



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

November 13, 2017

CERTIFIED MAIL # 7016 3010 0001 0575 1423

David Feeney, CFO
4411 Point Fosdick Dr NW # 203,
Gig Harbor, WA 98335

RE: CN Application #17-36

Dear Mr. Feeney

We have completed review of the Certificate of Need application submitted by Careage Home Health, LLC proposing to expand their Medicare and Medicaid certified home health agency to serve Thurston County. Enclosed is a written evaluation of the application.

For the reasons stated in the enclosed decision, the application is consistent with the applicable criteria of the Certificate of Need Program, provided Careage Home Health, LLC agrees to the following in its entirety.

Project Description

This Certificate of Need approves Careage Home Health, LLC to expand their Medicare and Medicaid certified home health agency to serve Thurston County. Home health services provided at the new agency include physical therapy, skilled nursing care, and certified home health aide services, occupational therapy, speech therapy, and medical social work services.

Conditions

1. Approval of the project description as stated above. Careage Home Health, LLC further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Careage Home Health, LLC shall finance the project using the financing as described in the application.
3. Careage Home Health, LLC will provide charity care in compliance with its charity care policies provided in the application.
4. Careage Home Health, LLC will maintain Medicare and Medicaid certification regardless of ownership.
5. Prior to providing Medicare and Medicaid certified home health services in Thurston County, Careage Home Health, LLC will provide a listing of key staff to the Certificate of Need Program. The listing of key staff shall include the name and professional license number.

David Feeney, Careage Home Health
CN Application #17-36
November 13, 2017
Page 2 of 2

6. Prior to providing Medicare and Medicaid home health services in Thurston County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement. The executed agreement shall be consistent with the draft agreement provided in the application.
7. Prior to providing Medicare and Medicaid home health services in Thurston County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement addendum. The executed agreement shall be consistent with the draft agreement provided in the application.
8. Prior to commencement of the project, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed lease agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

Approved Costs

The approved capital expenditure for the establishment of the Thurston County home health agency is \$16,000.

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

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

Send your written response to the Certificate of Need Program, at one of the following addresses.

Mailing Address:

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

Physical Address:

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

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,



Nancy Tyson, Executive Director
Health Facilities and Certificate of Need

Enclosure

EVALUATION DATED NOVEMBER 13 2017 OF THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY CAREAGE HOME HEALTH, LLC PROPOSING TO ESTABLISH A MEDICARE AND MEDICAID CERTIFIED HOME HEALTH AGENCY TO SERVE THURSTON COUNTY

APPLICANT DESCRIPTION

Careage Home Health, LLC is one of eight privately owned corporations that operate under the ‘Careage’ name.¹ All eight corporations are active with the Washington State Secretary of State office; however three of the eight are not actively in use. The following three members have ownership of Careage Home Health, LLC. [source: Application pp1-2, SOS website]

Name
Gene E. Lynn
Kelly Callahan
Careage Healthcare of Washington, Inc. ²

For this application, Careage Home Health LLC is the applicant and will be referenced in this evaluation as “Careage.” Careage currently provides Medicare and Medicaid certified home health services in King County, and was granted a CN to serve Pierce County on July 13, 2017.³

PROJECT DESCRIPTION

With this project, Careage proposes to expand their Medicare and Medicaid certified home health agency to serve Thurston County. This agency would be co-located with their Pierce County operations at 1600 Marshall Circle in DuPont [98327]. Both operations would be co-located with Patriots Landing, a retirement community owned and operated by Careage Healthcare of California, Inc. [source: Application p7]

Services to be provided at the Thurston County agency would include skilled nursing care, physical therapy, occupational therapy, speech therapy, medical social work, respite services, IV therapy, and home health aide services. [source: Application, p6]

Given that Careage is already a provider of Medicare and Medicaid home health services in King County, and is in the process of establishing an agency within Pierce County, Careage expects no delays to expand home health services into Thurston County. Careage expects to begin providing Medicare and Medicaid home health services for Thurston County residents within the first quarter of 2018. [source: Application p7]

¹ The eight corporations are Careage at Home LLC; Careage Development Co, LLC; Careage Healthcare of California, Inc.; Careage Healthcare of Washington, Inc.; Care Home Health of Pierce & Thurston Counties, LLC; Careage Home Health, LLC [applicant]; Careage Western Corporation; and Careage Inc.

² Careage Healthcare of Washington is an S-Corp that functions as the managing member of both Careage Home Health, LLC and Careage at Home, LLC. It also fulfills this function for various other entities.

³ CN Application 17-08, CN #1607.

The estimated capital expenditure for the project is \$16,000. Of that amount 50% is associated with office equipment and furniture for the new agency and the remaining 50% is associated with computer equipment. [source: Application, p24]

APPLICABILITY OF CERTIFICATE OF NEED LAW

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

EVALUATION CRITERIA

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

- (b) “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 experience related to a proposed undertaking, with whom the department consults during the review of an application.”

To obtain Certificate of Need approval, the applicant must demonstrate compliance with the criteria found in WAC 246-310-210 (need) including applicable portions of the 1987 State Health Plan; 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment).

TYPE OF REVIEW

This application was reviewed under the regular review timeline outlined in WAC 246-310-160, which is summarized below.

APPLICATION CHRONOLOGY

Action	Date
Letter of Intent Submitted	October 10, 2016
Application Submitted	April 10, 2017
Department's pre-review activities <ul style="list-style-type: none">• DOH 1st Screening Letter• Applicant's Responses Received	May 1, 2017 July 28, 2017 ⁴
Beginning of Review ⁵	August 4, 2017
Public Hearing Conducted	N/A ⁶
Public Comments accepted through end of public comment	September 11, 2017
Rebuttal Comments Due	September 26, 2017
Department's Anticipated Decision Date	November 13, 2017
Department's Actual Decision Date	November 13, 2017

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.”

As noted above, 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:

⁴ Careage requested an extension to respond to screening questions, which was granted.

⁵ Careage did not request a second screening, but instead asked that the department begin review regardless of whether the application was complete.

⁶ No public hearing was requested or conducted

- (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.*

During the course of review, two entities requested interested person status.

Providence Health and Services (Providence), requested interested person status. Providence Health and Services owns and operates Providence SoundHomeCare and Hospice in Olympia, Washington. Providence SoundHomeCare and Hospice provides Medicare and Medicaid home health services in Thurston County. This qualifies Providence as an interested person under WAC 246-310-010(34)(b). Providence did not provide comments related to this project, and therefore does not qualify as an affected person.

Envision Home Health of Washington, LLC, requested to receive copies of all correspondence related to this application. Envision does not meet any of the criteria under WAC 246-310-010(34) and therefore cannot qualify as an interested person. Envision did not provide comments related to this project. Envision does not qualify as an interested person nor as an affected person.

Therefore, there are no affected persons for this project.

SOURCE INFORMATION REVIEWED

- Careage's Certificate of Need application submitted April 10, 2016
- Careage's screening responses received July 28, 2017
- Compliance history for credentialed or licensed staff from the Medical Quality Assurance Commission and Nursing Quality Assurance Commission
- Compliance history for Careage from the Washington State Department of Health – Office of Investigation and Inspection
- DOH Provider Credential Search website: <http://www.doh.wa.gov/pcs>
- Year 2012 OFM population estimates, medium series

- Department of Health internal database – Integrated Licensing & Regulatory Systems (ILRS)
- Careage website: <http://www.careagehealth.com/>
- Washington State Department of Revenue website: <http://www.dor.wa.gov>
- Center for Medicare and Medicaid Services website: <https://www.cms.gov>
- Certificate of Need historical files

CONCLUSIONS

For the reasons stated in this evaluation, the application submitted by Careage Home Health, LLC proposing to expand their Medicare and Medicaid certified home health agency to serve Thurston County, is consistent with applicable criteria of the Certificate of Need Program, provided Careage Home Health, LLC agrees to the following in its entirety.

Project Description:

This Certificate of Need approves Careage Home Health, LLC to expand their Medicare and Medicaid certified home health agency to serve Thurston County. Home health services provided at the new agency include physical therapy, skilled nursing care, and certified home health aide services, occupational therapy, speech therapy, and medical social work services.

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with a copy of the executed medical director agreement addendum. The executed agreement shall be consistent with the draft agreement provided in the application.

8. Prior to commencement of the project, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed lease agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

Approved Costs:

The approved capital expenditure for the establishment of the Thurston County home health agency is \$16,000.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Careage Home Health, LLC project **met** the applicable 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.*

WAC 246-310 does not contain specific 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).

Home Health Numeric Methodology-1987 SHP

The SHP methodology is a five-step process that projects the number of home health visits in a planning area. The method uses the following elements:

- Projected population of the planning area, broken down by age groups [0-64; 65-79; & 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: 1987 SHP, pB-35]

The fifth and 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.

Careage Home Health, LLC

Careage provided a numeric need methodology based on the five steps identified in the SHP and concluded a gross need for seven home health agencies in Thurston County in the year 2020.

Careage provided the following comments and data related to the net need:

“In order to determine the ‘net need’ for a new home health provider, Careage calculated ‘supply’ consistent with the CN Program’s most recent home health agency decision (March 2017). In this evaluation, the CN Program included all certified and licensed only agencies in its initial ‘count’ of supply; though the Program clearly recognized that licensed only, by definition are not available or accessible to all residents. Including all of the licensed agencies results in no numeric need in Thurston County. However, and for all of the reasons cited in

response to Question 9 below, Careage is highly confident that the Program will agree that the licensed only agencies are neither available nor accessible to the residents needing home health services in Thurston County.”

*Application Table 8
Unmet Need for Additional Home Health Providers
In Thurston County*

<i>2020 Estimated HH Gross Need</i>	<i>Subtract Existing Medicare Certified Agencies</i>	<i>Net Need for Medicare Certified Agencies</i>	<i>Subtract Existing licensed only providers</i>	<i>Total Net Need</i>
7	2	5	17	0

“As Table 8 indicates, there are only two Medicare/Medicaid certified agencies in Thurston County. These two agencies are the only providers that are truly comparable to what Careage proposes, and are the only agencies, by virtue of their certifications that are truly available and accessible to all residents of Thurston County. At Question 9, Careage Home Health has provided additional rationale as to why all but one of the 17 licensed only agencies are not available and accessible to large segments of the population in Thurston County and, therefore, should be excluded or discounted from the count of supply. When the supply is corrected, there is need for an additional four certified agencies.” [source: Application pp13-14]

Careage provided the following statements and data related to their adjustments to the numeric need methodology – why certain existing providers should be excluded. [source: Application p19-22]

*“As stated above, there are only two Medicare certified home health agencies serving Thurston County. These are the only providers that Careage considers “similar providers” that are “available and accessible” to the population. Until about 2011, the Program made very similar statements, and to address its concern, it included in existing capacity **only those agencies that were Medicare certified**. The Program did not include licensed only home health agencies in the count of supply because these agencies are not available nor accessible to the vast majority of home health patients (the Medicare and Medicaid populations).*

Beginning in 2011, the Program concluded that even though the licensed only providers did not serve all residents, they did serve some residents and should therefore, be used to determine numeric need. However, the Program put the burden on applicants to demonstrate that licensed only providers were not available or accessible to meet the need. At the time the Program began counting licensed only home health agencies in the capacity count because, it

noted that, ‘even though they were not available to all residents of a service area, they served some residents.’

Thurston County’s aging population (those that are currently or soon to be Medicare eligible) is growing, representing 16% of the total Thurston County population, projected to increase to 17% by 2020. In addition, enrollment reports from the Washington Health Care Authority show that Thurston County has 68,400 (25% of the total population) enrolled in Apple Health through the state’s Medicaid expansion efforts. As such, approximately 40% of Thurston County residents are likely to have Medicare and Medicaid clients as a payer.

It is important to note that Medicaid, like Medicare, will only reimburse for home health services provided in Medicare certified home health agencies. In addition, Careage is well aware that many commercial payers, in fact the vast majority, do not reimburse agencies that are not Medicare certified. For these reasons, including agencies that are not able to serve Medicaid or Medicaid recipients by virtue of their licensing significantly overstates available capacity.

Consistent with the Program’s revised approach to calculating supply, Careage Home Health started with a list, provided to us by the CN Program, of all licensed in-home services providers that claim to serve Thurston County. This list was generated by the state licensing database and included 20 agencies. For each agency we either: 1) reviewed their website or 2) physically contacted them (by phone) to gather information about who and which types of patients they serve. Our findings are detailed in Tables 12 and 13. As a result of this 100% survey, we believe that 3 agencies at most...should be included in supply.

Application Table 12
Thurston County Licensed In-Home Services Agencies
Counted in Supply

<i>Agency Name</i>	<i>Certified?</i>	<i>Notes/Limitations</i>	<i>Source</i>
<i>Counted in Supply: 2</i>			
Assured Home Health	Yes	None	CN Program
Providence SoundHomeCare	Yes	None	CN Program
<i>Counted in supply but not available and accessible to majority of home health patients: 1</i>			
BrightStar Care South Puget Sound	No	Licensed Only	Website
<i>Total counted in supply: 3</i>			

The remaining licensed only agencies were eliminated because they do not comply with the Medicare home health definition which requires a very specific range and scope services to be provided including, at a minimum, skilled nursing services and therapeutic services. Table 12 identifies the rationale for excluding each of the agencies listed below.

Application Table 13
Thurston Count Licensed In-Home Services Agencies
Not Counted in Supply

<i>Agency Name</i>	<i>Certified?</i>	<i>Notes/Limitations</i>	<i>Source</i>
<i>Not counted in supply – do not provide therapy services</i>			
<i>Advanced Health Care</i>	No	<i>Provides private duty nursing and assistance with daily living only. No therapies.</i>	<i>Website and agency phone confirmation</i>
<i>Advisacare</i>	No	<i>Provides private duty nursing and assistance with daily living only. No therapies.</i>	<i>Website</i>
<i>Alliance Nursing</i>	No	<i>Provides private duty nursing for patients with medically intensive needs only</i>	<i>Website</i>
<i>Fedelta Care Solutions</i>	No	<i>Provides private duty nursing and assistance with daily living only. No therapies.</i>	<i>Website</i>
<i>Not counted in supply – do not provide home health services, do not serve general population, or do not serve Thurston County</i>			
<i>Amicable Health Care</i>	No	<i>Provides personal care/ADLs only. No nurses or therapists on staff.</i>	<i>Website and agency phone confirmation</i>
<i>Beam</i>	No	<i>Provides personal care/ADLs only</i>	<i>Website</i>
<i>Catherine Dambrosio PHD RN and Associates</i>	No	<i>Provides private duty nursing for pediatric medically complex patients only</i>	<i>Website</i>
<i>Elite Nursing</i>	No	<i>Staffing agency only- does not serve Thurston County</i>	<i>Website and followup phone call.</i>
<i>Family Resource Home Care</i>	No	<i>Provides personal care/ADLs only</i>	<i>Website</i>
<i>New Care Concepts</i>	No	<i>Provides private duty nursing for medically complex patients only</i>	<i>Website</i>
<i>Nogah Home Care</i>	No	<i>Provides personal care/ADLS only - only serves a 50-mile radius from office location in Seattle</i>	<i>Website and agency phone confirmation</i>
<i>Personal Best Services</i>	No	<i>Staffing agency only</i>	<i>Website</i>

Agency Name	Certified?	Notes/Limitations	Source
<i>Rehab Without Walls</i>	No	<i>Provides tailored services for specific diagnoses only</i>	Website
<i>Sound Health Medical</i>	No	<i>Provides Durable Medical Equipment only</i>	Website
<i>Unicare</i>	No	<i>Staffing agency only</i>	<i>Agency phone confirmation</i>
<i>VOTO Health Care</i>	No	<i>Licensed only home health. Does not provide services in Thurston County.</i>	Website

“In conclusion, and based on our analysis, with 3 agencies included in supply there is a need for 2 additional agencies immediately. Careage’s proposal will improve access and assure the community of a quality operator.” [source: Application p19-22]

With these adjustments, Careage provided the following revised numeric need figure:

Application Table 9
Unmet Need for Additional Home Health Providers
In Thurston County

<i>2020 Estimated HH Gross Need</i>	<i>Subtract Existing Medicare Certified Agencies</i>	<i>Net Need for Medicare Certified Agencies</i>	<i>Subtract Existing licensed only providers</i>	<i>Total Net Need</i>
7	2	5	1	4

“Careage’s application is specifically designed to ensure it will be accessible and available to serve this unmet need for general home health services throughout Thurston County. Additionally, Careage Home Health is uniquely qualified to serve the active and retired military population residing in Thurston County. According to the Washington State Office of Veterans Affairs, there are nearly 32,000 veterans residing in Thurston County (12% of the total population). This compares to 8% of the total statewide population. This population will greatly benefit from a provider with experience specific to the unique needs of the military population.” [source: Application p14]

Public Comment

None

Rebuttal

None

Department's Numeric Methodology and Evaluation

Based on the department's internal database⁷ and historical records, 18 agencies claim to provide home health services in Thurston County. Table 1 shows a listing of the 18 agencies. Medicare and Medicaid certified agencies are highlighted in bold.

Table 1
Agencies Licensed to Serve Thurston County

Agency Name	Location City	Location County
Advanced Health Care	Tacoma	Pierce
Advisacare	Fife	Pierce
Alliance Nursing	Woodinville	King
Assured Home Health, Hospice & Home Care	Centralia	Lewis
Beam for Seniors - Capital Place	Olympia	Thurston
BrightStar Care South Puget Sound	Tumwater	Thurston
Catherine Dambrosio PHD RN and Associates LLC	Shoreline	King
Comfort Keepers	Olympia	Thurston
Elite Nursing	Yakima	Yakima
Family Resource Home Care	Seattle	King
Fedelta Care Solutions	Seattle	King
Maxim Healthcare Services	Tacoma	Pierce
New Care Concepts	Seattle	King
Nogah Home Care	Seattle	King
Personal Best Services LLC	Auburn	King
Providence SoundHomeCare and Hospice	Lacey	Thurston
Rehab Without Walls	Lynnwood	Snohomish
Right At Home	Seattle	King

Careage included four agencies that are not in the table above. These agencies are shown below, along with the reason why the department excluded them from their initial count of agencies claiming to serve Thurston County.

Agency Name	Reason for Exclusion
Amicable Healthcare	This agency does not include Thurston County in their service area on their license
Sound Health Medical	This agency is exclusively dedicated to durable medical equipment services; these agencies are excluded from the numeric need methodology
Unicare	This agency does not include Thurston County in their service area on their license
VOTO Healthcare	This agency was acquired by another entity, and no longer claims Thurston County on their license

⁷ Integrated Licensing and Regulatory System (ILRS).

Within their application, Careage provided its rationale as to why 12 of the agencies in Table 1 should be excluded in the numeric need methodology. Acceptable reasons for exclusion for an agency can include, but are not limited to: service area limitations, patient type limitations, and service type limitations. Furthermore, though an agency may claim a county on their license, their website and marketing may indicate a narrower service area. It should be noted that the 1987 State Health Plan includes the following definitions, which are also considered by the department. [source: 1987 SHP, pB-34]

“Home health agency means an entity coordinating or providing the organized delivery of home health services”

“Home health services means the provision of nursing services along with at least one other therapeutic service or with a supervised home health aide service to ill or disabled persons in their residences on a part-time or intermittent basis, as approved by a physician”

Using this information and these definitions, the department has completed an analysis of all agencies serving Thurston County, with a determination of which agencies should be included, below. The department considered licensing information, historical files, and information found on agency websites.

Table 2
Department Analysis of Existing Agencies

Agency Name	Services and Limitations	Include or Exclude?	Source
Advanced Health Care	Skilled nursing and home health aide services	Include	ILRS & Agency website
Advisacare	Skilled nursing, home health aide, and therapy services	Include	ILRS & Agency website
Alliance Nursing	Provides medically intensive ⁸ home health only	Exclude	Agency website
Assured Home Health, Hospice & Home Care	Medicare certified home health	Include	CN Historical Files
Beam for Seniors - Capital Place	According to website, does not provide care outside of independent living community	Exclude	Agency website
BrightStar Care South Puget Sound	Skilled nursing, home health aide, therapies	Include	Agency website
Catherine Dambrosio PHD RN and Associates LLC	Provides medically intensive home health only	Exclude	Agency website

⁸ Unlike the home health services included in the review of this application, medially intensive home health services are targeted specifically towards individuals with medically complex needs, and require at least four hours of continuous skilled nursing care per day. [source: WA Healthcare Authority]

Agency Name	Services and Limitations	Include or Exclude?	Source
Comfort Keepers	Non-medical services only. Does not serve entirety of Thurston County	Exclude	Agency website
Elite Nursing	Nurse staffing agency based in Yakima with only one FTE – likely not serving Thurston County	Exclude	ILRS
Family Resource Home Care	Does not serve Thurston County	Exclude	Agency website
Fedelta Care Solutions	Does not serve Thurston County	Exclude	Agency website
Maxim Healthcare Services	Only home care in Thurston County	Exclude	Agency website
New Care Concepts	Provides medically intensive home health only	Exclude	Agency website
Nogah Home Care	Per agency license, only has one home health FTE based out of Seattle. Unlikely able to serve entirety of Thurston County	Exclude	ILRS
Personal Best Services LLC	Skilled nursing and nurse delegation only	Exclude	Agency website
Providence SoundHomeCare and Hospice	Medicare certified home health	Include	CN Historical Files
Rehab Without Walls	Provides skilled nursing and therapies, advertises Thurston County	Include	Agency website
Right At Home	Does not serve Thurston County	Exclude	Agency website

Based on the above information, the department concludes that the following six agencies should be included in the numeric need methodology:

Table 3
Agencies Counted in the Thurston County Home Health Methodology

Agency Name	Location County	Notes
Advanced Health Care	Pierce	
Advisacare	Pierce	
Assured Home Health, Hospice & Home Care	Lewis	CN approved
BrightStar Care South Puget Sound	Thurston	
Providence Sound HomeCare and Hospice	Thurston	CN approved
Rehab Without Walls	Snohomish	

Careage projects that it will begin providing Medicare and Medicaid home health services in Thurston County in early 2018; 2020 would be year three.

Table 4 below contains a summary of the factors used in the department's home health numeric need methodology for Thurston County.

Table 4
Department's Numeric Need Methodology Assumptions and Data

Assumption	Data Used
Planning Area	Thurston County
Population Estimates and Forecasts	Age Group: 0 – 85+ OFM Population Data released year 2012, medium series: Current Year 2017 – 279,449 Projected Year 2020 – 288,265
Utilization by Age Cohort	Age 0-64 = 0.005 Age 65 – 79 = 0.044 Age 80+ = 0.183
Number of Visits by Age Cohort	Age 0-64 = 10 visits Age 65 – 79 = 14 visits Age 80+ = 21 visits
Existing Number of Providers	6 providers based on Table 3

A summary of the department's numeric need methodology is presented below in Table 5. The methodology and supporting data is provided in Appendix A attached to this evaluation.

Table 5
Thurston County Home Health Need Projection

	2017	2018	2019	2020
Total Number of Patient Visits	70,234	72,142	74,050	75,958
Divided by 10,000	7.02	7.21	7.41	7.60
Rounded Down	7	7	7	7
Existing Number of Agencies	6	6	6	6
Net Need	1	1	1	1

Based solely on the numeric need methodology above, need for an additional home health agency in Thurston County is demonstrated.

WAC 246-310-210

In addition to the numeric need, the department must determine whether other services and facilities of the type proposed are not or will not be sufficiently available and accessible to meet that need.

Careage Home Health, LLC

"Careage Home Health's project is not an unnecessary duplication of services in that addresses the need for additional providers in Thurston County. As noted earlier, this project

will also target the unique needs of the active and retired military residing in Thurston County.” [source: Application p22]

Public Comments

Gary E Walker, Chair, Thurston County Veterans Advisory Board

“Veterans, especially disabled veterans, in Thurston County facing growing challenges in transportation, health care coverage, and especially health care highlights the need for Careage’s Thurston County operation. Careage is based at Patriots Landing in Dupont and provides a very accessible health care option to the large and growing veteran and military population in Thurston County. The home health agency will complement the current services in Thurston County as well. The Thurston County Veterans Advisory Board supports and appreciates Careage’s continued dedication to veterans, military, and their families. Careage demonstrates outstanding understanding and respect of this unique population.”

Rebuttal Comments

None

Department Evaluation

Careage is proposing its agency would be located in space within Patriots Landing, located in Dupont. Patriots Landing is a retirement community whose residents are primarily retired military. [source: Patriots Landing website] Careage asserts that providing home health services to the retired and active military populations should be considered a unique factor for its project. However, if its application is approved, Careage would be required to be available to all residents of the county, not just active military or veterans. The letter of support that focuses on this sub-criterion supports Careage in its efforts to establish a Medicare and Medicaid home health agency.

It is important to note that the numeric methodology assumes that all 6 agencies counted for Thurston County are providing at least 10,000 visits annually. Though some agencies certainly could be providing this many visits, some of the agencies included in the numeric need methodology are located out of county, and some have limited numbers of FTEs.⁹ This is shown below, with Medicare and Medicaid certified agencies in bold. [source: ILRS]

⁹ Per licensure standards, FTEs are calculated by the agency’s total labor hours for one year, divided by 2,080 (40 hours per week, 52 weeks per year). This includes contracted employees. As a condition of licensure, agencies make an attestation that all of the information within the application is truthful.

Table 6
Home Health Agencies Counted in Numeric Need Methodology

Agency Name	Location	Service Area on License	# Home Health FTEs
Advanced Health Care	Pierce	Grays Harbor, King, Kitsap, Lewis, Mason, Pierce, Thurston	87
Advisacare	Pierce	Cowlitz, Island, King, Kitsap, Pierce, Skagit, Snohomish, Thurston	12
Assured Home Health, Hospice & Home Care	Lewis	Cowlitz, Grays Harbor, Lewis, Mason, Pacific, Thurston, Wahkiakum	118
BrightStar Care South Puget Sound	Thurston	Lewis, Mason, Thurston	5
Providence SoundHomeCare and Hospice	Thurston	Lewis, Mason, Pierce, Thurston	75
Rehab Without Walls	Snohomish	Clark, Columbia, Cowlitz, King, Kitsap, Pierce, Skagit, Skamania, Snohomish, Spokane, Stevens, Thurston, Whatcom, Yakima	10

First, it should be noted that the number of home health FTEs identified in the table above is inclusive of all employees serving all counties within an agency's service area. It is unlikely that agencies with large service areas and minimal FTEs are able to provide 10,000 visits in any single county while maintaining availability in the rest of their service area. This is shown below for the three agencies with the fewest FTEs. [source: ILRS]

Table 7
Smaller Agency FTE Analysis

Agency Name	Home Health FTEs	Annual Visits per Methodology	Annual Thurston visits per FTE required to meet SHP Standard
Advisacare	12	10,000	833
BrightStar Care South Puget Sound	5	10,000	2,000
Rehab Without Walls	10	10,000	1,000

FTEs are not only inclusive of employees providing direct patient care, but also administrative and managerial staff. For example, in order for an agency such as Advisacare to reach 833 visits per FTE per year in Thurston County, every single FTE would need to make 3.2 visits per day in Thurston County on every working day. This does not factor in associated travel time, staff training time, paperwork, and other functions that need to be included. It also does not include visits outside of Thurston County. Without making assumptions as to how many visits these three agencies make per day or annually, the department concludes that these

agencies likely do not meet the 10,000 visit standard used in the in the home health methodology.

Providence SoundHomeCare and Hospice and Assured Home Health, Hospice, & Home Care are both Medicare and Medicaid certified home health agencies serving Thurston County. As such, both are obligated to serve the entirety of Thurston County. Neither agency provided public comments indicating that the addition of an additional agency in Thurston County would represent an unnecessary duplication of services.

Careage indicated in their application that they intend to serve the entirety of Thurston County, and intend to continue with their current practice of serving veterans and their families. A letter of support from the Thurston County Veterans Advisory Board provided information supporting Careage's ability to be a resource for veterans and their families.

Based on the information above, the department concludes that Careage demonstrated need for their proposed project, and that this project has the potential to improve access to home health services in Thurston County. Furthermore, it does not appear that approval of an additional Medicare and Medicaid certified home health agency would result in an unnecessary duplication of services. **This sub-criterion is met.**

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

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

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

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

Charity care shows a willingness of a provider to provide services to individuals who do not have private insurance, do not qualify for Medicare, do not qualify for Medicaid, or are under insured. With the passage of the Affordable Care Act, the amount of charity care is expected to decrease, but not disappear.

Careage Home Health, LLC

Careage provided copies of the following policies currently used at its King County home health agency that would also be used for the new Pierce County agency and the proposed Thurston County agency. [source: Application Exhibit 8]

- Admission Policy
- Charity Care Policy

In addition to the policies provided above, Careage provided the following statements related to this sub-criterion.

“Careage’s facilities and services have a long-established history of developing and providing services that meet the healthcare needs of its patients. Careage’s Thurston County Home Health agency will be no different and is committed to providing services to all patients regardless of income, race, sex, or physical or mental limitations.” [source: Application p22]

Careage currently provides Medicare and Medicaid certified home health services in King County and provided its projected sources of revenue by payer for its proposed home health agency in Thurston County. Below is the current payer mix for King County and the projected payer mix for Thurston County. [source: Application p27]

Table 8
Careage Home Health Payer Mix

Revenue Source	King County	Thurston County
Medicare	65.8%	65.8%
Medicaid	7.2%	7.2%
Insurance/Private Pay	27.0%	27.0%
Total	100.0%	100.0%

Public Comments

None

Rebuttal

None

Department Evaluation

Careage has been providing home health services to the residents of King County through its existing agency for many years as a CN approved agency. Healthcare services have been available to low-income, racial and ethnic minorities, handicapped and other underserved groups. Additionally, its parent corporation, Careage Healthcare of Washington has been a healthcare provider in Washington State for many years.

The Admission Policy describes the process Careage uses to admit a patient to its home health agency and outlines rights and responsibilities for both Careage and the patient. The Admission Policy includes language to ensure all patients would be admitted for treatment without discrimination. The policy states: "*CHH will not discriminate on the basis of age, race, gender, creed, color, disability, sexual orientation, national origin, or immigration status when making an eligibility determination.*"

Careage's current Medicare revenues for its King County agency are approximately 66% of total revenues. Careage does not expect any change for its Thurston County agency. Additionally, financial data provided in the application shows Medicare revenues.

Focusing on Medicaid revenues, Careage expects no change from the approximately 7% currently provided at the King County agency. The financial data provided in the application also shows Medicaid revenues. Insurance and private pay are also expected to remain at the same 27% as the King County agency.

Careage also provided a copy of its charity care policy currently used at the King County home health agency. The policy would also be used at the proposed Thurston County agency. The policy provides the circumstances that a patient may qualify for charity care and outlines the process to be used to obtain charity care. The policy also includes the same non-discrimination language that is included in the Admission Policy referenced above. The pro forma financial documents provided in the application include a charity care 'line item' as a deduction of revenue.

Based on the information provided in the application, the department concludes **Careage meets this sub-criterion.**

- (3) *The applicant has substantiated any of the following needs and circumstances the proposed project is to serve.*
 - (a) *The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their services or resources, or both to individuals no residing in the health service areas in which the entities are located or in adjacent health service areas.*

Department Evaluation

This criterion is not applicable to this application.

(b) The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.

Department Evaluation

This criterion is not applicable to this application.

(c) The special needs and circumstances of osteopathic hospitals and non-allopathic services.

Department Evaluation

This criterion is not applicable to this application.

(4) The project will not have an adverse effect on health professional schools and training programs. The assessment of the conformance of a project with this criterion shall include consideration of:

(a) The effect of the means proposed for the delivery of health services on the clinical needs of health professional training programs in the area in which the services are to be provided.

Department Evaluation

This criterion is not applicable to this application.

(b) If proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools serving the area will have access to the services for training purposes.

Department Evaluation

This criterion is not applicable to this application.

(5) The project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization or proposed health maintenance organization and the services proposed are not available from nonhealth maintenance organization providers or other health maintenance organizations in a reasonable and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.

Department Evaluation

This criterion is not applicable to this application.

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

Based on the source information reviewed and applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes that Careage Home Health, LLC has met the financial feasibility criteria in WAC 246-310-220.

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

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

Careage Home Health, LLC

The assumptions used by Careage to determine the projected number of patients and visits for the Thurston County home health agency are below. [source: Application, p18]

"Utilization projections were developed based on the assumptions outlined below. Careage used its experience in King County, where it presently operates a mature home health agency as well as its pro forma assumptions in the Pierce County application. While recognizing that our Thurston County agency will also serve the military (active and retired), the visit mix in King County is reasonable, given that we also serve military in King. In an effort to be conservative, we also used our 2015 average King County visits per patient (16.6). These same assumptions were used in the Pierce County application.

- *We expect to begin providing home health services in Thurston County in January 2018, making 2020 the 3rd full year of operation. Distribution of visits by discipline is based on our 2016 experience in King County.*
- *Consistent with our 2016 Pierce County application, we assumed an average of 16.6 visits per person, projected as follows:*
 - *2018 – 137 unduplicated and 2,280 visits*
 - *2019 – 275 unduplicated and 4,560 visits*
 - *2020 - 347 unduplicated and 5,760 visits*
- *Consistent with our 2016 Pierce County, we assumed the following distribution of visits by discipline:*
 - *Skilled Nursing: 26.1%*
 - *Home Health Aides: 4.5%*
 - *Medical Social Services: 0.8%*
 - *Physical Therapy: 47.5%*
 - *Occupational Therapy: 17.8%*
 - *Speech Therapy: 3.4%*

- Careage Home Health's estimated market share, based on total projected visits, is approximately:
 - Year 2018 – 3.2%
 - Year 2019 – 6.2%
 - Year 2020 – 7.6%

Using the assumptions stated above, Careage projected the number of visits by discipline for its Thurston County home health agency. The projections are shown in Table 9 [source: Application p17]

Table 9
Careage Home Health-Thurston County
Projected Visits for Years 2018 through 2020

	CY 2018	CY 2019	CY 2020
Skilled Nursing	595	1,189	1,503
Home Health Aide	102	206	258
Medical Services	18	38	46
Physical Therapy	1,082	2,163	2,733
Occupational Therapy	406	813	1,026
Speech Therapy	77	153	193
Total Visits	2,280	4,562	5,759
Unduplicated Patients	137	275	347

The assumptions Careage used to project revenue, expenses, and net income for the Thurston County home health agency for projection years 2018 through 2020 are below. [source: July 28, 2017, screening response, p68]

Line Item	Assumption
Revenue	Charges per visit detailed in Table 16. No inflation assumed.
Contractual Adjustments	Based on King County. Approximately 15.9% of gross revenue.
Charity/Indigent Care	Assumed to be 1.54% of gross revenue.
Bad Debt	Assumed to be 1.0% of gross revenue.
Salaries and Benefits	Salaries are based on current King County rates. Benefits are assumed to be 16.5%.
Medical Director	\$250/month; incremental for Thurston.
Medical Supplies	Assumed to be \$11.23 per skilled nursing visit
Purchased Services	Assumed to be \$1,500/month
Bank Service Charges	Assumed to be \$50/month in Year 1 and \$75/month in Years 2 and 3
Minor Office Equipment	Assumed to be \$50/month in Year 1 and \$100/month in Years 2 and 3
Marketing/Promotional/ Recruiting	Assumed to be \$2,000/month by 2020
Prof Fees/Training	Assumed to be \$200/month
Dues/Subscriptions	Assumed to be \$100/month in Year 1 and \$200/month in Years 2 and 3
Telephones	Assumed to be \$400/month in Year 1, \$500/month in Year 2 and \$600/month in Year 3
Computer Expense/ Data Processing	Assumed to be 250/month

Line Item	Assumption
<i>License/Taxes/Permits</i>	<i>Assumed to be 200/month</i>
<i>Postage and Printing</i>	<i>Assumed to be \$25/month in Year 1 and \$30/month in Years 2 and 3</i>
<i>Office Supplies</i>	<i>Assumed to be \$100/month</i>
<i>Management Fee</i>	<i>5% of revenue</i>
<i>Depreciation</i>	<i>Based on capital costs and balance sheet. Please note that some of the \$16,000 capital expenditure is not expected until Year 2 as new staff are added.</i>
<i>Allocation from King County</i>	<i>Assumed to be \$1,250 per month for (marketing, administrative support).</i>
<i>Startup costs</i>	<i>\$10,000 in Year 1 for startup1. Because we are an existing agency simply extending our certification in Pierce County, our start up are costs are minimal. Start-up costs were assumed to include two months of staff pre-opening wages, and rent and utility charges</i>
<i>Office Lease</i>	<i>30% of office lease cost allocated to Thurston</i>
<i>Travel and meals</i>	<i>Assumed to be \$400/month by 2020</i>
<i>Insurance/Taxes/Other miscellaneous</i>	<i>Based on tax rates</i>

- Payer mix is based on King County current payer mix.

Careage Home Health Payer Mix

Revenue Source	King County	Thurston County
<i>Medicare</i>	<i>65.8%</i>	<i>65.8%</i>
<i>Medicaid</i>	<i>7.2%</i>	<i>7.2%</i>
<i>Insurance/Private Pay</i>	<i>27.0%</i>	<i>27.0%</i>
Total	100.0%	100.0%

Based on the assumptions above, Careage provided its projected revenue, expenses, and net income for the Thurston County agency for projection years 2018 through 2020. Projections are shown in Table 10. [source: July 28, 2017 screening response, Attachment 5]

Table 10
Careage Home Health-Thurston County
Projected Years 2018 through 2020

	CY 2018	CY 2019	CY 2020
Net Revenue	\$454,284	\$908,635	\$1,147,169
Total Expenses	\$452,614	\$804,128	\$1,012,362
Net Profit / (Loss)	\$1,670	\$104,507	\$134,807

Careage also provided its projected revenue, expenses, and net income for the Careage Home Health, Inc. that would be operating in both King, Pierce, and Thurston counties. Table 11 shows projection years 2018 through 2020.

Table 11
Careage Home Health, Inc.
King, Pierce, and Thurston County Operations for Projected Years 2018 through 2020

	CY 2018	CY 2019	CY 2020
Net Revenue	\$9,118,362	\$10,691,269	\$12,054,292
Total Expenses	\$7,811,593	\$9,107,295	\$10,120,851
Net Profit / (Loss)	\$1,306,769	\$1,583,974	\$1,933,441

Careage also provided the projected balance sheets for both the Thurston County operations and the King, Pierce, and Thurston counties combined. Table 12 below shows year 2020, the third year of operation for the Thurston County agency. [source: screening attachment 5]

Table 12
Careage Home Health-Thurston County for Year 2020

Assets	Liabilities		
Current Assets	\$297,603	Current Liabilities	\$90,085
Board Designated Assets	\$0	Other Liabilities	\$0
Property/Plant/Equipment	\$8,800	Long Term Debt	\$0
Other Assets	\$24,666	Equity	\$240,984
Total Assets	\$331,069	Total Liabilities and Equity	\$331,069

Table 13 shows year 2020, the third year of operation for all three counties. [source: July 28, 2017 screening response, Attachment 7]

Table 13
Careage Home Health All Three Counties Combined for Year 2020

Assets	Liabilities		
Current Assets	\$4,565,094	Current Liabilities	\$899,834
Board Designated Assets	\$0	Other Liabilities	\$0
Property/Plant/Equipment	\$174,023	Long Term Debt	\$0
Other Assets	\$622,680	Equity	\$4,461,962
Total Assets	\$5,361,796	Total Liabilities and Equity	\$5,361,796

Public Comment

None

Rebuttal

None

Department Evaluation

To evaluate this sub-criterion, the department reviews the assumptions provided by the applicant, projected revenue and expense (income) statements, and projected balance sheets.

The assumptions are the foundation for the two projected statements. The income statement is a financial statement that reports a company's financial performance over a specific period—either historical or projected. Projected financial performance is assessed by giving a summary of how the business expects its revenues to cover its expenses for both operating and non-operating activities. It also projects the net profit or loss incurred over a specific accounting period.¹⁰

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

For this application, the department reviewed the assumptions used by Careage to determine the projected number of patients and visits by discipline for the Thurston County agency. Careage based its discipline mix and projected number of patients on its existing operations in King County. Projected number of visits is also based on its existing King County operations and assumes 16.6 visits per patient. After reviewing Careage's assumptions, the department concludes they are reasonable. Furthermore, this is consistent with the assumptions used by Careage in their recently approved Pierce County application.

Careage based its revenue and expenses for its Thurston County operations on the assumptions referenced above and provided its projected revenue and expense (income) statements. Careage also used its current operations in King County as a base-line for the revenue, expenses, and payer mix. From its experience in King County, Careage expects to be profitable by the end of year one, and to continue to be profitable. Since the Thurston agency would be operated under the Careage Home Health Inc. entity along with the King and Pierce County operations, Careage also provided its projected revenues and expenses for the agency as a whole. Those projections show a net profit in years 2018 through 2020.

Careage provided a draft lease agreement for the site in DuPont. The Thurston office will co-locate with the Pierce County operations. The draft agreement is between Patriots Land Operations, LLC (the lessor) and Careage Home Health, LLC (lessee). The draft identifies roles and responsibilities for each. The lease is effective for five years from the date of signature. Along with this lease, Careage provided an amendment to the lease outlining how costs will be split between the Pierce and Thurston County operations (70% Pierce County, 30% Thurston County). All costs associated with the lease are substantiated in the revenue and expense statement.

Careage also provided a draft medical director agreement with Eric Troyer, MD. The draft agreement identifies roles and responsibilities for each. The agreement is effective for one year from the date of signature, with automatic renewals. Along with the agreement, Careage

¹⁰ One purpose behind the income statement is to allow key decision makers to evaluate the company's current situation and make changes as needed. Creditors use these statements to make a decision on loans it might make to the company. Stock investors use these statements to determine whether the company represents a good investment.

provided a draft addendum that adds medical director duties for Thurston County. All costs associated with the medical director services are substantiated in the revenue and expense statement.

The department also reviewed the projected balance sheets for Careage's Thurston County operations and the agency with both King and Pierce counties. Projected balance sheets provided by Careage in the review shows the agency is expected to have very little debt, which results in a financially healthy agency.

If this project is approved the department would attach three conditions related to the draft documents. The conditions are stated below.

Prior to providing Medicare and Medicaid home health services in Thurston County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

Prior to providing Medicare and Medicaid home health services in Thurston County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement addendum. The executed agreement shall be consistent with the draft agreement provided in the application.

Prior to commencement of the project, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed lease agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

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

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

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

Careage Home Health, LLC

Careage projected an estimated capital expenditure of \$16,000 for the establishment of Thurston County agency. The costs are for additional furniture and office supplies, including new computers. There are no construction costs required for this project. [source: Application, p24]

Careage provided the following information related to the capital costs and its impact to costs and charges.

“The capital expenditure for this project is limited to minor equipment and furniture. The estimated costs were based upon current pricing from vendors.

“Given that Careage Home Health already has a well-established home health agency in King County and a proposed agency for Pierce that will share staff with Thurston, the incremental costs of expanding to Thurston County are exceptionally low (for example, we do not have to duplicate administrative infrastructure, etc.). This promotes economies of scale.” [source: Application p24]

Careage provided a table showing projected costs and charges per visit by discipline for year 2020 and a table showing projects costs and charges by payer source for year 2020. The tables are recreated below. [source: Application, p29]

	Cost per Visit	Charges per Visit
<i>Skilled Nursing</i>	\$170.41	\$240.00
<i>Home Health Aide</i>	\$58.28	\$110.00
<i>MSW/Other</i>	\$154.10	\$300.00
<i>Physical Therapy</i>	\$180.60	\$255.00
<i>OT</i>	\$172.45	\$255.00
<i>Speech Therapy</i>	\$180.60	\$255.00

	Cost	Charges
<i>Medicare</i>	\$655,843	\$924,856
<i>Medicaid</i>	\$72,181	\$101,754
<i>Private Pay/Insurance</i>	\$285,122	\$379,995
<i>Total</i>	\$1,013,146	\$1,406,605

Public Comment

None

Rebuttal

None

Department Evaluation

Within their application, Careage stated that the capital costs associated with this project are limited to supplies and furniture. As Careage intends to operate the Thurston County agency under the same license as the King and Pierce agencies, it is reasonable that the costs associated with expansion into a neighboring county would be minimal. When compared to existing operations in King County, costs vary slightly, but charges do not.

Furthermore, Careage projects to serve the same payer mix in Thurston County as they do in their existing King and Pierce operations.

In summary, the payer mix and cost/charge ratios consistent with their existing operations in King County. **This sub-criterion is met.**

(3) The project can be appropriately financed.

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

Careage Home Health, LLC

Careage provided the following information related to this sub-criterion. [source: Application, p24, July 28, 2017 screening response pp4-5]

<i>Item</i>	<i>Cost</i>
<i>Desks/Chairs</i>	\$8,000
<i>Laptops/Desktop Computers</i>	\$8,000
Total	\$16,000

“The capital expenditure for this project is limited to minor equipment and furniture. The estimated costs were based upon current pricing from vendors.”

“The medical equipment and supplies are considered to be an expense item and are included in the Income Statement.”

“Attachment 3 contains a letter from Gene Lynn acknowledging the use of reserves to fund this project. Please note that this letter includes the contribution of reserves for both the capital expenditure and initial operating deficits for a total of \$60,000.”

Careage provided its audited financial statements for years 2012, 2013, 2014, and 2015. [source: Application, Appendix 1]

Public Comments

None

Rebuttal

None

Department Evaluation

Careage provided a breakdown of their estimated capital costs. Careage provided a letter from Gene Lynn, president of Careage Home Health, confirming Careage's commitment to finance the project (including start up costs) out of reserves.

The application included audited financial statements, which confirm over \$1.2 million in cash on hand. The estimated capital expenditure of \$16,000 represents just over 1% of this, and likely would not have any impact on the financial health of Careage Home Health, LLC.

If this project is approved the department would attach the following condition:

Careage Home Health, LLC shall finance the project using the financing as described in the application.

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

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

Based on the source information reviewed and the applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes that Careage Home Health, LLC has met the structure and process (quality) of care criteria in WAC 246-310-230.

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

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, the department uses its experience and expertise to determine whether the planning would allow for the required coverage.

Careage Home Health, LLC

Careage provided a table showing the projected number of FTEs (full time equivalents) for its Thurston County home health agency. The table is recreated on the following page. [source: Application p30]

Table 14
Careage Home Health – Thurston County
Proposed FTEs for Years 2018-2020

Staff	Year 2018	Year 2019 Increase	Year 2020 Increase	Total
Registered Nurse	0.52	0.52	0.27	1.31
Home Health Aide	0.09	0.09	0.05	0.23
Medical Social Work	0.05	0.05	0.02	0.12
Physical Therapy	0.94	0.95	0.49	2.38
Occupational Therapy	0.35	0.36	0.19	0.9
Speech Therapist	0.07	0.06	0.04	0.17
Director	0.25	0	0	0.25
Director of Nursing	0.13	0.12	0	0.25
Case Manager	0.25	0.75	0	1
Marketing	0.25	0.25	0.5	1
Office Manager	0.19	0.31	0.5	1
Total	3.09	3.46	2.06	8.61

In addition to the table above, Careage provided the following statements related to this sub-criterion. [source: Application pp32-33]

“Careage has a lengthy history of developing and providing health care services in Washington State. Currently, our services are concentrated in Pierce County (where we have established a comprehensive retirement community requiring significant and varied staffing) and in King County (where we have an existing and high quality Medicare certified home health agency in addition to a nursing home). Careage has an excellent reputation and has not had difficulties hiring staff at any of its facilities or in any of its programs. Careage Home Health utilizes a variety of recruiting tools. For example, Careage Home Health works closely with the local schools and colleges (University of Washington, Lake Washington and Seattle University); this allows Careage to participate in job fairs, serve as sites in the clinical rotations, participate in career education and scholarship programs. Careage anticipates establishing the same type of working relationship with the Pierce and Thurston County colleges (University of Washington’s Tacoma campus, Pacific Lutheran University, the University of Puget Sound, St. Martins University, Brandman University, and ProCare Academy). The University of Puget Sound, St. Martins University, Pacific Lutheran University therapy and/or nursing programs will be a great resource for staffing and recruitment efforts.

At Patriots Landing, Careage already use the Vocational Rehabilitation office at American Lake to recruit Veterans exiting the military; this resource will be expanded to include home health job opportunities.

Careage Home Health also utilizes the many different job posting websites as well to recruit potential employees (LinkedIn, Indeed, and ZipRecruiter, to name a few). Careage Home Health offers a clinical career ladder system for current staff which gives them the opportunity

to increase their skills and wages. Careage also has a recently hired a well experienced recruiting director to assist in our hiring needs.

For all of these reasons, Careage Home Health does not anticipate difficulty recruiting staff for its Thurston County operations. In fact, because we will be operating out of the Pierce County Home Health office, we expect to be able to use some of the same staff to serve Thurston County patients. Finally, Careage Home Health also intends to offer competitive wage and benefit package to potential Thurston County employees.”

Careage provided its current/projected staff to visit ratio shown in Table 15 below. [source: Application, p31]

Table 15
Careage Home Health Staffing Ratios

Type of Staff	Visits/FTE/Day
Skilled Nursing	4.4
Physical Therapist	4.4
Occupational Therapist	4.4
Speech Therapist	4.4
Medical Social Worker	1.5
Home Health Aides	6.0

Careage provided the following statements related to its staff to visit ratio shown in the table above. [source: Application, p32]

“Careage reviewed the most recent home health applications approved by the Department to develop a comparison of staffing ratios to its HH’s projected ratios and found that they were consistent with the previously approved applications.”

Public Comment

None

Rebuttal

None

Department Evaluation

Careage has been in continuous operation as a Medicare and Medicaid provider in King County since it purchased the existing agency from Seattle University in year 2008.¹¹ As an existing provider, Careage has an understanding of the appropriate staffing necessary to establish an

¹¹ On February 11, 1994, CN #1102 was issued to Seattle University to establish a Medicare and Medicaid home health agency in King County. The agency was known as “Bessie Burton Sullivan Home Health Agency.”

agency in Thurston County. Specific to the Thurston County agency, Table 14 shows that 3.09 staff is needed in year one, which increases to 8.61 by the end of year three. Careage also identified a projected number of visits per staff per day of 4.4. This ratio is reasonable and consistent with data provided in past home health applications reviewed by the program.

Careage also provided a draft medical director agreement with Eric Troyer, MD. The draft agreement identifies roles and responsibilities for each. The agreement is effective for one year from the date of signature, with automatic renewals. Along with the agreement, Careage provided a draft addendum that adds medical director duties for Thurston County. All costs associated with the medical director services are substantiated in the revenue and expense statement.

If this project is approved the department would attach two conditions related to the draft documents. The conditions are stated below.

Prior to providing Medicare and Medicaid home health services in Thurston County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

Prior to providing Medicare and Medicaid home health services in Thurston County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement addendum. The executed agreement shall be consistent with the draft agreement provided in the application.

Careage intends to use the strategies it has successfully used in the past for recruitment and retention of staff for the Thurston County agency. The strategies identified by Careage are consistent with those of other applicants reviewed and approved by the department.

Information provided in the application demonstrates that Careage is an established provider of home health services in King County. Based on the above information, the department concludes that Careage has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

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

WAC 246-310 does not contain specific WAC 246-310-230(2) as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what relationships, ancillary and support services should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials contained in the application.

Careage Home Health, LLC

Careage provided the following statements related to this sub-criterion. [source: Application, p34, Exhibit 12]

“Given the breadth and scope of our existing home health in King County, Careage Home Health does not anticipate any difficulty in meeting the ancillary service demands of the proposed project. Included in Exhibit 12 is a list of the ancillary service providers in place for King County. The ancillary and support service vendors used in King County are generally available in Pierce County where our office will be located. As such, Careage Home Health will initially use the same entities. If specific Thurston County ancillary services are needed, Careage Home Health will establish them as well.”

Careage Home Health's Exhibit 12 as referenced above is recreated in the table below.

<i>Ancillary/Support Provider</i>	<i>Services Provided</i>
<i>Fusion</i>	<i>Medical staffing</i>
<i>Ability Network</i>	<i>Medicare claims processing</i>
<i>Select Data</i>	<i>Coding of insurance claims</i>
<i>NetSmart</i>	<i>Electronic medical records</i>
<i>Alscripts</i>	<i>Electronic medical records</i>
<i>McKesson</i>	<i>Medical supplies</i>
<i>DSS Research</i>	<i>Customer satisfaction surveys</i>
<i>Pac Lab</i>	<i>Laboratory services</i>
<i>Apria</i>	<i>Oxygen services</i>
<i>Lincare</i>	<i>Oxygen services</i>
<i>Sound Oxygen</i>	<i>Oxygen services</i>
<i>Bellevue Healthcare</i>	<i>Durable medical equipment</i>
<i>New Motion</i>	<i>Durable medical equipment</i>
<i>Medtech Orthopedics</i>	<i>Durable medical equipment</i>
<i>Washington Health Care Association</i>	<i>L & I claims management</i>
<i>Zaifworks</i>	<i>IT support</i>
<i>Wolters Kluwer</i>	<i>Drug database management</i>
<i>Curaspan</i>	<i>Online referral system</i>
<i>Polylang Translation Services</i>	<i>Translation and interpretation services</i>

Public Comment

None

Rebuttal

None

Department Evaluation

Careage is currently providing Medicare and Medicaid home health services in King County, and is in the process of providing services in Pierce County. Careage's project proposes an expansion of Medicare and Medicaid certified home health services, to serve Thurston County out of the new Pierce County office.

All ancillary and support agreements are already in place. With the establishment of a new agency, Careage expects all existing vendors will be available for its Thurston County office. Based on the information reviewed in the application, the department concludes Careage **meet this sub-criterion.**

- (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 and Medicaid certified. 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.

Careage Home Health, LLC

In response to this sub criterion, Careage provided the following statements. [source: Application, p35]

“Neither Careage Home Health nor any of its members have any history with response to the referenced actions.”

Careage provided the following information related to the background experience and qualifications of the applicant. [source: Application, p36]

“Careage Home Health operates an existing high quality, Medicare certified home health agency in King County. In addition, the owner members of Careage Home Health have a long and proven history of planning, developing, and operating health care services and facilities. Specifically, Mr. Gene Lynn is the controlling member of Patriots Landing, a comprehensive retirement community, where the administrative offices of the Pierce County home health program will be housed. Mr. Lynn is also the owner of Careage Home Health. Careage has a lengthy and proud health care development history in Washington State and elsewhere and has developed and constructed more than 400 health care related facilities and program including nursing homes, acute care and psychiatric hospitals, retirement centers and medical offices.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As stated in the applicant description section of this evaluation, Careage Home Health, LLC is one of eight privately owned corporations that operate under the 'Careage' name. All eight corporations are active with the Washington State Secretary of State office; however three of the eight are not actively in use. The following three members have ownership of Careage Home Health, LLC: Gene Lynn, Kelly Callahan, and Careage Healthcare of Washington, Inc. Neither Gene Lynn nor Kelly Callahan hold a healthcare credential in Washington or any other state.

Careage Healthcare of Washington, Inc. is an S-Corporation that functions as the managing member of both Careage Home Health, LLC and Careage at Home, LLC. It also fulfills a management function for various other entities.

Careage at Home, LLC is the Washington State home care agency. The agency obtained an initial Washington State home care license on June 7, 2010. Since then, the agency has been surveyed two times: October 12, 2011 and February 13, 2014. Both surveys resulted in no significant non-compliance issues. [source: ILRS survey data and Department of Health Investigations and Inspections Office]

Careage Home Health LLC is the Washington State home health care agency. The agency's most recent surveys were conducted in April 11, 2012 and February 13, 2014. Both surveys resulted in no significant non-compliance issues. [source: ILRS survey data and Department of Health Investigations and Inspections Office]

Careage also operates Mission Healthcare at Bellevue, a 129 bed skilled nursing facility located in Bellevue within King County. Mission Healthcare at Bellevue's most recent quality of care survey was conducted on December 30, 2016, and the most recent fire safety survey was conducted on January 12, 2017. Both surveys resulted in no significant non-compliance issues. [source: Department of Social and Health Services survey data]

In addition to the facilities identified above, the department also reviewed the compliance history for known home health staff, which includes the medical director and the speech/language pathologist. A summary of the staff review is below.

Table 16
Careage Home Health Staff

Name	Credential #	Status	Role
Eric JH Troyer	00039087	Active	Medical Director
Hamidah Virani	00002882	Active	Speech Language Pathologist

As shown in the table above, known home health staff associated with Careage Home Health's Thurston County project have an active credential in good standing.

For the remaining staff of the agency, Careage provided the following statement.

“Careage Home Health does not currently operate in Thurston County. The proposed number of employees was detailed in Table 18. At this time, Careage Home Health has not formally accepted any applications from any potential staff interested in working full or part time in this location. As such, we do not have the requested information regarding credential number, discipline and name. Careage Home Health is, however, willing to accept a condition on its CN, to provide such information following CN approval and preopening.” [source: Application p30]

Information provided by Careage during this review demonstrates that Careage intends to meet all necessary staffing and credentialing requirements for its Thurston County home health agency. Since key staff have not yet been hired for the agency, if this project is approved, the department would require Careage to provide a listing of key staff for the Thurston County home health agency prior to providing Medicare and Medicaid certified home health services. The condition is stated below.

Prior to providing Medicare and Medicaid certified home health services in Thurston County, Careage Home Health, LLC will provide a listing of key staff to the Certificate of Need Program. The listing of key staff shall include the name and professional license number.

Based on the above information and Careage Home Health, LLC’s agreement to the staffing condition, , the department concludes that Careage demonstrated reasonable assurance that its Thurston County home health agency would operate in compliance with state and federal requirements if this project is approved. **This sub criterion is met.**

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

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 direct how to measure unwarranted fragmentation of services or what types of relationships with a services area’s existing health care system should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials in the application.

Careage Home Health, LLC

Careage provided the following statements related to this sub criterion. [source: Application, pp34-35]

“With health care reform’s focus on integrated care delivery, accountable care organizations, the medical home model of care and penalties for hospital readmission, home health agencies are an increasingly important link in the health care continuum. Careage Home Health is fully committed to developing and refining relationships with hospitals, nursing homes and other health care providers in the community to ensure smooth and seamless transitions from the acute care to the post-acute care setting and ensuring that patients receive appropriate skilled

services and support they need for the highest quality and quickest recovery. Careage Home Health has a history of working collaboratively with other entities to ensure continuity and highest quality of care. Careage Home Health in Thurston County will be no exception.

In addition, Careage Home Health will also ensure that there is no unwarranted fragmentation of services for patients who have relationships with existing home health agencies. As note in the NEED section, Careage Home Health has predicated much of its growth on new home health volumes projected for Thurston County, and we have no intent of interfering with any patient's current relationship with an existing agency. That said, as we do in King County, we will certainly support any patient contacting us or being referred to us from an existing home health agency."

Public Comment

Bill Adamson, Program Manager, South Sound Military & Communities Partnership

"Challenges in transportation, health care availability and specialty care availability illustrates why Careage's operation based at Patriots Landing in DuPont provides a very accessible health care option to the large military population in Pierce and Thurston Counties. The home health agency will complement the current services of the revered Patriots Landing. The South Sound Military and Communities Partnership appreciates Careage's continued dedication to Veterans and their families. Careage demonstrates outstanding understanding and respect of the unique military population."

Rebuttal

None

Department Evaluation

Careage received two letters of support for their respective projects. The South Sound Military & Communities Partnership and the Chair of the Thurston County Veterans Advisory Board provided valuable perspectives related to this sub-criterion.

Information provided in the application demonstrates that Careage has the basic infrastructure in place to expand or establish Medicare and Medicaid certified home health services into Thurston County. Further, in the need section of this evaluation, the department concluded that need for at least one more agency in Thurston County had been demonstrated. **This sub-criterion is met.**

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

Department Evaluation

This sub-criterion is evaluated in sub-section (3) above, **is met**

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

Based on the source information reviewed and the applicant's agreement to the conditions identified in the "Conclusion" section of this evaluation, the department concludes that Careage Home Health, LLC has met the cost containment criteria in WAC 246-310-240.

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

To determine if a proposed project is the best alternative, 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 adopted 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 concluded that Careage Home Health, LLC met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves to step two.

Step Two:

Careage Home Health, LLC

The applicant considered four options, outlined below with rationale for selecting or not selecting the option. [source: Application pp37-38]

“Given the need defined through application of the home health methodology, Careage Home Health identified and evaluated only four alternatives prior to submitting this CN.

- 1. Do nothing.*
- 2. Establish a licensed only home health agency.*
- 3. File a CN that would allow us to serve the unmet home health needs of the community and operate out of the Pierce County office.*
- 4. File a CN that would allow us to serve the unmet home health needs of the community and set up a separate Thurston County office.*

Since there is a clear need as identified through the home health methodology (and subsequently through contact with and elimination of 19 of the 20 licensed only agencies), we decided that option 1 was not responsive to community need.

Careage Home Health’s experience in King County is that the vast majority of our patients are Medicare or Medicaid, and the majority of the rest are covered through insurance companies that require Medicare certification prior to contracting with them. As a result of our experience, Option 2 was ruled out because we would be establishing an agency that could not serve the majority of patients in need of home health services; and therefore would not significantly address the need identified.

Options 3 and 4, to file a CN and become a Medicare Certified/Medicaid eligible home health agency were the best options as either one would allow Careage Home Health to serve the unmet home health needs in Thurston County. And, assuming approval to expand to serve Pierce County, expanding to Thurston County was a logical “next step”. Given that our proposed Pierce County agency will be housed in South Pierce County, Careage Home Health elected not to establish a separate Thurston County office at this time. Careage Home Health concluded that this location would be relatively close to the Thurston County patient base and there are operating efficiencies that can be achieved during the early years of operation. Even in the unlikely event that our Pierce County CN application is not approved, we would still proposed to be based in South Pierce because of Careage’s presence at Patriots Landing.

Please note that Careage Home Health may, at some later time, elect to develop a satellite Thurston office as we have recently done in King County.”

Public Comment

None

Rebuttal

None

Department Evaluation

The department concluded in the need section of this evaluation that Thurston County could accommodate at least one more provider. Careage provided documentation to demonstrate it is the superior project under this concurrent review. As a result, Careage's rejection of the "do nothing" option was appropriate. The department did not identify any alternative that was a superior alternative in terms of cost, efficiency, or effectiveness that is available or practicable.

Since there are no construction costs to establish the Thurston County home health agency, the services can be provided with very little financial impact to the applicant or the community.

Taking into account the public comments related to need for additional Medicare and Medicaid home health services in Thurston County, the department concurs that Careage's selected the best available option within the four alternatives they outlined. Therefore, the department moves on to step three.

Step Three:

Department Evaluation

This step is applicable only when there are two or more approvable projects. Careage Home Health's application is the only application under review to establish a Medicare and Medicaid certified home health agency in Thurston County. Therefore, this step does not apply.

Based on the information stated above, **this sub-criterion is met.**

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

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

Careage Home Health, LLC

As stated in the project description portion of this evaluation, this project does not involve construction. This sub-criterion is not applicable to this application.

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

Careage Home Health, LLC

As stated in the project description portion of this evaluation, this project does not involve construction. This sub-criterion is not applicable to this application

(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.*

Careage Home Health, LLC

“Careage already operates a successful home health agency in King County. Expanding to Thurston County will allow Careage to take its existing infrastructure and replicate it in an adjacent county. At the corporate level, we anticipate some savings in terms of increased efficiencies through a sharing of expenses across a larger program.” [source: Application p38]

Public Comment

None

Rebuttal

None

Department Evaluation

Careage provided sound and reasonable rationale for adding another Medicare and Medicaid certified home health agency in Thurston County. If approved, Careage has the potential to improve delivery of necessary in home services to Thurston County. Careage has also demonstrated that it has the ability to take advantage of economies of scale by operating the Pierce County and Thurston County agencies out of the same office. **This sub-criterion is met.**

APPENDIX A



Appendix A
Home Health Need Methodology
Thurston County
Population Data

Age	2010	2015	2020	2025	2030	2035	2040									
Total	252,264	266,224	288,265	307,930	326,426	343,019	358,031									
0-4	15,381	15,654	16,728	17,193	17,554	18,173	18,973									
5-9	15,629	16,398	17,373	18,359	18,854	19,176	19,771									
10-14	16,559	16,716	18,135	18,987	20,006	20,457	20,715									
15-19	17,216	17,313	17,953	19,172	20,013	21,011	21,417									
20-24	16,325	16,069	16,409	16,856	18,040	18,755	19,680									
25-29	17,406	17,494	16,983	17,444	17,975	19,213	19,946									
30-34	16,609	19,383	20,617	19,714	20,217	20,658	21,890									
35-39	16,276	17,440	21,604	22,597	21,608	22,060	22,418									
40-44	16,731	17,449	18,741	22,970	23,929	22,825	23,241									
45-49	18,108	17,245	18,427	19,607	23,978	24,870	23,678									
50-54	18,935	18,762	17,901	18,979	20,182	24,623	25,415									
55-59	18,485	18,714	18,886	17,952	19,005	20,117	24,495									
60-64	15,840	17,647	18,537	18,674	17,813	18,902	20,024									
65-69	11,012	14,568	17,280	18,073	18,233	17,420	18,459									
70-74	7,272	9,741	13,751	16,244	16,985	17,171	16,447									
75-79	5,557	6,179	8,633	12,171	14,407	15,066	15,310									
80-84	4,376	4,406	4,960	6,990	9,894	11,745	12,305									
85+	4,547	5,046	5,347	5,948	7,733	10,777	13,847									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0-64	219,500	220,857	222,214	223,570	224,927	226,284	228,686	231,088	233,490	235,892	238,294	240,336	242,378	244,420	246,462	248,504
65-79	23,841	25,170	26,500	27,829	29,159	30,488	32,323	34,158	35,994	37,829	39,664	41,029	42,394	43,758	45,123	46,488
80+	8,923	9,029	9,135	9,240	9,346	9,452	9,623	9,794	9,965	10,136	10,307	10,833	11,359	11,886	12,412	12,938
Total	252,264	255,056	257,848	260,640	263,432	266,224	270,632	275,040	279,449	283,857	288,265	292,198	296,131	300,064	303,997	307,930



Appendix A
Home Health Need Methodology
Thurston County Calculations

2017	Age Cohort *	County Population *	SHP Formula *	Number of Visits	=	Projected Number of Visits
					Total:	70,234
	0-64	231,088	0.005	10	Number of Expected Visits per Agency	10,000
	65-79	34,158	0.044	14		
	80+	9,794	0.183	21		
		275,040			Projected Number of Needed Agencies	7.02
2018	Age Cohort *	County Population *	SHP Formula *	Number of Visits	=	Projected Number of Visits
					Total:	72,142
	0-64	233,490	0.005	10	Number of Expected Visits per Agency	10,000
	65-79	35,994	0.044	14		
	80+	9,965	0.183	21		
		279,449			Projected Number of Needed Agencies	7.21
2019	Age Cohort *	County Population *	SHP Formula *	Number of Visits	=	Projected Number of Visits
					Total:	74,050
	0-64	235,892	0.005	10	Number of Expected Visits per Agency	10,000
	65-79	37,829	0.044	14		
	80+	10,136	0.183	21		
		288,265			Projected Number of Needed Agencies	7.40
2020	Age Cohort *	County Population *	SHP Formula *	Number of Visits	=	Projected Number of Visits
					Total:	75,958
	0-64	238,294	0.005	10	Number of Expected Visits per Agency	10,000
	65-79	39,664	0.044	14		
	80+	10,307	0.183	21		
		288,265			Projected Number of Needed Agencies	7.60