provide information concerning Harvard Partners and the services provided by the agency. Home health staff will also meet with staff from assisted living facilities and boarding homes to offer and provide home health services to residents of these facilities.

Based on this information provided above, the department concludes that approval of this project would not cause unwarranted fragmentation of the existing healthcare system. 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.

Harvard Partners, Inc.

This subsection is addressed in subsections (2) and (3). The department concludes that there is reasonable assurance that the services to be provided ensure safe and adequate care to the public and those applicable federal and state laws, rules, and regulations would be adhered to. This sub-criterion is met.

Amenity Home Health, Inc.

This subsection is addressed in subsections (2) and (3). The department concludes that there is reasonable assurance that the services to be provided ensure safe and adequate care to the public and those applicable federal and state laws, rules, and regulations would be adhered to. This sub-criterion is met.

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

Based on the source information reviewed and the applicant's agreement to the condition identified in the 'conclusion' section of this evaluation, the department concludes:

- Harvard Partners, LLC's project has met the cost containment criteria in WAC 246-310-240; and
- Amenity Home Health, Inc.'s project has met the cost containment criteria in WAC 246-310-240.

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

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

If the project met WAC 246-310-210 through 230 criteria, the department would move to step two in the process and assess the other options the applicant or applicants considered prior to submitting the application under review. If the department determines the proposed project is better or equal to other options the applicant considered before submitting their application, the determination is either made that this criterion is met (regular or expedited reviews), or in the case of projects under concurrent review, move on to step three.

Step three of this assessment is to apply any service or facility specific criteria (tie-breaker) contained in WAC 246-310. The tiebreaker criteria are objective measures used to compare competing projects and make the determination between two or more approvable projects which is the best alternative. If WAC 246-310 does not contain any service or facility criteria as directed by WAC 246-310-200(2)(a)(i), then the department would look to WAC 246-310-240(2)(a)(ii) and (b) for criteria to make the assessment of the competing proposals. If there are no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and

(b), then using its experience and expertise, the department would assess the competing projects and determine which project should be approved.

Step One

Harvard Partners, Inc.

For this project, Harvard Partners, Inc.'s project met the review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves to step two below.

Amenity Home Health, Inc.

For this project, Amenity's project met the review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves to step two below.

Step Two

Harvard Partners

The only alternative considered by Harvard Partners was to remain a licensed only home health agency, or status quo. The applicant pointed out the substantial numerical need for Medicare certified home health agencies in King County based on the department's methodology. Harvard Partners asserts that they are not able to provide services to many of their potential clients because they do not have Medicare certification. The applicant is staffed to provide services to non-English speaking clients and is proposing to improve access for the racial and ethnic minority groups in King County. [Source: October Response to Screening Questions, p2 & 4]

Given the only other option to this project is do nothing, taking into account the numeric need for the project, the department concludes that the project described is the best available alternative for the community.

Amenity Home Health, Inc.

The only alternative considered by this applicant was to acquire an existing Medicare certified home health agency. The applicant reported that the Amenity organization was unwilling and unable to spend the money necessary to acquire an existing agency. [Source: October Response to Screening Questions, p2 & 4] Data from the applicant and the department's survey indicates that there are only 14 Medicare certified home health agencies in King County. Of the 14 agencies, one had a change of ownership in 2006 and one in 2007. Four of the agencies are owned by hospitals and are not likely to be available to be acquired by another organization. Therefore acquisition of another Medicare certified agency located in King County is unlikely.

Step Three

Harvard Partners

Step three of this assessment is to apply any service or facility specific criteria (Tiebreaker) contained in WAC 246-310. There is no tiebreaker criterion for home health applications to apply to this assessment. The home health methodology projects a need for more than two new agencies in King County.

Amenity Home Health, Inc.

Step three of this assessment is to apply any service or facility specific criteria (Tiebreaker) contained in WAC 246-310. There is no tiebreaker criterion for home health applications to apply to this assessment. The home health methodology projects a need for more than two new agencies in King County.

Based on the information above, the department concludes that this sub-criterion is met by both applicants.