STATE OF WASHINGTON

DEPARTMENT OF HEALTH

Olympia, Washington 98504

March 11, 2016

CERTIFIED MAIL # 7012 1010 0000 6525 0495

Abdul Abebefe
ADMA Healthcare, Inc.
15210 – 32nd South, Suite A
SeaTac, Washington 98188

RE: Certificate of Need Application #14-31

Dear Mr. Abebefe:

We have completed review of the Certificate of Need (CN) application submitted by ADMA Healthcare, Inc. proposing to establish a Medicare/Medicaid certified home health agency in King County, within Washington State. Enclosed is a written evaluation of the application.

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

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

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

Appeal Option 1:
You or any person with standing may request a public hearing to reconsider this decision. The request must state the specific reasons for reconsideration in accordance with Washington Administrative Code 246-310-560. A reconsideration request must be received within 28 calendar days from the date of the decision at one of the following addresses:

Mailing Address:	Physical
Department of Health	Department of Health
Certificate of Need Program	Certificate of Need Program
Mail Stop 47852	111 Israel Road SE
Olympia, WA 98504-7852	Tumwater, WA 98501

Appeal Option 2:
You or any person with standing may request an adjudicative proceeding to contest this decision within 28 calendar days from the date of this letter. The notice of appeal must be filed according to the provisions of Revised Code of Washington 34.05 and Washington Administrative Code 246-310-610. A request for an adjudicative proceeding must be received within the 28 days at one of the following addresses:

Mailing Address:	Physical Address
Department of Health	Department of Health
Adjudicative Service Unit	Adjudicative Clerk Office
Mail Stop 47879	111 Israel Road SE
Olympia, WA 98504-7879	Tumwater, WA 98501

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

Sincerely,

for Steven M. Saxe, FACHE
Director, Health Professions and Facilities

Enclosure

EVALUATION DATED MARCH 11, 2016 FOR THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY ADMA HEALTHCARE INC. PROPOSING TO ESTABLISH OF A MEDICARE AND MEDICAID CERTIFIED HOME HEALTH AGENCY SERVING KING COUNTY.

APPLICANT DESCRIPTION

ADMA Healthcare, Inc.

ADMA Healthcare, Inc. (ADMA) located at 15210—32nd Avenue South, Suite A in SeaTac Washington is a locally owned privately held corporation. ADMA is co-owned by ADMA Groups, Inc. (AGI) and Amicable Health Care, Inc. (Amicable)[1]. [Source: Application, pg. 1-2]. Amicable is ADMA's majority owner. ADMA states "*ADMA Healthcare, Inc. does not hold any licensure or an accreditation status.*" [Source: Application, pg. 2] However, Appendix B of the application includes a copy of ADMA's Washington State Department of Health (DOH) In-Home Services Agency License authorizing ADMA to provide home health in King County effective February 25, 2014. Services provided according to the department's records are skilled nursing, home health aide, personal care, homemaker/chore, and respite care. [Source: DOH Integrated Licensing & Regulatory System (ILRS)] Services provided according to ADMA's website include skilled nursing, home health aide, physical therapy, speech therapy, medical social services, and occupational therapy. ADMA Healthcare, Inc. is a registered trade name of ADMA Groups, Inc. [Source: Application, Appendix B]

ADMA Groups, Inc.

ADMA Groups, Inc. was started by entrepreneurs with experience in Corporate America, Microsoft and other fortune 100 companies. AGI focuses on providing the strategic technical and business solutions with the primary purpose: to provide their clients cost effective innovative staffing, custom technical solutions, and services geared towards enhancing productivity. The company is headquartered in SeaTac, Washington and employs staff for IT, heath care, financial and business consulting. AGI business support services include planning, implementing, managing, and leading teams. AGI augments clients existing staff for day-to-day operations, as well as, projects with defined timelines and budgets. [Source: ADMA Groups website] The corporation's filing date with the Secretary of State was December 1, 2010. [Source: Secretary of State website] The corporation's Department of Revenue account was opened December 1, 2010. [Source: Department of Revenue website]

Amicable Health Care, Inc.

Amicable Health Care, Inc.[2] (Amicable) is a health care agency licensed by the Washington State Department of Health to provide both facility and in-home placement services. Amicable contracts with the City of Seattle Human Services Department – Aging and Disability Services (ADS), Washington State Department of Social and Health Services (DSHS), Department of Developmental Disability services (DDD), and the Asian Counseling and Referral services of

[1] Individuals with a 10% or financial interest in ADMA Healthcare, Inc. are Ferguson Adesoye, Dapo Amonsun, Abdul Abenefe, and Dr. Ifesinachi Sylvia Oguakwa. [Source: Application pg. 1]
[2] Executive owners are Dapo Amosun and Ferguson Adesoye. [Source: Amicable website]

Seattle (ACRS) to provide home care and home health services for elders and disabled people who are unable to carry out certain routine activities of daily life in the King and Pierce county areas. Services include assistance in all aspects of homecare, whether at home or in an assisted living setting. Amicable is a full service company, providing companions, live-in aide, certified home health aides, certified nursing aides, registered nurses, and medical supplies. Its staff provides transportation to medical appointments, shopping and other authorized errands. [Source: Amicable Healthcare website] According to DOH licensing records, Amicable has an In-Home Services Agency License authorizing Amicable to provide home care and home health services in King, Pierce, and Snohomish counties. The department's records identify services provided by Amicable are homemaker/chore, personal care, skilled nursing, home health aide, and respite care. [Source: DOH Integrated Licensing & Regulatory System (ILRS)] Amicable does not have Certificate of Need approval to provide general Medicaid certified home health services. Centers for Medicare and Medicaid Services (CMS) identifies Amicable's National Provider Identifier (NPI) classified as durable medical equipment and medical supplies. [Source: Screening Responses received July 23, 2014] However, ADMA also states "*Amicable Healthcare have Medicare/Medicaid reimbursement experience providing Durable Medical Equipment and Medical Supplies From 2006-2008 but it does not currently have Home Health Medicare approval.*" It is unclear if Amicable is still a durable medical and supplies Medicare/Medicaid provider. The corporation's filing date with the Secretary of State was May 29, 1997. [Source: Amicable Healthcare website, Secretary of State website] The corporation's Department of Revenue account was opened August 1, 2004. [Source: Department of Revenue website]

PROJECT DESCRIPTION

ADMA

ADMA proposes to establish a Medicare and Medicaid certified home health agency to serve the residents of King County. ADMA would provide skilled nursing care, physical therapy, occupational therapy, speech therapy, medical social work respite care, and certified home health aide. The applicant anticipates it would provide these services in the client's place of residence as a result of injury or illness. [Source: Application, page 5] As a culturally diverse company with minority owners, ADMA see the need and opportunity to provide quality home health services to all residents of King County and in particular the African community residents in King County. [Source: Application, pg. 8]

ADMA identifies the capital expenditure associated with this project to be $50,000. ADMA anticipates that it would begin to provide certified Medicare and Medicaid services by the end of February 2015. Under this timeline, year-end 2016 would be the first full calendar year of operation and year 2018 would be year three. [Source: Application pg. 1 and July 2014 Screening Responses]

APPLICABILITY OF CERTIFICATE OF NEED LAW

This project is subject to Certificate of Need review as the construction, development, or other establishment of a new health care facility under the provisions of Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code (WAC) 246-310-020(1)(a).

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."

WAC 246-310 does not contain service or facility standards for home health agencies. To obtain Certificate of Need approval, ADMA must demonstrate compliance with the applicable criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment).[3] Consistent with WAC 246-310-200(2)(b), the home health agency projection methodology and standards found in the 1987 State Health Plan, Volume II, Section (4)(d) are used to assist in the evaluation of home health applications.

[3] 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),(3)

TYPE OF REVIEW

There is no published concurrent review cycle for home health agencies. On March 27, 2014, Chesterfield Services, Inc. submitted a home health application. Before the department began formal review of that application, ADMA Healthcare, Inc. submitted its application. Since both applications proposed to establish Medicare certified home health agencies in King County, the department initially reviewed these projects concurrently. During the course of the review, several issues were raised about information contained in the ADMA application. These issues could impact the ADMA application, but are not relevant to the review of the Chesterfield application. Since these applications were not subject to a published concurrent review, the department used its discretion and separated the review of the two applications on May 13, 2015. The department issued its denial decision on the Chesterfield application June 23, 2015.

A chronologic summary of the review for ADMA's application is shown below:

APPLICATION CHRONOLOGY

Action	ADMA
Letter of Intent Submitted	January 21, 2014
Application Submitted	May 15, 2014
Department's Pre-review Activities: • DOH 1st Screening Letter • Applicant's 1st Screening Responses Received • DOH 2nd Screening Letter • Applicant's 2nd Screening Responses Received	 June 6, 2014 July 23, 2014 August 11, 2014 September 17, 2014
Beginning of Review	October 2, 2014
Public Comment[4] • Public hearing conducted[5] • Public comments accepted through the end of public comment • Rebuttal Comments Due	 None November 20, 2014 December 08, 2014
Department's Anticipated Decision Date	January 22, 2015
Department's Decision to Separate the Review of Chesterfield and ADMA Applications	May 13, 2015
Department's ADMA Decision Date	March 11, 2016

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."

[4] In the initial Beginning of Review notice, department incorrectly identified November 6, 2014 as the end of public comment. The correct end of public comment date was November 20, 2014.
[5] No public hearing was requested or conducted.

WAC 246-310-010(2) requires an affected person to first meet the definition of an 'interested person.' WAC 246-310-010(34) defines "interested person" as:

(a) The applicant;
(b) Health care facilities and health maintenance organizations providing services similar to the services under review and located in the health service area;
(c) Third-party payers reimbursing health care facilities in the health service area;
(d) Any agency establishing rates for health care facilities and health maintenance organizations in the health service area where the proposed project is to be located;
(e) Health care facilities and health maintenance organizations which, in the twelve months prior to receipt of the application, have submitted a letter of intent to provide similar services in the same planning area;
(f) Any person residing within the geographic area to be served by the applicant; and
(g) Any person regularly using health care facilities within the geographic area to be served by the applicant.

One person sought affected person status.

Field Associates

Nancy Field of Field Associates requested interested person status and to be informed of the department's decision. Ms. Field resides and uses health care services in King County[6]. Ms. Field meets the definition of an "interested person" under WAC 246-310-010(34)(f) and (g) above. Ms. Field submitted written public comments regarding ADMA's proposed project. Ms. Field qualifies as an "affected person" for ADMA's project.

SOURCE INFORMATION REVIEWED

- ADMA Healthcare, Inc. Certificate of Need application received May 15, 2014
- ADMA Healthcare, Inc. 1st supplemental information received July 23, 2014
- ADMA Healthcare, Inc. 2nd supplemental information received September 17, 2014
- Public comments received on November 20, 2014
- Rebuttal comments received on December 8, 2014
- Letters of support received during the review
- Completed provider utilization surveys received from existing King County home health providers for calendar year 2014
- Population data obtained from the Office of Financial Management based on year 2010 census and published May 2012.
- 1987 Washington State Health Plan Performance Standards (SHP) for Health Facilities and Services, Home Health methodology and standards
- Licensing and survey data provided by the Department of Health's Investigations and Inspections Office
- Licensing and compliance history data provided by the Department of Health's Medical Quality Assurance Commission

[6] In addition to being a resident of King County, Ms. Field's firm provides healthcare planning and market development services throughout Washington. This includes development of Certificate of Need applications.

- Data obtained from the WA State Secretary of State website. http://www.sos.wa.gov
- Data obtained from the WA State Department of Revenue website: http://www.dor.wa.gov
- Medicare Home Health Care reimbursement information obtained from the Centers for Medicare & Medicaid Services. http://www.medicare.gov
- Information from ADMA Groups, Inc. website
- Information from Amicable Healthcare, Inc. website
- Information from ADMA Healthcare, Inc. website
- Information from Independence Rehab LLC website
- Information from CMS Home Health Compare website
- CMS State Operations Manual, Appendix B-Guidance to Surveyors: Home Health Agencies
- Washington State Department of Health Integrated Licensing & Regulatory System (ILRS)
- Certificate of need application CN14-10 Envision Home Health of Washington

CONCLUSIONS

For the reasons stated in this evaluation, the application submitted by ADMA Healthcare, Inc. to establish a Medicare/Medicaid certified home health agency to serve the residents of King County is not consistent with applicable criterion and a Certificate of Need is denied.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210) and Home Health Need Methodology

Based on the source information reviewed the department concludes ADMA Healthcare, Inc. has met the need 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.

Home Health Numeric Methodology

WAC 246-310 does not contain specific criteria. WAC 246-310-210(1) need criteria as identified in WAC 246-310-200(2)(a)(i). To assist with the determination of numeric need for home health agencies, the department uses the numeric methodology contained in the 1987 Washington State Health Plan (SHP).

- 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.

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 maximum projected number of agencies needed in a planning area. The SHP states fractions are rounded down to the nearest whole number. [Source: SHP, pg. B-35] The final step in the numeric methodology is to subtract the existing number of home health agencies in a planning area from the projected number of agencies needed. This results in the net number of agencies needed for the planning area.

ADMA Numeric Methodology

Using the SHP methodology, ADMA determined the projected number of patient visits in King County in 2017 would be 470,454. Dividing the projected number of visits by 10,000 resulted in gross need for 47 agencies in King County in 2017. ADMA subtracted the current existing 36 agencies from the projected number of agencies resulting in a net need of 11 new agencies. [Source Application, page 8] A summary of ADMA's methodology is presented in the table 1.

Table 1
Summary Of ADMA 2017 Need Projections

Estimated Home Health Agency Need	
Total Population	2,051,081
# Total Patient Visits	470,453
Divided by 10,000	47
Existing Home Health Agencies	36
Net Need	11

[Source: July 2014 Screening Responses]

Based on the results summarized in table 1, ADMA concluded there is a need for additional home health agencies in King County.

Summary of Public Comments Regarding ADMA's Numeric Need Method

- ADMA copied a substantial portion of Envision's application. It used description of the many actions Envision took to develop its application. ADMA claim: It "calculated" its own King County population projections and when asked in screening questions to provide the underlying assumptions it used for its population projections, ADMA was not able to replicate the Envision calculations or results it had represented as its own.
    - The projections for ages 0-64 are shown as formulas resulting in sums of OFM's smaller age cohorts which make up that larger cohort.
    - "*In trying to replicate Envision's math, ADMA's derived the "under 65" King County population total by adding up the smaller age cohorts used by OFM in its published reports…It developed and applied an "under 65" growth trend of 0.4625% to each smaller cohort and generated inaccurate figures for each cohort.*"
- "*Population over 65. Looking again at ADMA's worksheet formulas on page 10, one can also see its inability to build a model that would project populations correctly. Note that the printed formulas in ADMA's live worksheet show an array of numbers added into the formulas in an effort to get them to generate the desired results. Again, ADMA is unable to replicate the results shown in its application.*"
- *ADMA Claim: it "developed" the estimates for Table 2 DOH HHA Need Method. On page 11, ADMA states it "estimated…the resulting total need for home health agencies in King County, 2017 is estimated at 47." The precise wording taken from the Envision application shows applicant representing Envision analysis as its own steps in preparing an application.*

ADMA's Rebuttal to Public Comment Regarding Numeric Need Method

- "*ADMA's population projections are derived from OFM data and all assumptions and projections are the work of ADMA.*"
- *"ADMA Healthcare has done its due diligence in identifying the critical need to meet the demand of the growing King County population and most especially, the underserved communities. Using the SHP method, it is projected annual number of visits to exceed over 470,000 in 2017. With only 16 Medicare and Medicaid certified agencies in place that would barely be sufficient to cover half of the visits. While using the SHP method as the appropriate current basis, counting total number of all licensed home health agencies is flawed in determining need. Approving ADMA Healthcare's CON application benefits the Diasporas communities as follows:*
    - *It brings awareness to the communities for the healthcare services available to them.*
    - *It gives the Diaspora communities an agency that understands the cultural diversity."*

- *"It seems Ms. Field is asserting that she has "patent" to using and developing Excel workbook models, as such, ADMA Healthcare is being accused of developing her model. Ms. Field surmises that somehow ADMA has access to her model and files."*

Department Evaluation

Before the department continues with its evaluation of numeric need, it will address the public comment and rebuttal concerning the population projections. To assess the comments about ADMA's population projections, the department started with the raw King County population data by age group provided by ADMA in its July 2014 screening responses. Next the department summed the age groups age 0-64 which resulted in the same numbers that ADMA had included it its application. Next the department applied ADMA's stated average growth rate of 0.47% and could not replicate the results. The department then applied an average growth rate of 0.4625% to each of the age cohorts that make up the 0-64 population group. Using this approach the department was able to replicate ADMA's results. In reviewing ADMA's spreadsheet provided in its July 2014 screening, the following percentages were applied to each of the age cohort groups as follows:

	2016	2017	2018	2019
Percent Increase	0.4625%	0.4625%	0.4625%	0.4625%

This results in some of the projections being over estimated and some being under-estimated. The department's calculations were similar to the public comment received about the 0-64 age cohort.

The department next reviewed the projections for the population age 65 and over. Taking the same approach as with the 0-64 the department again began with the raw King County population data by age group provided by ADMA in its July 2014 screening responses. Applying the average growth rate of 5.57% for the age cohorts 65-79 and 0.85% for the age cohorts 80+, the department could not replicate the population projections. In reviewing ADMA's live spreadsheet it provided in its July 2014 screening, the department identified the following:

	Forecast Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019
Percentage Growth	4.3586%	4.1765%	4.0087%	3.8546%
Unexplained numbers either added to or subtract from projections by age cohort				
65-69	1093.0	1,047.8	1,006.6	-2,008.0
70-74	706.5	676.5	650.0	2,008.0
75-79	472.0	452.5	435.0	2,008.0
80-84	-1002.0	-961.0	-922.0	0.0
85+	-1,269.3	-1,217.0	-1,167.0	-2,010.0

Only by using the percentages and the unexplained population adjustments identified above was the department able to replicate ADMA's population projections. Based on the above analysis,

the department concludes ADMA used the population projections that were previously submitted by Envision. The population projections presented in the Envision application were accepted by the department as reasonable. Since the department also prepares population projections for its numeric need method independently of the applicant, use of Envision's population figures alone would not cause the department to deny this application.

Department Numeric Methodology

The department used the SHP methodology to assist in determining need for Medicare certified home health agencies in King County. There are 36 home health agencies providing services to the residents of King County. On April 10, 2014, the department approved the application submitted by Envision Home Health of Washington, LLC to provide Medicare and Medicaid home health services in King County. Of the 36 home health agencies, 16[7] are Medicare certified providers and the remaining 20 are licensed only providers. A summary of the department's methodology is presented in table 2 below. The complete methodology is Appendix A attached to this evaluation.

Table 2
Summary Of Department Of Health
King County Home Health Need Projection

	2014	2015	2016	2017	2018	2019
# Total Patient Visits	450,516.34	452,527.66	461,491.13	470,458.40	479,426.33	488,393.59
Divided by 10,000	45.05	45.25	46.15	47.05	47.94	48.94
Rounded down	45	45	46	47	47	48
Existing Home Health Agencies	36	36	36	36	36	36
Net Need	9	9	10	11	11	12

As shown in the table 2, there is need for 9 additional agencies projected in 2015 increasing to 11 in 2017. Based solely on the numeric methodology need for an additional home health agency in King County is demonstrated.

In addition to the numeric methodology, an applicant must demonstrate that existing providers are not or will not be available and accessible to meet the projected need. To demonstrate that an unmet need exists, ADAM included the following:

"Growing demand and shrinking capacity
Furthermore, this application takes into account the combined impact of the recent approval of new agencies to serve King County and the recent closure of the home health agency owned by Swedish. An analysis was conducted that combined the projected growth in home health visits for the target year of 2017 with these other changes in home health visit capacity. This analysis and a summary of the results are shown below.

[7] Amenity HH, Brookdale Senior Living, Careage HH, Evergreen HH & Hospice, Franciscan HH, Gentiva Health Services, Group Health Home and Hospice, Harvard Partners, Highline Home Care Services, MultiCare Good Samaritan Home Health, Sea Mar Community Health Centers, Signature Home Health, Votto Health Care, Providence Home Services, Wesley Homes at Home, LLC and Envision Home Health of Washington, LLC.

Illustration chart below and the supporting data shows that even with the approval of new agencies since 2010, the gap between need and supply is greater in 2013 than it was in 2010. And, even as newly approved agencies build up their volumes in 2014 and beyond, those agencies' projected growth in capacity will not match the growth in need, with 2017 showing as much unmet need as there was in 2013. Therefore, the combination of reductions and additions to capacity has not kept up with the population driven growth in demand. This mathematical result further underscores the need for approval of additional home health visit capacity in King County." [Source: application pg. 11]

Change in Unmet Need, King County HHA Visits, 2010-2017

	Agency	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*
1	*Amenity*				*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
2	*Harvard*				*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
3	*KG*					*10,000*	*10,000*	*10,000*	*10,000*
4	*FHS*					*10,000*	*10,000*	*10,000*	*10,000*
5	*FSL*					*10,000*	*10,000*	*10,000*	*10,000*
6	*VOTO*						*3,480*	*3,480*	*3,480*
7	*Swedish*			*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*
8	*Annual need+*		*(8,621)*	*(17,242)*	*(25,863)*	*(34,484)*	*(43,105)*	*(51,726)*	*(60,347)*
9	*Gap Comp to 2010*	-	*(8,621)*	*(25,000)*	*(30,863)*	*(9,484)*	*(14,625)*	*(23,246)*	*(31,867)*

Assumptions:

Row 1-6: 6 new agencies achieve third year volume projections. These are third year volume assumptions for the recently approved agencies. 10,000 come from the 1987 State Health Plan need methodology for home health agencies. It states that assumption volume for existing agencies is 10,000 visits per year. No assumption made during their start up period.

Row 7: Swedish 2012 volume was 25,000 based on CMS/Cost Report Data from HCRIS, the CMS Healthcare Cost Report Information System

Row 9: Average increase in need driven by aging/population is 8,621 visits/year in King County [Source: Application pg.12]

ADMA further stated "*In studying the feasibility of establishing a successful Medicare home health agency in King County, ADMA Healthcare representatives met with a number of providers who refer Medicare patients to existing home health agencies in the county. These meeting uncover a surprising gap in the accessibility of existing and available services. See the Provider Letters of Support and Interest to ADMA Healthcare as Appendix H.*

The accessibility problems described during these meetings included at least four types:

• The agency was too slow in responding to see the patient for the initial evaluation.

• The agency did not have adequate therapy staffing to initiate a therapy treatment plan in a timely manner.

• *When therapy was initiated, it was commonly cut short due to insufficient staffing to meet the need.*

• *The agency did not understand or have appropriate staff to cater for the niche Diasporas community".* [Source: Application, Page 16]

Summary of Public Comments Regarding ADMA's Accessibility of Existing Providers to Meet Projected Need

- "*ADMA claims as its own the assumptions used to generate the table at page 12 entitled "Change in Unmet Need, King County HHA Visits, 2010-2017." This table is copied entirely from the Envision application. ADMA represents the "assumptions" as its own. AMDA did not make these assumptions. ADMA states that it based 2012 Swedish volume on CMS/Cost Report Data from HCRIS, the CMS Healthcare Cost Report Information System. ADMA did not request such a report nor did it base anything in the subject table on it. The entire table is copied from the Envision application. None of the assumptions ADMA claims to have made during preparation of this table were made by ADMA. The CMS/Cost Report Data ADMA claims to have used was a custom report purchased by Envision's consultant from HCRIS and ADMA had no access to it*."
- *"ADMA Claims: "Having identified significant accessibility gaps in King County home health care .... " At page 19, ADMA claims to have identified gaps in care. Despite this, the all but one of the gaps in care presented in the application are those claimed to have been identified by AMDA but clearly only copied by them from Envision's application. The letters are generic and provide no specifics. The only original claim related to unmet needs of the diaspora minority is vague and unsupported."*
- *"ADMA Claim: Letter "written" by Prisca Nwizubo, ARNP ADMA's letters of support include a letter from Prisca Nwizubo ARNP, the content of which was copied directly from an Envision supporter but placed on a different letterhead, introduced by Ms. Nwizubo and signed with her name."*

ADMA Rebuttal to Public Comment Regarding Accessibility of Existing Providers to Meet Projected Need:

- "*Letters of support provided by those who support ADMA's application were written by our supporters based of their own free will without any inputs from ADMA or Envision.*"
- *"This is a baseless accusation. ADMA did its due diligence in completing its application. With flawed conviction, Ms. Field has alleged the letter "written" by Ms. Prisca Nwizubo, ARNP was "copied directly from an Envision supporter but placed on a different letterhead". If Ms. Field has any evidence that Ms. Prisca did not write the letter, it should be presented otherwise; her insinuation is another character assassination and could be resolved in the court of law. Additionally, Ms. Field has claimed that ADMA provided vague letters of support as evidence of home health service it proposes to provide to King County*."

Department Evaluation

The department first assessed the information submitted by ADMA to demonstrate that existing providers were not available and accessible to meet the project need. Because of the public comments, the department looked at the previously approved Envision application. Table 3 below is taken from that application.

Table 3
Taken From Envision Application Regarding
Change In Unmet Need, King County HHA Visits, 2010-2017

Agency		2010	2011	2012	2013	2014	2015	2016	2017
1	Harvard				10,000	10,000	10,000	10,000	10,000
2	Amenity				10,000	10,000	10,000	10,000	10,000
3	KG					10,000	10,000	10,000	10,000
4	FHS					10,000	10,000	10,000	10,000
5	FSL					10,000	10,000	10,000	10,000
6	VOTO						3,480	3,480	3,480
7	Swedish			(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
8	Annual need+		(8,621)	(17,242)	(25,863)	(34,484)	(43,105)	(51,726)	(60,347)
9	Gap Comp to 2010	-	(8,621)	(25,000)	(30,863)	(9,484)	(14,625)	(23,246)	(31,867)

Assumptions:
Row 1-6: 6 new agencies achieve third year volume projections.
Row 7: Swedish 2012 volume was 25,000 based on CMS/Cost Report Data
Row 9: Average increase in need driven by aging/population is 8,621 visits/year in King County [Source: Envision Application pg.14]

In comparing the table contained in ADMA's application (page 11 of this analysis) to table 3 above, the department notes only three minor differences. First in ADMA's table, the names of the home health agencies in line 1 and 2 have switched places. Second, in the assumptions for Row 1-6, ADMA added that the 10,000 figure came from the State Health Plan (SHP). Finally, for the Row 7 assumption ADMA added *"from HCRIS, the CMS Healthcare Cost Report Information System."* ADMA did not directly respond to or provide a copy of its own CMS/Cost Report Data in response to the public comment that the CMS/Cost Report referenced in Envision's application was from a custom report prepared for Envision's consultant.

Based on the above analysis, the department concludes ADMA used the "Change in Unmet Need" information that was previously submitted by Envision to support its own project. The department had previously accepted this assessment as reasonable. There has been no significant changes in the planning area that change the department's assessment since the Envision decision. Therefore, the department concludes that the use of this information alone would not cause the department to deny this application.

Next the department considered the information contained in the letters of support submitted by ADMA. Table 4 lists the nine letters of support submitted and summary of each of them.

Table 4
Summary Of Letters Of Support For ADMA's Proposed Home Health Agency

Name	Location	Summary or Themes
Ifesinachi Oguakwa, MD Harrison Med Center Co-owner of ADMA	Port Orchard Kitsap Co.	Practiced Family Medicine in the United States for several years and have been involved in providing healthcare services in this South Sound Region since 2010. Long noticed a gaping gap between the number of patients requiring various types of post-hospital discharge home health follow-up care, and the number of Home Health Agencies available with the relevant certification to care for Medicare/Medicaid Patients. I have, on occasion found need for some positive advocacy to bring attention to this need and perhaps, this passion propelled me to join some other like-minded professionals to envision ADMA Healthcare Inc. as a part of the long term solution. No hesitation in supporting the Application.
Ignatius C Medani, MD Sound Internal Medicine, Inc.	Federal Way King Co.	Working with many patients within the minorities in our south sound region, it became apparent that there continues to exist some disconnect in their ability to efficiently access post-operative, follow-up and restorative home care. Had occasion to consult w/ patients presenting with post-discharge stress, even depression, directly related to these inabilities which they have continued, perhaps erroneously, to interpret as arising from a designed shortchange in our healthcare system in the South Sound and which, in their view, manifest in the seeming stifling of their post-hospital access by the limited choices available.
Ngozika Nancy Eze BSN, RN Independent Contractor w/home care agency affiliated with ADMA DoH licensing records show Ms. Eze to be the Clinical Services Director/Direct Care Supervisor of ADMA Healthcare, Inc.	Unknown	Worked as an independent contractor with a home care agency affiliated with ADMA Health Inc. Have encountered instances where client's services were discontinued abruptly due to insurance transfer from private to Medicaid. On these occasions, these clients' needs were not met as they had to wait for several weeks for their home health services to get reinstated. With the approval this home health certificate, the growing need of professional home health care to many clients in King County will be supported. Clients will be able to receive unparalleled service from a reputable home health agency just as its affiliated company has served the community in providing home care services for many decades. Unnecessary long wait times or discontinuation of services due to

Name	Location	Summary or Themes
		changes in health coverage will be reduced and discharges of clients from the hospital to the home setting can be achieved sooner.
Prusca Nwuzubo, ARNP,PMHNP President of Optimum Mental Health Services	Renton King Co.	I have been in practice as a Psychiatric Mental Health Nurse Practitioner in the state of Washington since 2010. I am concerned with both the amount of time that lapses prior to a patient being seen by a home health agency and the sparse number of times a patient is seen for these services. It seems common place for a patient who has home health orders to initially not be seen for these services for up to 1-2 weeks. I have been frequently surprised by the low number of visits a patient will be seen by a home health agency prior to being discharged. In my professional opinion, several of the patients I am aware of would have benefited from more timely home health services and could have used additional services considering the severity of their injuries. Based on my experience, I believe that King County would benefit greatly from the addition of home health agency. I know that this would alleviate the delay of patients getting optimum care.
Milan Shannon Moore, MD, MPH Cascade Orthopaedics	Auburn and Covington King Co. Bonney Lake Pierce Co.	Practicing orthopedic surgeon in the South Sound region, There is certainly a shortage of available home health resources for postoperative patients in the area This would be of benefit to the community and would enhance the ability of local healthcare providers to find and provide the support necessary for patient care, particularly following operative procedures.
Parminder Singh, MD Harrison Med Center Urgent Care and Family Practice	Silverdale Kitsap Co.	Within the South Sound geographic area where my family medicine practice is located, it has been rather disheartening to observe the unfortunate and numerous instances where avoidable factors such as outright unavailability, inadequate care, or inability to afford the cost of care, have combined to complicate the post -discharge management of recovering post-operative patients. It is my considered opinion that many more providers of these direly needed services are justifiably required. If commonly and ordinarily available in some suffuse quantity, a multiplier effect in increased efficiency and reduced cost for these services will thereby be achieved. The present Patient-to-Provider/Services ratio is so unacceptably low and further, cost, especially to co-pay resources, is often, unbearably, prohibitive.
Shane Brooks, DO Harrison Medical Center Urgent Care	Port Orchard Kitsap Co.	I practice in an Urgent Care Clinic located in Port Orchard and Belfair, WA Received remarks indicative of a startling dearth of affordable

Name	Location	Summary or Themes
		healthcare agencies to undertake the huge backlog and almost ceaseless demand for more regular follow-up management for post-operative/post-hospitalization patients. This is especially true of the minority communities within the South Sound. Approving the ADMA Application as one of the surest means of reducing somewhat, the gaping need presently identifiable in this rather vital aspect of our healthcare structure in the South Sound.
Hamdi Abdulle, Executive Director Somali Youth & Family Club	Renton King Co.	The Certification will strengthen organized ethnic communities and will ensure ongoing support and services for our vulnerable community. The Somali Youth and Family Club has seven plus years of experience working with Amicable Health care, ADMA Healthcare's parent company. We have referred many of our clients to their services of which their staff proved a sense of professionalism, cultural competency and unsurpassed services. I've had the opportunity to know the partners at Amicable Healthcare for over seven years. Over 50,000 members and families, youth and elders in King County are strongly connected with Aden Hussein, our community outreach chief. Working with Amicable healthcare, Aden played a key role in ensuring that the Somali, Eritrean, Ethiopian and other Diaspora communities living in King County is well informed about the great services provided by Amicable. Our community had the opportunity to know the partners at Amicable Healthcare, ADMA Healthcare's parent company for over 15 years. They have been a great asset by providing much needed home care support and job opportunities to our community. They have worked to meet and exceed our needs. ADMA Healthcare's CON application as this will provide great opportunity for the Diaspora and refugee community in King County.
Browyn Freer-Social Services Program Manager DSHS Home & Community Services- DSHS ALTSA Region 2	Seattle King Co.	Support issuing a Certificate of Need to ADMA Healthcare, Inc., whose parent company is Amicable Healthcare, Inc. We are in persistent need of providers of personal care and home health services. Home & Community Services assesses persons for an array of Medicaid services. Our goal is to keep clients in their homes with services instead of sending them to a nursing facility. We are most in need of those services that can be also be provided to persons of different cultures and who speak different languages; so that there is a greater understanding of their care.

From the summary in Table 4, those submitting letters clearly support ADMA's project and need for services for those of different cultures and languages. The department does note that many of the letters refer to "the South Sound" but there is no geographic description of "the South Sound". If this application were to be approved, ADMA's Certificate of Need approved service area would limited to King County.

In public comment, the letter from Prusca Nwuzubo, ARNP,PMHNP, President of Optimum Mental Health Services was singled out for criticism as being copied from a letter of support contained in Envision's application. The department compared the letter from Dr. Karl Johnson, Home Towne Family Medicine contained in Envision's application to that of Ms. Nwuzubo's. The underlined text in table 4 shows the identical language in each letter. The department finds it unlikely that Ms. Nwuzubo's letter was composed without any knowledge of Dr. Johnson's letter. While the department would like each letter of support to be completely composed by the person writing it, it is not uncommon for an applicant to provide project supporters with sample letters, printed postcards where all the individual has to do is sign it and mail, and "fill in the blank" letters. These techniques do not lessen the person's support for a project. While this may not be the approach Ms. Field uses with her clients, she must acknowledge that with her many years of Certificate of Need consulting she has seen one or more of these techniques used. The department concludes this alone would not cause the department to deny this application.

Based on the information reviewed by 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-criteria, the department evaluates an applicant's Admission policies, willingness to serve Medicare patients, 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 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.

Medicare certification is a measure of an agency's willingness to serve the elderly. With limited exceptions, Medicare is coverage for individuals age 65 and over. It is also well recognized that women live longer than men and therefore more likely to be on Medicare longer.

Medicaid certification is a measure of an agency'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, or do not qualify for Medicaid. With the passage of the Affordable Care Act, the amount of charity care is expected to decrease, but not disappear.

ADMA

The applicant states in the project description of their application that their intent is to serve all population in King County, but it expects to serve significant portions of the Diasporas populations in King County. ADMA is minority owned and it has multilingual staff. ADMA stated in 2013, King County estimated population of non-white was about 35% of which "Other Races- Non Hispanic or White" is estimated at 597k, which accounts for about 29.2% of the county. Of this Diasporas population, ADMA intends to capture at least 1% of the Diasporas population or about 3% of the 65 years and over segment. [Source: Application and December 2014 Rebuttal]

ADMA provided a copy of its proposed admission and charity care policies. Table 5, presents ADMA's estimated payor mix by percentage.

Table 5
ADMA Payor Mix By Percentage

Payor	%
Medicare	60%
Medicaid	30%
Commercial	10%
Total	100%

[Source: Application, pg. 21]

Summary of Public Comments Regarding ADMA's Admission Policy and Charity Care Policies

- None

ADMA Rebuttal to Public Comments Regarding ADMA's Admission and Charity Care Policies

- None

Department Evaluation

ADMA's Admission Policy states *"The Agency will evaluate each individual for the appropriateness of admission without regard to race, age, color, creed, sex, national origin, ancestry, religion, handicap, or disability."* [Source: Application, Appendix I] The policy also includes a listing of relevant considerations when evaluating whether to accept a patient. These include the following:

"a. Adequacy and suitability of Agency personnel and resources to provide the services required by the patient.

b. Attitudes of patient and family members toward home care.

c. Comparative benefits of home care to institutional care.

d. Adequate physical facilities in the patient's residence.

e. Availability and willingness of family members or substitute family members to participate in care.

f. Availability and cooperation of the patient's personal physician in establishing and managing the plan of care.

g. Conditions of coverage, including homebound status, if applicable.

h. Safety of staff related to patient's housing, neighborhood and attitude of members in the home." [Source: Application, Appendix I]

Based on its review of ADMA's admission policy, the department concludes ADMA will admit patients without regard to race, age, color, creed, sex, national origin, ancestry, religion, handicap, or disability.

Information presented within the application stated the applicant would seek Medicaid certification. Anticipated revenue sources shows that ADMA expects 30% to be from Medicaid. [Source: Application, Pg. 21 and September 2014 Screening Responses] Using the information contained in ADMA's pro forma revenue and expense statements, the department confirmed ADMA expects 30% of its projected revenue to come from Medicaid. Based on the information reviewed, the department concludes ADMA will serve low income patients as evidenced of its willing to become Medicaid certified.

Information presented within the application stated the applicant would seek Medicare certification. Anticipated revenue sources shows that ADMA expects 60% to be from Medicare. [Source: Application, Pg. 21 and September 2014 Screening Responses] Using the information contained in ADMA's pro forma revenue and expense statements, the department confirmed ADMA expects 60% of its projected revenue to come from Medicare. Based on the information reviewed, the department concludes ADMA will serve elderly patients as evidenced by its willingness to become Medicare certified.

ADMA's charity care policy states "*It is the policy of Adma Healthcare, Inc. to provide necessary medical care to all patients regardless of ability to pay. The agency shall allocate resources to identify charity cases and provide discounted or uncompensated care based upon the information provided at the time of application for charity care by the patient or their representative.*" [Source: Application, Appendix I] The charity care policy further states the purpose is "*To provide medically necessary home health care at a discounted rate or at no cost to patients or their representative, when adequate income or assets are not available to pay for home health services. Adma Healthcare will provide charity care as dictated by its available resources and consistent with the following procedure. Adma Healthcare will not deny medically necessary care to any patients based on their ability to pay, national origin, age, physical disabilities, race, color, sex, or religion.*" [Source: Application, Appendix I] In its projected pro forma revenue and expense statement charity care is stated to be "*2% of MCD"*. Using the information contained in ADMA's pro forma revenue and expense statements, the department calculated ADMA's charity care at 2.5% of Medicare revenue

rather than the 2% stated in the application. In the analyst's experience MCD refers to Medicare. However, on the chance that ADMA also included Medicaid revenue when making its calculation, the department also calculated ADMA's charity care by combining both Medicare and Medicaid revenue. This calculation results the 2% as stated in the application. Based on the information reviewed, the department concludes ADMA will provide charity care.

In addition to its admission and charity policies, ADMA submitted a separate Non-Discrimination Policy. ADMA's stated policy is:

"Adma Healthcare, Inc. does not discriminate against any person, based on race, color, national origin, disability, or age in admission, treatment, or participation in its programs, services and activities, or in employment.

Adma Healthcare, Inc. has no policy or practice restricting or limiting admissions or services provided on the basis of age, sensory, hearing, visual and speech impairments, nor to persons with limited English Proficiency (LEP).

It is the policy of Adma Healthcare, Inc. to provide communications aids (at no cost to the person being served) to Limited English proficient (LEP) persons, persons with hearing, visual, and speech impairments, including current and prospective patients, clients, family members, interested persons, et al., to ensure that information about services, benefits, consent forms, waivers of rights, financial obligations, etc, are communicated to persons as stated above in the language they understand or/and with the help of communication aids." [Source: Application, Appendix I]

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

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

Based on the source information reviewed the department concludes ADMA Healthcare, Inc. has not 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.

ADMA

ADMA identifies the capital expenditure for this project at $50,000. [Source: Application, pg. 1] ADMA further states "*building is owned by Amicable Holdings LLC and no need for additional capital investment. We have existing facilities and have furnishing and equipment in place.*" [Source: Application, pg. 18]

Table 6 below presents ADMA's projected revenue and expenses through the third complete year of operation.

Table 6
ADMA Projected Revenue and Expenses

	Partial Year 2015	**Full Year 1 2016**	**Full Year 3 - 2017**	**Full Year 3 - 2018**
Total Visits	9,477	10,919	12,106	12,106
Avg. Visits	30	30	30	30
REVENUES				
Medicare	$1,020,149	$1,175,321	$1,303,090	$1,303,090
Medicaid	$510,075	$587,661	$651,545	$651,545
Commercial/ Other	$170,025	$195,887	$217,182	$217,182
Total Gross Revenue	$1,700,249	$1,958,869	$2,171,817	$2,171,817
Adj for Charity Care	$25,504	$29,383	$32,577	$32,577
NET REVENUE	**$1,674,745**	**$1,929,486**	**$2,139,240**	**$2,139,240**
EXPENSES				
Salary and Benefits				
Director of Operation	$73,333	$80,000	$80,000	$80,000
Clinical Manager	$68,750	$75,000	$75,000	$75,000
Skilled Nursing	$256,667	$304,500	$329,000	$360,500
Home Care Specialist	$64,167	$70,000	$70,000	$70,000
MSW	$2,658	$2,900	$4,060	$4,640
HHA	$17,188	$18,750	$20,000	$21,250
Benefits	$120,691	$137,788	$144,515	$152,848
Total Salaries and Benefits	**$603,454**	**$688,938**	**$722,575**	**$764,238**
Contract Labor:				
Physician (Medical Director)				
Physical Therapist	$543,060	$549,000	$608,580	$608,580
Occupational Therapist	$134,460	$144,900	$160,200	$160,200
Speech Therapist	$12,400	$13,600	$14,800	$14,800
Total Patient Care Costs	**$689,920**	**$707,500**	**$783,580**	**$783,580**
Medical Supplies	$16,747	$19,295	$21,392	$21,392
Mileage & Medical Transport	$33,495	$38,590	$42,785	$42,785
Total Patient Care Costs	**$1,343,616**	**$1,454,323**	**$1,570,332**	**$1,611,995**
Administrative Costs				
Advertising	$3,156	$3,443	$4,763	$4,950

	Partial Year 2015	Full Year 1 2016	Full Year 3 - 2017	Full Year 3 - 2018
B&O Taxes	$33,495	$38,590	$42,785	$42,785
Dues & Subscriptions	$500	$900	$1,100	$1,100
Employee Benefits	$26,297	$28,688	$39,688	$41,250
IT	$8,415	$9,180	$12,700	$13,200
Insurance	$5,800	$6,000	$6,000	$6,000
Legal & Professional Fees	$2,104	$2,295	$3,175	$3,300
Licenses & Fees	$1,052	$1,148	$1,588	$1,650
Lease	$32,780	$36,996	$36,996	$36,996
Admin Salaries & Wages	$105,188	$114,750	$158,750	$165,000
Supplies, Telephone, Mobile	$2,419	$2,639	$3,651	$3,795
Mileage-Admin/Sales	$6,311	$6,885	$9,525	$9,900
Misc. OpEx	$2,104	$2,295	$3,175	$3,300
Total Administrative Costs	$229,621	$253,809	$323,896	$333,226
Total Costs	**$1,573,237**	**$1,708,132**	**$1,894,228**	**$1,945,221**
Net Profit/ Loss	**$101,508**	**$221,354**	**$245,012**	**$194,019**
Depreciation		$3,590	$3,590	

[Source: September 2014 Screening Responses]

Tables 7, 8, 9, and 10 are stated to be the bases for the financial projections.

Table 7
ADMA's Forecasted Patients And Visits By Discipline For 2015-2018

Forecast Patients & Visits by Discipline, King County, 2015-2018					Discipline Percent of Total Visits		
Year	**Partial 2015**	**2016**	**2017**	**2018**	**2015**	**2016**	**2017**
Patients - Unduplicated	312	360	400	400			
Visits by Discipline							
● RN/LPN	5,058	5,911	6,575	6,575	53.4%	54.1%	54.3%
● PT	2,766	3,050	3,381	3,381	29.2%	27.9%	27.9%
● OT	685	805	890	890	7.2%	7.4%	7.4%
● ST	57	68	74	74	0.6%	0.6%	0.6%
● MSW	57	68	74	74	0.6%	0.6%	0.6%
● HHA	855	1,017	1,112	1,112	9.0%	9.3%	9.2%
Total Visits	9,477	10,919	12,106	12,106			
Avg visits	*30*	*30*	*30*	*30*			

[Source: September 2014 screening responses and December 2014 Rebuttal]

Table 8
ADMA Referral Sources and Patient Volume Projections for 2015-2017

	Year 1 - 2015		Year 2 - 2016		Year 3 - 2017	
Referral Source	**Patients**	**Visits***	**Patients**	**Visits***	**Patients**	**Visits***
Harborview	90	2,700	90	2,700	90	2,700
Swedish	200	6,000	200	6,000	200	6,000
UW Medicine	75	2,250	75	2,250	75	2,250
Virginia Mason	35	1,050	35	1,050	35	1,050
DSHS/Home & Community Services	70	2,100	70	2,100	70	2,100
Annual Total	470	14,100	470	14,100	470	14,100
ADMA's Workload Forecast	340	10,339	360	10,919	400	12,106
Annual Patients increase after Yr.1			5.9%		11.1%	

[Source: Application, pg. 16, September 2014 Screening Responses, and December 2014 Rebuttal]

Table 9
Anticipated Costs And Charges Per Visit, By Discipline 2017

Discipline	Costs	Charges
Skilled Nursing	$120.00	$159.30
Physical Therapy	$180.00	$238.95
Occupational Therapy	$180.00	$238.95
Speech Therapy	$200.00	$265.50
MSW	$160.00	$212.40
Home Health Aide	$75.00	$99.56

[Source: July 2014 Screening Responses and September 2014 Screening Responses]

Table 10
Anticipated Costs and Charges Per Visit, By Payer 2017

Payer	Costs	Charges
Medicare	$135.14	$179.40
Medicaid	$135.14	$179.40
Commercial	$135.14	$179.40
Uncompensated	$135.14	-

[Source: July 2014 Screening Responses and September 2014 Screening Responses]

Summary of Public Comments Regarding ADMA's Patient Projections and Financial Feasibility

- "*ADMA Claims: "Projected" its patient mix At page 14, ADMA claims " ... a large number of patients are expected to be those receiving physical medicine/rehabilitation services" due to Amicable Healthcare's current relationship with providers. ADMA provides no credible basis for this statement. Amicable does not currently appear to have any physical medicine or rehabilitation capability or expertise and so has no basis for an expectation that a larger than average number of*

its patients will require physical therapy. Again, ADMA copies language from Envision and implies that its own circumstances and patient projections are different than the facts would support."

- "*ADMA's mis-understanding of referral relationships in the health care system and its inflated and unrealistic estimates of referrals it will receive continues at the Envision table it copied into page 14 and is labeled: "Forecast patients and Visits by Discipline, King County 2014-2017." In this table, ADMA directly copied Envision's projected visits for occupational therapy, speech therapy, medical social work, and home health aides. The growth rate and patient mix shown is simply not credible for a home-care oriented agency without any experience providing Medicare home health services and no expertise in physical therapy.*"
- *"Also at page 15, ADMA precisely copied Envision's table showing the percentage mix of professional disciplines Envision projected. In error, however, ADMA's table at page 14, labeled "Forecast Patients and Visits by Discipline," used most of Envision's visit numbers but ADMA revised a few. It is not possible to make changes to the first table and still have the same percentages result in the second as ADMA asks DOH to believe. The mismatch between the two tables is a clear indication that ADMA did not make its own projections as it claims, and even erred in copying someone else's work.*"
- *"At page 22, the tables figures are not costs and charges that ADMA "anticipates." It is impossible for these costs and charges "anticipated" by ADMA to be correct or for them to reflect any meaningful projection of costs and charges by the applicant. The table was copied in its entirely from Envision's application.*"
- "*Derived" Staff to visit ratio At page 23, ADMA states "We derived these ratios from national benchmark calculations, knowledge of competitor's standards, and articles from National Associate of Home Care." Since the ratios ADMA presents are exactly the same as those Envision developed, ADMA's claim to have "derived" these ratios by itself is not credible. The table that ADMA claims to have developed itself was copied precisely from Envision' s CON application's explanation of its staff to visit ratios."*
- *"ADMA provides no credible basis for volume projections of 12,106 visits by the third year despite a screening question asking for additional information. That projected volume was Envision's; it was based on factual letters of support to Envision from providers across King County. From those letters, Envision's workload projections incorporated the estimated monthly or yearly numbers of potential home health referrals each letter writer estimated he or she would refer to Envision."*
- *"ADMA copied Envision's workload projections table and just replaced the Envision sources in the left most column with hospital names to create its volume projection table. So, where Envision documented each referral source with letters from that source, ADMA's substituted hospital names have no supporting basis. Additionally, ADMA projects 70 referrals per year from other home health agencies. It provides no basis for the assumption that other agencies will refer Medicare patients to it.*"

- *"The application includes three conflicting statements regarding capital expense. The Department does not know what dollar amount the applicant is requesting be included in its project description. a. Letter of intent provides a $50,000 capital estimate. b. At the Depreciation line, ADMA's live pro forma financial worksheet shows $17,950 in capital is depreciated over 5 years. Yet, there is no basis provided for selecting the 5-year depreciation schedule nor any other narrative providing assumptions on which the figure is based. c. Response to request for list of capital expenditures is "NA"."*

ADMA Rebuttal to Public Comments Regarding ADMA's Patient Projections and Financial Feasibility

- "*ADMA patients volume projections is based upon it knowledge of the population it proposes to serve. Given our parent entity experience providing services in King County, we stand by our projections.*"
- "*According to Ms. Nancy Field's allegation regarding our relationship with nursing homes, hospitals and physical therapy, what she failed to understand is that our sister company has been serving more than 6,000 DSHS and private clients in King County for over the 17 years as a home care service agency. Our sister company has had referrals from several hospitals such as Virginia Mason, Harborview, Valley Medical and nursing homes requesting for service support. Service requests were also presented from the likes of Molina healthcare, Community Health Plan of WA, United Healthcare and other medical clinics in King County needing Medicare and Medicaid services. Not only has our sister company received referrals from large healthcare institutions, referrals also came from other home health agencies for services to be provided by a Medicare and Medicaid certified agency. Unfortunately, due to lack of the Medicare and Medicaid certification, our sister company has not been unable to provide these services.*"
- "*These are baseless assertions by Ms. Field. ADMA application demonstrated financial feasibility. ADMA Healthcare's parent owns the property it proposes to use and its patients projections are conservative. ADMA's pro-forma financial statement shows the project is financially feasible during the first years of operation. ADMA has done its due diligence and stands by conservatively projected financial aspirations, based on relatively sound average annual visits estimate.*"
- *"Again, as shown in the table above (forecast patients and visits by discipline), ADMA stands by its projection, which is also based on the experience of sister company serving in the King County for the past 17 years. Table below indicates our conservative volume projections from referral sources. The Diasporas community which is a good portion of ADMA's projection continues to grow as indicated in the attached King County demography data. ADMA has strong backing from the niche market of the Diasporas community, as provided in the attached letters of support."* (See table 8 above in the department's analysis for the table provided)

Department Evaluation

For the department to determine whether the immediate and long-range capital and operating costs of the project can be met it must evaluate the underlying assumptions used to develop the projected financial statements. As part of its evaluation, the department will focus on information contained in tables 7,8, and 10. Public comment claimed information contained in these tables was taken from the previously approved Envision application this is where the department will focus it evaluation.

Table 11 presents a comparison of ADMA's intensity of service by discipline in its initial application and changes made in screening to the same information from the Envision application.

Table 11
ADMA's Intensity of Service Compared To Envision's

Discipline	Envision	ADMA Initial Application	Screening Responses
Skilled Nursing	52.6%	52.6%	54.3%
Physical Therapy	30.2%	30.2%	27.9%
Occupational Therapy	7.1%	7.1%	7.4%
Speech Therapy	0.6%	0.6%	0.6%
Social Work	0.6%	0.6%	0.6%
HHA	8.9%	8.9%	9.2%

The shaded areas shown in table 11 show where ADMA's application is identical to Envision's. ADMA states *"Our rationale for intensity of services are derived based on anticipated referral sources and experience of service for each discipline. ADMA Healthcare assumes it will achieve a comparable total number of visits as other home health agency based on the SHP projections. We used total number of visits divided by visit by each discipline to arrive at the ratio by discipline."* [Source: July 2014 Screening Responses] ADMA also states in its rebuttal comments that *"Again, as shown in the table above (forecast patients and visits by discipline),ADMA stands by its projection, which is also based on the experience of sister company serving in the King County for the past 17 years."*

The shaded areas shown in table 12 show where ADMA's application is identical to Envision's.

Table 12
ADMA's Forecast Patients and Visits by Discipline
Compared To Envision's Application

		2017			
	Envision	ADMA-Initial Application	ADMA-1st screening	ADMA-2st screening	ADMA-rebuttal
Patients-Unduplicated	420.0	400	400	400	400
Visits by Discipline					

		2017			
	Envision	ADMA-Initial Application	ADMA-1st screening	ADMA-2st screening	ADMA-rebuttal
RN/LPN	6,575	6,575	6,575	6,575	6,575
Physical Therapy	3,781	3,381	3,381	3,381	3,381
Occupational Therapy	890	890	890	890	890
Speech Therapy	74	74	74	74	74
Medical Social Work	74	74	74	74	74
Home Health Aide	1,112	1,112	1,112	1,112	1,112
Total Visits	12,506	12,106	12,106	12,106	12,106
Avg visits	30	30	30	30	30

Since the rationale for intensity of services and forecasted patients and visits are stated to be derived, at least in part, based on ADMA's or Amicable's experience of service for each discipline, the department looked to substantiate this claim. Since ADMA has stated it is was not licensed or providing services, the department looked to its sister agency, Amicable for information[8] to support is claim. According to Amicable's website its services include assistance in all aspects of homecare, whether at home or in an assisted living setting. Amicable is a full service company, providing companions, live-in aide, certified home health aides, certified nursing aides, registered nurses, and medical supplies. Its staff provides transportation to medical appointments, shopping and other authorized errands. [Source: Amicable Healthcare website] The department's records identify services provided by Amicable are homemaker/chore, personal care, skilled nursing, home health aide, and respite care. [Source: DOH Integrated Licensing & Regulatory System (ILRS)]

The department also looked at the professional experience of ADMA's and Amicable's ownership to help in this assessment. ADMA's ownership comprises of Ferguson Adesoye, Dapo Amonsun, Abdul Abenefe, and Dr. Ifesinachi Sylvia Oguakwa. Ferguson Adesoye holds an MBA and CPA with 20 years of business management experience. He is also one of the co-founders of Amicable. Dapo Amonsun holds an MBA with 20 years healthcare business management experience and is the other co-founder of Amicable. Mr. Amonsun has experience in strategic planning, real estate and business development. Abdul Abenefe holds a MBA with 20 years senior level business, finance and technology management experience. Dr. Ifesinachi Sylvia Oguakwa is a board certified medical doctor with over seven years of experience as a physician and surgeon. [Source: Application, Appendix M] The department acknowledges owner of Amicable has been successful in providing the types of home care services it provides and the specific contracted services for elders and disabled people who are unable to carry out certain routine activities of daily life. This experience would be useful in establishing a Medicare/Medicaid certified home health agency but would not be the basis to build projections for a Medicare/Medicaid home health agency.

[8] ADMA states "*ADMA Healthcare, Inc. does not hold any licensure or an accreditation status.*" [Source: Application, pg. 2] However, Appendix B of the application includes a copy of ADMA's Washington State Department of Health (DOH) In-Home Services Agency License authorizing ADMA to provide home health in King County effective February 25, 2014.

The department also reviewed the information from Envision's application. Envision states number of visits were based "*on interviews of potential referral sources documented elsewhere in the application, Envision determined there is a substantial gap in home health service accessibility in King County.*" Envision stated "*it adopted its Utah pattern of intensity of service, i.e., number of visits and mix of disciplines. The assumptions:*

Total visits, avg per unduplicated patient: 29.8

Mix of disciplines per average unduplicated patient:

- *Skilled nursing: 52.6%*
- *Physical therapy: 30.2%*
- *Occ. Therapy: 7.1%*
- *Speech Path.: .6%*
- *Social work: .6%*
- *HHA: 8.9%"*

[Source: Envision Application, pg. 16]

Envision's ownership consists of eight members. These are Rhett Anderson, Greg Atwood RN, Wyatt Cloward OT, Jason Crump PT, Chad Fullmer MPT, Darin McSpadden OT, Sherie Stewart MSW, and Derek White MPT. All the members of Envision Home Health of Washington, LLC are also members of Envision Home Health and Hospice, LLC a Utah entity. Envision Home Health in Utah was first certified by Medicare November 3, 2005. [Source: CMS Home Health Compare Website] Envision Home Health and Hospice, LLC of Utah is a provider of skilled nursing services, physical, occupational and speech therapies, medical social services, and certified nurse's aides through five offices located in five counties in Utah. [Source: Envision Application and Department analysis dated April 10, 2014]

Four of the eight members of Envision Home Health of Washington, LLC are members, Jason Crump PT, Chad Fullmer MPT, Darin McSpadden OT, and Derek White MPT are members of Independence Rehab, LLC. Independence Rehab is a national company that contracts therapy-related rehabilitation services to skilled nursing facilities, assisted living facilities, home health agencies, and outpatient clinics. Independence Rehab currently operates in ten states across the U.S. including Washington. In King County, Independence Rehab provides these therapy-related services to 11 different facilities and organizations. Independence Rehab also works in conjunction with the University of Washington, Eastern Washington University, University of Puget Sound, Gateway Community College, Bates Community College, Pima Medical College, Brown Mackie College, and Lake Washington Institute of Technology to provide internship programs for Physical, Occupational, and Speech Therapists, Assistants, and Techs/Aides. [Source: Envision, November 2013 Screening Responses]

Considering the information reviewed the department concludes ADMA did not independently projected the exact same numbers as shown in the shaded areas of tables 11 and 12.

The department next assessed ADMA's patient volume projections. Table 8 is repeated below for ease of comparison.

Table 8 (Repeated)
ADMA Referral Sources and Patient Volume Projections for 2015-2017

	Year 1 - 2015		Year 2 - 2016		Year 3 - 2017	
Referral Source	**Patients**	**Visits***	**Patients**	**Visits***	**Patients**	**Visits***
Harborview	90	2,700	90	2,700	90	2,700
Swedish	200	6,000	200	6,000	200	6,000
UW Medicine	75	2,250	75	2,250	75	2,250
Virginia Mason	35	1,050	35	1,050	35	1,050
DSHS/Home & Community Services	70	2,100	70	2,100	70	2,100
Annual Total	470	14,100	470	14,100	470	14,100
ADMA's Workload Forecast	340	10,339	360	10,919	400	12,106
Annual Patients increase after Yr.1			5.9%		11.1%	

[Source: Application, pg. 16, September 2014 Screening Responses, and December 2014 Rebuttal]

Table 13 presents the referral sources and patient volume projections for Envision's application.

Table 13
Envision Referral Sources and Patient Volume Projections for 2015-2017

	Year 1-2015		Year 2-2016		Year 3-2017	
Referral Source	**Pts**	**Visits***	**Pts**	**Visits***	**Pts**	**Visits***
Burien 5-10/month @7.5	90	2,700	90	2,700	90	2,700
Choi @ 4/wk	200	6,000	200	6,000	200	6,000
Kindred @50-100	75	2,250	75	2,250	75	2,250
Annual Total	365	10,950	365	10,950	365	10,950
Envision's Workload Forecast	353	10,496	384	11,434	420	12,505
Annual Patients increase after Yr 1			8.9%		9.4%	
*Visits per patient =29.8						

[Source: Envision Application, pg. 18]

In comparing tables 8 and 13, lines 1-3 are exactly the same. The difference is in the reported source of referral. ADMA states its referral sources "*…indicates our conservative volume projections from referral sources. The Diasporas community which is a good portion of ADMA's projection continues to grow as indicated in the attached King County demography data. ADMA has strong backing from the niche market of the Diasporas community, as provided in the attached letters of support."AMDA further states, "Our sister company has had referrals from several hospitals such as Virginia Mason, Harborview, Valley Medical and nursing homes requesting for service support. Service requests were also presented from the likes of Molina healthcare, Community Health Plan of WA, United Healthcare and other*

medical clinics in King County needing Medicare and Medicaid services. Not only has our sister company received referrals from large healthcare institutions, referrals also came from other home health agencies for services to be provided by a Medicare and Medicaid certified agency."

The letters of support provided in ADMA's application speak to the need for any home health agency. They also speak to the need for these services by the diasporas community in the "south sound". However, these letters provide only general support meaning there is no estimate of the number of patients they would consider referring to ADMA for home health if approved. The department finds no information in the application from Harborview, Swedish, or UW Medicine that would support ADMA's projected referrals from these sources. In comparison, the shaded numbers from table 13 showing Envision's referral sources and projected volume are supported by the letters of support contained in its application. Each of source listed in table 13 provided a letter of support that identified the potential number of referrals. The department also notes the workload forecasts shown in table 12 and not consistent with the numbers in table 19 related to staffing FTE assumptions. Based on its evaluation, the department finds ADMA's referral sources and patient volume projections in table 8 unreliable.

Table 14 is a summary of ADMA's revenue and expenses from table 6.

Table 14
Summary Of ADMA Projected Revenue And Expense Statements

	Full Year 2016	Full Year 2017	Full Year 2018
Net Revenue	$1,929,486	$2,139,2407	$2,139,240
Total Operating Expenses	$1,708,132	$1,894,228	$1,945,221
Net Profit /(Loss)	$221,354	$245,012	$194,019
Net Revenue Patient Per Visit	$176.71	$176.71	$176.71
Operating Expenses Per Patient Visit	$156.44	$156.47	$160.68
Net Profit (Loss) Per Patient Visit	$20.27	$20.24	$16.03

Using this summary alone, ADMA's revenues would be exceeding its expenses. However, the department as part of its evaluation also spot checks specific costs. In addition the department evaluates public comments that relate to the financial projections. ADMA stated in its application, that it would lease office space from its parent company and provided an executed lease agreement and a pro-forma financial statement showing lease costs. Based lease costs in the lease are stated as follows:

Table 15
ADMA's Base Lease Costs Contained In Executed Lease

Lease Year	Base Month Rent
Year One (August 1, 2013-July 31 2014)	$2,840
Year One (August 1, 2014-July 31 2015)	$2,980
Year One (August 1, 2016-July 31 2017)	$3,083
Year One (August 1, 2017-July 31 2018)	$3,184

[Source: July 2014 Screening Responses]

Table 16
Comparison Of Base Lease Costs In ADMA's Projected Financials With Stated Base Lease Costs Contained In Lease

	2016	2017	2018
Table 6-Lease Line Item	$36,996	$36,996	$36,996
DoH Calculated-monthly base rent	$3,083	$3,083	$3,083

[Source: September 2014 Screening Responses]

As shown in table 16, the lease line item expense in at least 2018 is not consistent with the executed lease provided to the department. While the difference in the amount may be relatively small, it does draw into question the reliability of the information contained in the revenue and expense statement.

ADMA identifies the capital expenditure for this project at $50,000. [Source: Application, pg. 1] ADMA further states "*building is owned by Amicable Holdings LLC and no need for additional capital investment. We have existing facilities and have furnishing and equipment in place.*" [Source: Application, pg. 18] As noted in table 6, there is $3,590 of unexplained depreciation. Because of the conflicting statements about what level of capital expenditure there is for this project this also does draw into question the reliability of the information contained in the revenue and expense statement.

Finally, the department reviewed ADMA's information contained in table 10 and compared it to the same information from the Envision application. For ease of comparison, table 10 is repeated below.

Table 10 (Repeated)
ADMA Anticipated Costs and Charges Per Visit, By Payer 2017

Payer	Costs	Charges
Medicare	$135.14	$179.40
Medicaid	$135.14	$179.40
Commercial	$135.14	$179.40
Uncompensated	$135.14	-

[Source: July 2014 Screening Responses and September 2014 Screening Responses]

Table 17 below shows the same table from Envision's application.

Table 17
Envision Anticipated Costs and Charges Per Visit, By Payer 2017

Payer	Costs	Charges
Medicare	$135.14	$179.40
Medicaid	$135.14	$179.40
Commercial	$135.14	$179.40
Uncompensated	$135.14	-

[Source: Envision Application, pg. 26]

The shaded areas of table 17 show that ADMA's payer costs and charges to be exactly the same as Envision projected. Table 18 shows a summary comparison of revenue and expenses between ADMA and Envision.

Table 18
Summary Comparison Between ADMA and Envision's Projected Revenue and Expense Statements

	ADMA Full Year 2017	Envision Full Year 2017
Net Revenue	$2,139,2407	$2,207,118
Total Operating Expenses	$1,894,228	$1,701,185
Net Profit /(Loss)	$245,012	$505,933
Net Revenue Patient Per Visit	$176.71	$180.05
Operating Expenses Per Patient Visit	$156.47	$136.03
Net Profit (Loss) Per Patient Visit	$20.24	$44.02

Based on this comparison, the department finds that it is unlikely that ADMA and Envision could have the exact same costs and charges. Therefore, the department concludes ADMA's figures are not reliable.

Based on the source information reviewed, the department concludes that the immediate and long-range capital and operating costs of the project could not be substantiated. **This sub-criterion is not 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 compares the proposed project's costs with those previously considered by the department.

ADMA

ADMA identifies the capital expenditure for this project at $50,000. [Source: Application, pg. 1] ADMA further states "*building is owned by Amicable Holdings LLC and no need for additional capital investment. We have existing facilities and have furnishing and equipment in place.*" [Source: Application, pg. 18] As noted in table 6, there is $3,590 of unexplained depreciation. Because of the conflicting statements about what level of capital expenditure there is for this project this also does draw into question the reliability of the information contained in the revenue and expense statement.

Department Evaluation

ADMA identified the capital expenditure for this project at $50,000. [Source: Application, pg. 1] ADMA further stated "*building is owned by Amicable Holdings LLC and no need for additional capital investment. We have existing facilities and have furnishing and equipment in place.*" [Source: Application, pg. 18] As noted in table 6, there is $3,590 of unexplained depreciation. Because of the conflicting statements about what level of capital expenditure there is for this project this also draws into question the reliability of the information contained in the revenue and expense statement.

The department also previously concluded the patient volumes projected by ADMA were unreliable and could not be used to determine if the agency would meet its immediate and long-range capital and operating costs. Based on the information reviewed, the department concludes that the costs of this project will probably result in an unreasonable impact to the costs and charges for health care services within the services area. **This sub-criterion is not 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 compares the proposed project's source of financing to those previously considered by the department.

ADMA

The capital expenditure associated with ADMA's proposed project is stated to be $50,000. [Source: Application pg. 1] ADMA further states "building is owned by Amicable Holdings LLC and no need for additional capital investment. We have existing facilities and have furnishing and equipment in place." [Source: Application, pg. 18]. ADMA provided a letter of financial commitment signed by ADMA Groups, Inc. Chief Executive Officer stating "*ADMA Groups, Inc. Board of Directors hereby agreed to provide all the working capital to finance the entire project. In addition our sister company, Amicable Healthcare, Inc has a revolving Line of Credit of $250,000 with Bank of America that is available to tap into incase of any cash flow need.*" [Source: Application, Appendix L] ADMA also provided a letter from Clarence Banks, Vice President Bank of America Merrill Lynch Global Commercial Banking stating "*Please be advised that Amicable Healthcare Inc. maintains a commercial banking relationship with Bank of America. At present, the relationship is managed as required and is in good standing. A component of their banking relationship is a borrowing relationship, which is comprised of a $250,000 Revolving Line of Credit which supports working capital needs. This facility is in compliance with established covenants and is scheduled for its annual review and renewal on July 10, 2014.*" [Source: Application, Appendix L]

Summary of Public Comments Regarding ADMA's Source of Financing

- None

ADMA Rebuttal to Public Comment Regarding Source of Financing:

- None

Department Evaluation

The department review of the information submitted by the ADMA shows insistencies regarding whether there is $50,000 in capital expenditures for this project or not. That issue was evaluated under (1) of this subsection. The department's evaluation of this sub-criteria is related to whether the source of financing for the project is appropriate. Having a parent company or other related company provide the project financing is appropriate. The application contained a letter of commitment from ADMA Groups, Inc. and from Bank of America regarding the financial standing of Amicable. Based on the information reviewed, the department concludes that the project can be appropriately financed. **This sub-criterion is met**.

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

Based on the source information reviewed the department concludes ADMA Healthcare, Inc.'s project has not 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 evaluates if the applicant's proposed staffing plan is reasonable and staff are either available or can be recruited.

ADMA

The table 19 summarizes ADMA's proposed FTE's for years 2015 to 2017.

Table 19
ADMA Staffing Summary FTEs Years 2015-2018

FTE's Staffing Input		2015 Partial	2016	2017	2018
Operations	**Visits**	**10,495**	**10,495**	**11,434**	**12,506**
Staffing - By FTE's	Salary				
Director of Operations	80,000	1.00	1.00	1.00	1.00
Clinical Manager	75,000	1.00	1.00	1.00	1.00
Skilled Nursing	70,000	4.00	4.35	4.70	5.15
Home Care Specialist	70,000	1.00	1.00	1.00	1.00
MSW	58,000	0.05	0.05	0.07	0.08
HHA	25,000	0.75	0.75	0.80	0.85
Physician (Medical Director)	Partner	1.00	1.00	1.00	1.00
Physical Therapist	Contracted				

FTE's Staffing Input		2015 Partial	2016	2017	2018
Occupational Therapist	Contracted				
Total		**8.80**	**9.15**	**9.57**	**10.08**
Administrative					
Administrator	Partner	1.00	1.00	1.00	1.00
Office Manager	40,000	1.00	1.00	1.00	1.00
Team Assistant	35,000	0.85	0.85	1.00	1.00
Data Entry Clerk	25,000	0.50	0.50	0.75	1.00
Business/Account Development	65,000	0.50	0.50	1.00	1.00
Total		**3.85**	**3.85**	**4.75**	**5.00**
Total FTE's		**12.65**	**13.00**	**14.32**	**15.08**

[Source: July 2014 Screening Responses]

ADMA's staff to visit ratios are presented in table 20. ADMA stated these "*ratios are similar to, if not exactly the same as, national standards of care. We derived these ratios from national benchmark calculations, knowledge of competitors' standards, and articles from National Association of Home Care.*" [Source: Application, pg. 23]

Table 20
ADMA Staff to Visit Ratio

Type of Staff	Staff / Visit Ratio
Skilled Nursing (RN &LPN)	4.9
Physical Therapist	*N/A* - Contracted per visit
Occupational Therapist	*N/A* - Contracted per visit
Medical Social Worker	3.2
Speech Therapist	N/A -Contracted per visit
Home Health Aide	5.1

ADMA's identified Dr. Ifesinachi Sylvia Oguakwa, MD, one of ADMA's owners, as the agency's proposed medical director. [Source: Application, Pg. 2] ADMA provided a copy of the proposed job description of the Medical Director outlining the position's responsibilities.

"RESPONSIBILITIES OF THE MEDICAL DIRECTOR(Job Description)
The duties and responsibilities of the MEDICAL DIRECTOR are those defiled in .the conditions of participation, Home Health Agencies, Federal Health Insurance Program (Title XVII, Section 1395-1396 and particularly part 405.1229) selected policies of the AGENCY, and the Medicaid Provider Manual (Title XIX). MEDICAL DIRECTOR Services and duties shall include, but are not limited to the followings:

1. *Serve as a member of a professional advisory committee, quality improvement committee, and interdisciplinary group.*
2. *Confirm patient eligibility for home health services in accordance with the agency policy*

3. Consult with physician about potential home health patient as indicated

4. Serve as a consultant with patient's primary physician as requested

5. Assist in developing plan of care for patient/family as needed

6. Consult with attending physician and home health staff as requested

7. Coordinate efforts with attending physician to provide medical care if he/she is unable or unavailable

8. Consult with team members on an on-call basis for medical issues relating to the patient/family plan of care

9. offer advice and information to staff and referring physicians on medical intervention consistent with home health philosophy and plan of care

10. Serve as medical liaison with physicians in community and promote referrals

11. Participate in patient conference with emphasis on the medical management of patient's plan of care

12. Present or arrange for orientation and education presentations as requested for interdisciplinary team members involved in patient care

13. Participate in community programs for the purpose of providing education and information to members of the medical community." [Source: Application Appendix C]

To further demonstrate compliance with the sub criterion, ADMA stated, *"Through the operation of its related staffing agency sister company and Amicable Healthcare, ADMA Healthcare is familiar with the availability of necessary qualified staff in the King County labor market. Due to its ownership structure with ADMA Groups (a professional staffing agency) and majority owner, Amicable Healthcare operation has been very successful in attracting and retaining the staffing it requires to serve its nursing home and assisted living clients. ADMA Healthcare does not believe that staff availability will be a problem as result of the strong relationships its owners have through their presence in the same market".* [Source: Application, Pgs. 23-24]

Summary of Public Comments Regarding Staffing

- *"At H. Project Description, ADMA states its current scope of services includes: Living aide, certified home health aide, certified nursing aide, registered nurses, medical supplies and companionship in King County. These services are further described by applicant as "in home services." There is no indication that ADMA currently provides the services of licensed physical therapists in the homes of patients or in skilled nursing facilities. ADMA's statement at page 14 that it has "relationships with hospitals and other healthcare providers" is copied from the Envision application."*
- *"Derived" Staff to visit ratio. At page 23, ADMA states "We derived these ratios from national benchmark calculations, knowledge of competitor's standards, and articles from National Associate of Home Care." Since the ratios ADMA presents are exactly the same as those Envision developed, ADMA's claim to have "derived" these ratios*

by itself is not credible. The table that ADMA claims to have developed itself was copied precisely from Envision's CON application's explanation of its staff to visit ratios. To arrive at its projected ratios, Envision blended the data it found from a number of sources, including a costly national proprietary source to which ADMA does not have access."

- *"Nursing home clients" At page 24, ADMA "has been very successful in attracting and retaining the staffing it requires to serve its nursing home and assisted living clients." This ADMA statement is copied precisely from Envision's application. The statement refers to Envision's related nursing home clients in Utah and Washington. In light of ADMA's listing of the services it currently provides, it is unlikely that ADMA has any contracts with nursing homes such as it suggests here that it does."*
- *"Nowhere in its application does ADMA provide a factual basis for its representation here that it has strong industry relationships with hospitals, nursing homes or assisted living facilities."*

ADMA Rebuttal to Public Comments Regarding Staffing

- *"The duties of working with discharge planners would be carried out by the Administrator and Director of Nursing, listed as staffs on ADMA's application. The Director of Nursing will be responsible for the establishment of plan of care services for all patients."*
- *"…will NOT be involved in the day to day activities of ADMA operations. None of the other co-owners would be doing that either.*
- *"ADMA's staffing pattern shows it would hire an administrator whose duties is to work with discharge planners, and these duties would be carried out by the Administrator and Director of Nursing, listed as staffs on ADMA's application."*
- *"According to Ms. Nancy Field's allegation regarding our relationship with nursing homes, hospitals and physical therapy, what she failed to understand is that our sister company has been serving more than 6,000 DSHS and private clients in King County for over the 17 years as a home care service agency. Our sister company has had referrals from several hospitals such as Virginia Mason, Harborview, Valley Medical and nursing homes requesting for service support. Service requests were also presented from the likes of Molina healthcare, Community Health Plan of WA, United Healthcare and other medical clinics in King County needing Medicare and Medicaid services. Not only has our sister company received referrals from large healthcare institutions, referrals also came from other home health agencies for services to be provided by a Medicare and Medicaid certified agency."*

Department Evaluation

The department reviewed the information from table 19 that shows ADMA's projected level of staffing. Of note is the fact that the number of visits assumed to be the basis of the number of FTEs is not consistent with the visit numbers used in the financial statements or identified in ADMA's projected volume of visits by discipline, table 12. The department also notes that speech therapy is missing in the staffing table 19. While speech therapy elsewhere in the

application is stated to be contracted, this omission in the staffing table brings into question the reliability of the FTE numbers.

ADMA did not respond to the issue of its staff to visit ratios having been copied from the Envision application in its rebuttal. To assess this issue, the department compared the staff to visit ratio between the two applications. Table 21 shows that comparison.

Table 21
Comparison of ADMA Staff to Visit Ratio to Envision's

Type of Staff	ADMA-Application	Envision
Skilled Nursing (RN & LPN)	4.9	4.9
Physical Therapist	NA-Contracted per visit	NA-Contracted per visit
Occupational Therapist	NA-Contracted per visit	NA-Contracted per visit
Medical Social Worker	3.2	3.2
Speech Therapist	NA-Contracted per visit	NA-Contracted per visit
Home Health Aide	5.1	5.1

The shaded area of the table 21 match exactly. Based on this comparison, the department concludes ADMA did not independently derive these ratios. As a result, any staffing plan projected using these figures is unreliable.

The department acknowledges that ADMA's sister agency Amicable has experience in hiring the types of staff that are applicable for a home care agency. However, home care and licensed only home health staffing requirements are different than Medicare/Medicaid certified home health staffing requirements. The department also acknowledges that AGI augments its clients existing staff for day-to-day operations and that staff for ADMA could likely be hired. [Source: ADMA Groups website] However, because the department concluded ADMA's the FTE numbers in its staffing plan were unreliable, the department concludes **this sub-criterion is not 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 assesses the applicant's history in meeting these standards at other facilities owned or operated by the applicant.

ADMA

ADMA Healthcare will have policy in place to deliver clients to the nearest hospital of choice. ADMA provided a list of planned vendors . [Source: Application, pg. 25]

Summary of Public Comments Regarding Appropriate Relationships

- None

ADMA Rebuttal to Public Comments Regarding Appropriate Relationships

- None

Department Evaluation

ADMA provided a listing of the ancillary and support services it anticipates to use. Table 22 shows that listing.

Table 22
ADMA Proposed Listing of Ancillary & Support Services

	Proposed Vender Listing
1.	Business Telephone Quest Communication
2	Answering Services Access Direct, Inc.
3	Website Management Vibrant Marketing and Design
4	Bank Account Bank of America
5	Office Supplies Staples
6	Medical Supplier Medline Industries
7	Cell Phone System T-Mobile Communication
8	Liability Insurance Solution Groups Programs
9	Workers Washington Labor & Industries Compensation
10	Payroll Service Automatic Data Processing, Inc. {ADP)
11	Cleaning Service Sablan Cleaning Services
12	Agency Software Hometrack Solution
13	Medical Forms Home Health Forms, Inc..
14	Stationaries Evergreen Printing Services

The information in table 22 is typical of the types of support services the department would expect for a home health agency. Base on the source information reviewed, 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.

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.

ADMA

Included in the application was a copy of Washington State Department of Health (DOH) In-Home Services Agency License authorizing ADMA to provide home health in King County effective February 25, 2014. [Source: Application, Appendix B] ADMA state none of the owners

adjudged insolvent or bankrupt in any state or federal court. Additionally, none of the owners have been involved in a court proceeding to make a judgment of insolvency or bankruptcy. [Source: Application pg. 26]

Summary of Public Comments Regarding Conformance with State and Federal Law

- *"Federal regulation Title 42 CFR §424.22 (d) states that "a physician who has a significant financial or contractual relationship with, or a significant ownership in a nongovernmental home health agency may not certify or recertify the need for Home Health Services care services and may not establish or review a plan of treatment."*
- *"Medicare spells out the required role of the home health medical director and the role of the required group of professionals to which she would belong. The ADMA Medical Director Job Description appears to conform to those requirements but the role's being filled by an owner would not be permitted."*
- *"As shown at Attachment 1, ownership by any physician who refers patients, or develops or reviews a home health patient's' plan of care is prohibited outright."*
- *"The Stark law requires a home health medical director agreement to be in writing regardless of the level of remuneration. The written agreement must specify the duties and term."*

ADMA Rebuttal to Public Comments Regarding Conformance with State and Federal Law

- "Dr. lfesinachi Oguakwa ADMA's medical director is an urgent care physician without capacity to self-refer Medicare and Medicaid patients to ADMA?
- "*In reference to the Stark law stated by Ms. Field, which prohibits physician self-referral of designated health services for Medicare and Medicaid patients, is not applicable in this instance. Dr. lfesinachi Oguakwa MD is employed full-time by Harrison Medical Center Port Orchard, in Pierce County as an urgent care physician. She is not a referring doctor in the King County and as such, will not have any active participation in ADMA's daily operations.*"
- "*ADMA's staffing pattern shows it would hire an administrator. The duties of working with discharge planners would be carried out by the Administrator and Director of Nursing, listed as staffs on ADMA's application. The Director of Nursing will be responsible for the establishment of plan of care services for all patients."*
- *"As a co-owner, Dr. Oguakwa is not self-employed or a private physician, she is a fulltime employee of another medical facility, and will NOT be involved in the day to day activities of ADMA operations. None of the other co-owners would be doing that either. As Medical Director, Dr. Oguakwa's work hours and duties will be limited to providing oversight and coordinating with ADMA's patients' physicians as needed."*
- "*According to CFR 484.14 "Condition of participation: Organization, services, and administration" an RN can equally play the role of a Medical Director for a home health agency. ADMA will have a Director of Nursing on staff that will be capable of fulfilling the duties.*"

- *"In ADMA's application, we stated that as part of our continuous customer experience improvement, ADMA Healthcare would establish and maintain an ongoing Quality Assessment and Performance Improvement Program (QAPI), comprised of a system of measures that captures significant outcomes that are essential to optimal care, and are used in the care planning and coordination of services and events. The QAPI committee is appointed by the Administrator and approved by the governing body. The Director of Nurses is responsible for the day-to-day QI activities."*
- *"Furthermore, ADMA parent company's quality of care history has been excellent without any audit infractions. Attached are recent survey and audit from DOH and City of Seattle (human services department). As a SEIU member, our parent company also received letters of good standing from the union for the past eight years, recent example attached. This is clear indication that not only has our parent company been involved in the community; it is also an indication of its credibility and compliance with federal, state and local laws."*
- *"Furthermore, ADMA parent company's quality of care history has been excellent without any*
- *audit infractions. Attached are recent survey and audit from DOH and City of Seattle (human services department). As a SEIU member, our parent company also received letters of good standing from the union for the past eight years, recent example attached"*
- *"All the owners of ADMA Healthcare have impeccable records and Dr. Oguakwa does not have any enforcement issues on her record"*

Department Evaluation

ADMA stated "a*s Medical Director, Dr. Oguakwa's work hours and duties will be limited to providing oversight and coordinating with ADMA's patients' physicians as needed."* ADMA further states *"According to CFR 484.14 "Condition of participation: Organization, services, and administration" an RN can equally play the role of a Medical Director for a home health agency. ADMA will have a Director of Nursing on staff that will be capable of fulfilling the duties."* The department reviewed the Federal regulation Title 42 CFR §424.22 (d) cited by Ms. Field in her comments and CFR 484.14 cited by ADMA in rebuttal. Both appear to be at least patricianly correct. The department however, also looked that the Medical Director's job description submitted in the application. The duties listed are more extensive than that stated by ADMA in rebuttal. Of particular concern to the department as it relates to the Stark law is duty number that states "*Serve as medical liaison with physicians in community and promote referrals.*" This would appear to potentially result in a Stark violation.

ADMA states its *"staffing pattern shows it would hire an administrator whose duties is to work with discharge planners, and these duties would be carried out by the Administrator and Director of Nursing, listed as staffs on ADMA's application."* In response to the issues of a potential Stark law violation by having one of the co-owners/partners be the Medical Director ADMA stated "*…and will NOT be involved in the day to day activities of ADMA*

operations. None of the other co-owners would be doing that either." [emphasis added] According to the department's records, Mr. Abdul Abebefe is identified as ADMA's Administrator/Director. [Source: DoH ILRS]. As such the department concludes Mr. Abebefe would have at least some day to day activities of ADMA's operations.

The department also notes that because the Administrator was a partner, no salary or wages were included in ADMA's projected financial statements. Also see table 19. As noted above, department records identify Mr. Abebefe is ADMA's Administrator. Mr. Abebefe is also identified as the Chief Operating Officer for ADMA Groups, Inc. [Source: Application cover letters]

"An HHA may not use a full-time employee of another legal entity to fulfill its supervisory or administrative functions concurrently[9]*. For example: A freestanding HHA locates at a hospital and names a full-time hospital employee as the HHA supervisor. The HHA does not pay the nursing supervisor a salary for the HHA related services. Because the hospital continues the nursing supervisor in its employ, this arrangement clearly delegates HHA supervisory functions to another legal entity, i.e., the hospital."* [Source: CMS State Operations Manual, Appendix B-Guidance to Surveyors: Home Health Agencies, pg. 27]

Based on this information, the department concludes there is not reasonable assurance ADMA would be in conformance with Conditions of Participation for Medicare. Therefore, **this sub-criteria is not 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 assesses the materials in the application.

ADMA

ADMA stated it *"will focus on relationships building with institutions that refer large numbers of their current patients to home health agencies. With the extensive experience of Amicable Healthcare, ADMA Healthcare will become part of the cross setting care team through the large volume of patients and referrals the ADMA Healthcare staff and the institutional staffs manage in concert. By virtue of its ownership structure and industry relationships, many of these institutions are hospitals, nursing homes or assisted living facilities."* [Source: Application, pg. 26]

ADMA further stated it *"will be contracting with many of the same therapists that King County institutions employ through their connection with Amicable Healthcare or other Rehab outlets. The result is unique in that many of these patients will have the same therapist*

[9] Emphasis added

in their nursing home setting as they will have when they get home. Since most of the therapists will be contracting with ADMA Healthcare, the in-home therapy teams will be familiar with practices and protocols at the institutions from which the patients are being referred. This tightly knit continuum of care substantially reduces the high risk of medical error and gaps in care that have been recognized as typical in the "hand-off" of patients between settings." [Source: Application, pg. 26]

Summary of Public Comments Regarding Continuity In The Provision of Health Care

- *"At H. Project Description, ADMA states its current scope of services includes: Living aide, certified home health aide, certified nursing aide, registered nurses, medical supplies and companionship in King County. These services are further described by applicant as "in home services." There is no indication that ADMA currently provides the services of licensed physical therapists in the homes of patients or in skilled nursing facilities. ADMA's statement at page 14 that it has "relationships with hospitals and other healthcare providers" is copied from the Envision application."*

ADMA Rebuttal to Public Comments Regarding Continuity In The Provision of Health Care

- "*According to Ms. Nancy Field's allegation regarding our relationship with nursing homes, hospitals and physical therapy, what she failed to understand is that our sister company has been serving more than 6,000 DSHS and private clients in King County for over the 17 years as a home care service agency. Our sister company has had referrals from several hospitals such as Virginia Mason, Harborview, Valley Medical and nursing homes requesting for service support. Service requests were also presented from the likes of Molina healthcare, Community Health Plan of WA, United Healthcare and other medical clinics in King County needing Medicare and Medicaid services. Not only has our sister company received referrals from large healthcare institutions, referrals also came from other home health agencies for services to be provided by a Medicare and Medicaid certified agency.*"

Department Evaluation

The department reviewed the information contained in the application and information from the websites of Amicable, AGI, and ADMA. ADMA provided a copy of a referral request from Kindred for an individual with a diagnosis of wound care. There is a hand written "supplies need?" on the document. No other information is available concerning the specifics types of services needed. ADMA also provided a copy of another wound care request from Gentiva Home Health for a Medicaid client. The application contained no other documentation to support ADMA's referral claims to Amicable from Virginia Mason, Harborview, Valley Medical or nursing homes for support services. Nor was there documentation to support ADMA's statement "*..will be contracting with many of the same therapists that King County institutions employ through their connection with Amicable Healthcare…"*

In the need section of this analysis, the department acknowledged those submitting letters clearly support ADMA's project and need for services for those of different cultures and

languages. Of particular interest is the letter submitted by Browyn Freer-Social Services Program Manager DSHS Home & Community Services-DSHS ALTSA Region 2. In that letter states, "*We are in persistent need of providers of personal care and home health services. Home & Community Services assesses persons for an array of Medicaid services." "Our goal is to keep clients in their homes with services instead of sending them to a nursing facility." "We are most in need of those services that can be also be provided to persons of different cultures and who speak different languages; so that there is a greater understanding of their care.*" Usually, when an applicant fails to provide supporting documentation in its application the department would fail the applicant under that criterion. In this particular case, ADMA will likely reduce the current fragmentation of services that members of King County's Diasporas community have. Therefore, the department concludes that approval of this project would not cause unwarranted fragmentation of the existing healthcare system. Therefore, **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 subsection is addressed in subsections (2) and (3). In subsection (2) the department concluded ADMA would have appropriate relationships to ancillary and support services. In subsection (3) the department concluded there was not reasonable assurance ADMA would be in conformance with Conditions of Participation for Medicare. Therefore, the department concludes that there is not reasonable assurance the services would be provided in accord with applicable federal and state laws, rules, and regulations. **This sub-criterion is not met.**

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

Based on the source information reviewed the department concludes ADMA Healthcare, Inc. has not 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, in terms of cost, efficiency, or effectiveness, the department takes a multi-step approach. First the department determines if the application has met the other criteria of WAC 246-310-210 thru 230. If the project has failed to meet one or more of these criteria then the project cannot be considered to be the best alternative in terms of cost, efficiency, or effectiveness as a result the application would fail this sub-criterion.

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

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria contained throughout WAC 246-310 related to the specific project

type. The superiority 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 type superiority 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.

Department Evaluation

Step One

The department determined that ADMA Healthcare, Inc. project did not meet the review criteria under WAC 246-310-220 [financial feasibility] and WAC 246-310-230 [structure and process of care], resulting in a failure for the review criteria under cost containment [WAC 246-310-240]. The department concludes that ADMA Healthcare, Inc. proposal is not the best available alternative and a review of steps two and three is not necessary.

(2) In the case of a project involving construction:

(a) The costs, scope, and methods of construction and energy conservation are reasonable;

WAC 246-310 does not contain specific WAC 246-310-240(2)(a) criteria as identified in WAC 246-310-200(2)(a)(i). There are known minimum building and energy standards that healthcare facilities must meet to be licensed or certified to provide care. If built to only the minimum standards all construction projects could be determined to be reasonable.

This project does not involve construction. Therefore, the department concludes **this sub-criterion is not applicable.**

(b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.

This project does not involve construction. Therefore, the department concludes **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.

This project does not improvements or innovations in the financing and delivery of health services. Therefore, the department concludes **this sub-criteria is not applicable.**

APPENDIX A

State Health Plan Home Health Methodology-King County
ADMA Healthcare, Inc., (CN14-31)

Population by age group by year						
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Total County Population	1,996,475	2,012,782	2,031,988	2,051,195	2,070,402	2,089,608
Population 0-64	**1,752,660**	**1,760,682**	**1,768,901**	**1,777,119**	**1,785,338**	**1,793,556**
Population 65-79	179,407	187,272	197,706	208,140	218,575	229,009
65-69	85,578	90,143	93,502	96,862	100,221	103,581
70-74	55,648	58,203	62,903	67,603	72,304	77,004
75-79	38,181	38,926	41,301	43,675	46,050	48,424
Total Population 65-79	**179,407**	**187,272**	**197,706**	**208,140**	**218,575**	**229,009**
Population 80 +	64,409	64,828	65,381	65,935	66,489	67,043
80-84	28,671	28,602	29,093	29,585	30,076	30,568
85+	35,738	36,226	36,288	36,350	36,413	36,475
Total Population 80+	**64,409**	**64,828**	**65,381**	**65,935**	**66,489**	**67,043**
Pop. Calc. test back	1,996,476	2,012,782	2,031,988	2,051,195	2,070,402	2,089,608

State Health Plan Home Health Methodology-King County
ADMA Healthcare, Inc., (CN14-31)

Step 1-Population by Age Cohort	2014	2015	2016	2017	2018	2019
0-64	1,752,660	1,760,682	1,768,901	1,777,119	1,785,338	1,793,556
65-79	179,407	187,272	197,706	208,140	218,575	229,009
80+	64,409	64,828	65,381	65,935	66,489	67,043
Step 2-Projected Home Health Patients by Age Cohort						
0-64 X 0.005	8,763.30	8,803.41	8,844.51	8,885.60	8,926.69	8,967.78
65-79 X 0.044	7,893.91	8,239.97	8,699.06	9,158.16	9,617.30	10,076.40
80+ X 0.183	11,786.85	11,863.52	11,964.72	12,066.11	12,167.49	12,268.87
Step 3-Projected Home Health visits by age cohort						
0-64	8,763.30	8,803.41	8,844.51	8,885.60	8,926.69	8,967.78
Multiplier	10	10	10	10	10	10
Subtotal 0-64	87,633.00	88,034.10	88,445.05	88,855.95	89,266.90	89,677.80
65-79	8,239.97	8,239.97	8,699.06	9,158.16	9,617.30	10,076.40
Multiplier	14	14	14	14	14	14
Subtotal 65-79	115,359.55	115,359.55	121,786.90	128,214.24	134,642.20	141,069.54
80+	11,786.85	11,863.52	11,964.72	12,066.11	12,167.49	12,268.87
Multiplier	21	21	21	21	21	21
Subtotal 80+	247,523.79	249,134.00	251,259.18	253,388.21	255,517.23	257,646.25
Total Projected Home Health Visits	**450,516.34**	**452,527.66**	**461,491.13**	**470,458.40**	**479,426.33**	**488,393.59**
Step 4-Gross Need (Step 3 Total Visits /10,000)	**45.05**	**45.25**	**46.15**	**47.05**	**47.94**	**48.84**
Step 5- No. of Home Health Agencies	**37**	**37**	**37**	**37**	**37**	**37**
Step 6 Net Need (Per Method, Fractions are rounded down)	**8**	**8**	**9**	**10**	**10**	**11**
A negative number means there is a surplus						