STATE OF WASHINGTON

DEPARTMENT OF HEALTH

Olympia, Washington 98504

October 20, 2020

Lee Johnson, Treasurer
Emerald Healthcare, Inc.
e-mail: leejohnson@pennantservices.com

RE: Certificate of Need Application #20-35 Symbol Healthcare, Inc.

Dear Mr. Johnson:

We have completed review of the Certificate of Need application submitted by Symbol Healthcare, Inc. proposing to establish Medicare and Medicaid certified hospice services in Pierce County, within Washington State. Enclosed is a written evaluation of the application.

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

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

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

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

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

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

610. A request for an adjudicative proceeding must be received within the 28 days at one of the following addresses:

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

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

Sincerely,

Eric Hernandez, Program Manager
Certificate of Need

Enclosure

EVALUATION DATED OCTOBER 20, 2020, FOR EIGHT CERTIFICATE OF NEED APPLICATIONS, EACH PROPOSING TO PROVIDE MEDICARE AND MEDICAID CERTIFIED HOSPICE SERVICES TO RESIDENTS OF PIERCE COUNTY.

APPLICANT DESCRIPTIONS

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

Bristol Hospice, LLC dba Bristol Hospice – Pierce, L.L.C. is not registered in the State of Washington. Information provided in the application demonstrates that Bristol Hospice, LLC creates new corporations within the state it intends to operate. Bristol Hospice, LLC operates in the following states: Arizona, California, Colorado, Florida, Georgia, Hawaii, Nevada, Oregon, Texas, and Utah. For this project, Bristol Hospice, LLC is considered the applicant. [sources: Bristol website, Application Exhibit 1, and April 22, 2020 screening pdf1 and Attachment 11]

Currently, Bristol Hospice, LLC does not own or operate any healthcare facilities in Washington State; however, for the year 2019 hospice concurrent review cycles one and two, Bristol Hospice, LLC submitted four separate Certificate of Need applications to establish agencies within the state.[1]

For this evaluation, the applicant, Bristol Hospice, LLC will be referenced in this evaluation as "Bristol."

Continuum Care of Pierce LLC

Continuum Care of Pierce LLC is a Washington State limited liability company[2] owned by private persons. Its two owners, Samuel Stern and Goldy Stern are listed as Governors for several other Washington State limited liability companies[3]. Continuum Care of Pierce, LLC, does not yet have a Washington State license to serve hospice patients. Although, it has several affiliates are already licensed in the state[4]. Its parent company Continuum Care Hospice, LLC provides hospice services to residents in California, Massachusetts, New Hampshire, and Rhode Island. On August 4th, 2019, Continuum's sister entity, Continuum Care of Snohomish LLC, received Washington State Certificate of Need approval to establish a Medicare and Medicaid hospice agency in Snohomish County[5]. [Sources: Application, Exhibit 1, Washington Secretary of State website, ILRS, and Certificate of Need files]

For this evaluation, the applicant, Continuum Care of Pierce LLC will be referenced in this evaluation as "Continuum."

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[1] Bristol Hospice, LLC applications submitted for King County in cycle 1 and Thurston, Snohomish, and Pierce counties for cycle 2.

[2] UBI 604 559 841

[3] Continuum Care of Clark LLC [administratively dissolved], Continuum Care of Snohomish, and Continuum Care of Kitsap LLC [Source: Washington Secretary of State website]

[4] Continuum Care of Snohomish LLC, licensed as Medicare and Medicaid-certified to provide hospice services to residents of Snohomish County, CN#1801 and IHS.FS.61010090 and Continuum Care of King LLC, licensed as state-only, IHS.FS.61058934

[5] CN #1801, issued August 4, 2019

Envision Hospice of Washington, LLC

Envision Hospice of Washington, LLC is a Washington State limited liability company[6] owned by private persons. Its parent, Envision Home Health of Washington, LLC[7] is one of three privately owned corporations that have the same or overlapping membership.[8] Of the three, only two, Envision Home Health of Washington, LLC and Envision Hospice of Washington, LLC are active with the Washington State Secretary of State Office. The following eight members have a ten percent or greater financial interest in Envision Hospice of Washington, LLC. [source: Application, p4 and Appendix B]

Name	Name
Rhett Anderson	Chad Fullmer, PT
Greg Atwood, RN	Darin McSpadden, PT
Wyatt Cloward, OT	Sherie Stewart, MSW
Jason Crump, PT	Derek White, PT

Envision Hospice of Washington, LLC and its affiliates have offices in Tacoma, within Pierce County, Olympia, within Thurston County, and Orem Utah. It is approved to provide Medicare and Medicaid hospice services to residents of Thurston[9], Snohomish[10], and King[11] counties. Its parent company Envision Home Health of Washington, LLC, is approved to provide Medicare and Medicaid home health services to residents of King[12] and Pierce[13] counties, while is state licensed-only to serve residents of Thurston and Snohomish counties. An affiliated agency, Envision Home Health LLC serves Medicare and Medicaid home health and hospice patients in multiple regions in Utah. [sources: Application, pp4-6, Appendix B, and Certificate of Need files]

For this application, the applicant, Envision Hospice of Washington, LLC will be referenced as "Envision."

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence Health & Services is a not-for-profit Catholic network of hospitals, care centers, health plans, physicians, clinics, home health care, and affiliated services**.** The health system includes 27 hospitals in five states, more than 35 non-acute facilities and numerous other health, supportive housing and educational services in the states of Alaska, Washington, Montana, Oregon, and California. [source: Providence Health & Services website]

On July 1, 2016, Providence Health & Services and St. Joseph Health System, a California non-profit corporation, became affiliated. The new affiliation created a new "super-parent," Providence St. Joseph Health, a Washington non-profit corporation. After the affiliation, Providence Health & Services remained a viable corporation, as well as any and all subsidiaries and d.b.a.'s of Providence

[6] UBI 604 174 080
[7] UBI 603 282 417
[8] The three corporations are Envision Home Health of Washington, LLC, Envision Home Health, LLC, a Utah corporation, and Envision Hospice of Washington, LLC. [Source: Application, Appendix B]
[9] CN #1745, issued September 25, 2018
[10] CN #1822, issued November 20, 2019
[11] CN #1823, issued November 20, 2019
[12] CN #1527, issued April 10, 2014
[13] CN #1626, issued December 29, 2017

Health & Services that fall under that corporate umbrella. This affiliation does not change the name or corporate structure of Providence Health & Services. [source: Application, pdf14]

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

Public Comment

Envision Hospice of Washington, LLC [source: public comment part 2 pdf23-24]

"One might verify the "applicant" for a CON by looking at what information is provided about the parent entities/applicant. A review of the PHOS Pierce County application does not answer the question. In fact, the major gaps in response to the application requirements instead reveal an incomplete application. The table below lists the items an applicant must provide about itself and its project; the columns to the right show which entity the information was provided about. As PHOS is a dba of Providence Health & Services – Washington, it is not the applicant in any case.

Information required about CON Applicant	Provided about:		
	Providence St Joseph	Providence Health & Services	Providence Health Services-Washington
Signature on Face Sheet	Yes		
Letter of intent		Yes	
Organization chart	partial	Yes	Yes
Identification of "any" person with >10% interest			
List of applicant's services	Yes		
List of applicant's licenses			
Historical expense & revenue statements	Yes		
Historical cash flow	Yes		
Historical balance sheets	Yes		
Source of funds during start up	Yes		
Projected financials with & without project			
Existing hospice data by county			
Payer mix			
Non-discrimination policy		Yes	
Admissions criteria	Yes		
Charity care policy	Yes		
Referral policy			
History of applicant re fraud etc.			
Background			
Licenses & credentials			
Copies of licensure surveys			
Background & experience			

In light of the significant gaps in required information from the applicant, whether it is Providence Health and Services or Providence/St. Joseph, the PHOS application to expand to serve Pierce County is not complete. The Department cannot determine the project meets the required review criteria."

Rebuttal

Providence provided the following response [source: rebuttal pdf11-12

"Envision argues that an entity which it describes as "the newly branded 'Providence' formerly known as Providence-St. Joseph [sic]" should be identified as the applicant due to the purported "rebranding" of Providence St. Joseph Health ("PSJH"). However, Envision's invention of a non-

existent new legal entity is of no relevance to the identity of the actual applicant for this project: Providence Health & Services- Washington d/b/a Providence Hospice of Seattle.

Providence Health & Services-Washington's and Providence Hospice's legal status and their places in the organizational structure of PSJH are fully disclosed in the application. That structure is explained in the application as follows: "On July 1, 2016, Providence Health & Services and St. Joseph Health System, a California non-profit corporation, became affiliated. The new affiliation creates a new 'super-parent,' Providence St. Joseph Health ("PSJH"), a Washington non-profit corporation. ... It is important to note that Providence Health & Services remains a viable corporation as do any and all subsidiaries and d/b/as that fall under that corporate umbrella. This new affiliation does not change the name or corporate structure of Providence Health & Services or Providence Hospice of Seattle." The Department has not raised any questions about the proper identity of the applicant, the organizational structure of PSJH, or the legal status of Providence Health & Services-Washington or Providence Hospice.

Envision's argument has no basis in fact or in law, and it is without merit. Accordingly, it should be rejected by the Department."

Department's Evaluation

Providence's rebuttal addresses the concerns raised by Envision. Providence provided organizational charts with the application that identify the corporate structure and relationship between the entities. This documentation is consistent with other projects reviewed and approved by the department.

Seasons Hospice & Palliative Care of Pierce County, LLC

Seasons Hospice & Palliative Care Of Pierce County, LLC, a for-profit, limited liability company, represents a newly created legal entity. Seasons Hospice & Palliative Care Of Pierce County, LLC ownership rests 100% with Seasons Hospice & Palliative Care of Pierce County Holding, Inc. Both Delaware based corporations were created in November 2019 and are governed wholly by Todd Stern. [source: Season's Application, pdf3-5, Exhibit 2; Secretary of State website for UBIs # 604 525 696 & 604 525 694]

Public Comment

Envision Hospice of Washington, LLC [public comment part 3 pdf1]

"The Seasons organization chart is ambiguous as to the actual control of the proposed Seasons/Pierce entity. Three of the owners of Seasons Hospice and Palliative Care of Pierce County Holdings, Inc. have over 10% interest in the undertaking:

- *Stern Family Investment TR with 23.43%*
- *Stern 2016 Delta TR with 11.425%*
- *Stern 2018 Alpha TR with 11.425%*

Aside from ownership, a review of the contract proposed between the Seasons Healthcare Management (SHCM) and the Pierce agency makes it clear that SHCM has a substantial role in the management and control of the Seasons agencies nationwide. Envision notes that the six key executives of the Seasons' parent are the same individuals shown as the key executives for the proposed Pierce agency. In light of Seasons operating twenty---nine agencies across the country, it is not credible that this group of individuals manages all of those twenty---nine directly nor will they

manage the Pierce agency directly. Rather, there are Seasons mid---level managers --- whether organized regionally or functionally – who report to, and implement the directives of, those top executives. These mid managers are likely housed in SHCM.

So, while a paper drawing of the organization looks one way, the actual functional life of the organization is similar to a single, hierarchical structure. Seasons has adopted a legal and organizational approach that effectively limits its owners' and affiliates' exposure to medical--- legal liability. Nevertheless, the Department needs information about the parent, the affiliates and SHCM in order to evaluate the Pierce proposal against the four Certificate of Need review criteria and to apply the five tiebreakers if necessary."

Rebuttal

Seasons provided the following statements in response:

"The above statement incorrectly speculates about management and control. As stated above in these rebuttal comments, Seasons Pierce County does not have a management company, but rather a Services Agreement with SHCM. As stated on page 3 of the application for CN #20-39, "Seasons Pierce County will enter into a services agreement with ***Seasons Healthcare Management, Inc.*** *("SHCM"), an entity that provides back-office functions to support billing and reimbursement, payroll and human resource functions, information technology services, and other general administrative services. SHCM provides such administrative services to over 29 Seasons Hospice & Palliative Care hospice programs across the country (the "Services Agreement"), a copy of which is attached as* ***Exhibit 3****. While all of these hospice programs benefit from the back-office support from SHCM, each of these Seasons Hospice & Palliative Care hospice programs is its own operating entity that is legally, operationally, and financially separate and distinct from the others. Each hospice program has its own license in the state in which it operates and its own administrator. Each hospice is responsible for its own management, and no actions or financial conditions of one hospice program affect any other hospice program. [Emphasis supplied]."*

Departments Evaluation

While the department agrees that the performance of other entities owned and operated by common owners and operators of other Seasons hospice agencies should be considered in the context of quality of care, it does not appear that the concerns raised by Envision suggest that Seasons should be denied solely on the basis of their organizational structure. For the purposes of this evaluation, Seasons Hospice & Palliative Care of Pierce County, LLC is the applicant, but the owners of this entity are relevant in the context of review under WAC 246-310-230 and WAC 246-310-290(11).

Signature Hospice Pierce, LLC

Northwest Hospice, LLC owns 100% of Signature Hospice, LLC, a Washington State corporation. Northwest Hospice, LLC is owned by Avamere Group, LLC (85%) and Robert Thomas (15%). [source: Application, Exhibit 2 and February 28, 2020, screening response, p1] For this project, Avamere Group, LLC is considered the applicant.

If a Certificate of Need is issued for this project, the department recognizes that the In-Home Service license could be issued to Signature Hospice Pierce, LLC. For this review, all references to the application will identify "Signature Hospice Pierce, LLC," or simply "Signature."

Currently, Signature Hospice, LLC does not own or operate any healthcare facilities in Washington State; however, for the year 2019 hospice concurrent review cycles one and two, Signature Hospice submitted two separate Certificate of Need applications to establish agencies within the state.[14]

Public Comment
Russell Hilliard, Seasons Hospice [public comment pdf70]
*"Signature's response to **Screening Question #1** confirms that the applicant is Avamere Group, LLC, rather than Signature Hospice Pierce, LLC. This change creates confusion, displaying a lack of planning. Furthermore, Avamere Group, LLC is not licensed to do business in the state of Washington."*

Rebuttal
Signature did not provide rebuttal specific to this comment.

Departments Evaluation
The department has determined the applicant is the Avamere Group. It is not required that an entity be licensed in the State of Washington prior to receiving CN approval.

Symbol Healthcare, Inc., dba Puget Sound Hospice
Symbol Healthcare, Inc., d/b/a Puget Sound Hospice, is a Washington State foreign profit corporation[15], and is owned by The Pennant Group, Inc. Although The Pennant Group, Inc. is a publicly traded company, no shareholder has more than five percent ownership interest. Additionally, The Pennant Group, Inc., owns Cornerstone Healthcare, Inc., which in turn, owns Paragon Healthcare, Inc., which ultimately owns Symbol Healthcare, Inc. For this project, The Pennant Group, Inc. is considered the applicant.

If a Certificate of Need is issued for this project, the department recognizes that the in-home service license could be issued to Symbol Healthcare, Inc.

Symbol Healthcare, Inc. owns and operates Puget Sound Home Health with an office in Tacoma, currently provides home health services to Pierce County residents. The Pennant Group, Inc. owns and operates 33 hospice agencies, 28 home health agencies, 9 home care agencies, and 54 senior care entities. This count includes eight CN-approved home health and hospice agencies. [source: Application, p5]

For this evaluation, the applicant, The Pennant Group, Inc. will be referenced in this evaluation as "Symbol."

Public Comment
Russell Hilliard, Seasons Hospice [public comment pdf11]
"The former applicant, Symbol Healthcare, Inc. changes to the new applicant, The Pennant Group, Inc., in its Screening Response, creating confusion and displaying a lack of planning."

[14] Signature Hospice, LLC applications submitted for King County in cycle 1 and Whatcom County for cycle 2.
[15] UBI 603 257 823

"Pennant owns several facilities, including hospice facilities in the state of Washington, but fails to provide the information required by this criterion. (See Exhibit 1 of the Screening Response for a list of entities/facilities owned by The Pennant Group, Inc.)"

Rebuttal
None

Departments Evaluation
Symbol provided an organizational chart and a list of each of its affiliated entities' ownership, board of directors, and officers. This information clarified that Symbol Healthcare, Inc. is a subsidiary of The Pennant Group, Inc. The department does not construe exhibits with the parent company's name in the header as a change in applicant, as long as each entity and their relationships are made clear. The department considers Seasons Hospice's concerns about the applicant's identity changing and missing information are unfounded.

Wesley Homes At Home, LLC
Wesley Homes at Home, LLC is Washington, LLC is a Washington State limited liability company[16] Wesley Homes Community Health Services, which is a subsidiary of the Wesley Homes Corporation, a public benefit corporation.[17] Each of these entities is active with the Washington State Secretary of State Office. Wesley Homes is affiliated with the Pacific Northwest Conference of the United Methodist Church. [source: Application pdf4]

The Wesley Homes Corporation operates a number of healthcare services in Washington State, primarily in nursing homes in King and Pierce Counties and home health services operated out of King County. [source: CN historical records, Application Exhibit 1]

For this application, the applicant, Wesley Homes at Home, LLC as well as its parent corporations will simply be referenced as "Wesley" or "Wesley Homes."

PROJECT DESCRIPTIONS
Under the Medicare payment system, hospice care benefit consist of the following services: physician and clinical services, nursing care, medical equipment and supplies, symptoms control and pain relief management, hospital based short-term care, respite care, home health aide and homemaker services, physical and occupational therapy, social worker services, dietary counseling, grief and loss counseling. Respite care and outpatient drugs are each subject to a small co-payment and other services are covered in full[18]. Hospice staff would be available 24/7 for emergencies. Additional hospice services include inpatient hospice services to nursing home residents.

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.
Bristol Hospice LLC proposes to establish Medicare and Medicaid hospice agency to serve the residents of Pierce County. The agency would be located at 1011 East Main, Suite 451, in Puyallup [98372]. [source: Application, p7]

[16] UBI 602 702 244
[17] UBI 179 007 005
[18] Medicare Hospice Benefits, page 8 Centers for Medicare & Medicaid Services. CMS Product No. 02154, Revised April 2017.

Hospice services to be provided directly by the new agency include:

- Pain and Symptom Management
- Bereavement Counseling and Support Services
- Spiritual Counseling
- Skilled Nursing Care
- Hospice Aide Services
- Volunteer Services
- Continuous Care
- Supplies, Medication and Durable Medical Equipment related to the Life-Limiting Illness

Services to be provided by the new agency under contract include:

- Outpatient Services
- General Inpatient Services
- Respite Care Services
- Therapy Service
- Medical Director
- Dietary

If approved, Bristol intends to begin providing Medicare and Medicaid hospice services to the residents of Pierce County within three months of approval. Bristol assumed a Certificate of Need approval date in September 2020, and Bristol would be providing Medicare and Medicaid hospice services in January 2021. [source: Application, p9] Based on the timeline identified by the applicant, full calendar year one of the project is 2021 and full calendar year three is 2023.

Bristol identified an estimated capital expenditure of $30,000 for this project. The costs are for IT equipment, office furniture, and an initial inventory of supplies for the agency. There are no construction costs for this project. [source: Application, p8 and p17]

Continuum Care of Pierce LLC

Continuum Care of Pierce, LLC proposes to establish Medicare and Medicaid hospice agency to serve the residents of Pierce County. The agency would be located at 5727 Baker Way NW, Suite 103, in Gig Harbor [98332]. [source: Application, p6]

The applicant provided the following table identifying the services it intends to provide. [source: Application, pp8-9]

Applicant's Table

Table 1
Service Listing and Indication of Direct Provision or Contract

Service	Brief Description	Direct or Contract
Nursing	Regular visits by registered hospice nurses with specialized training and expertise in pain and symptom management.	Direct
Spiritual Support	As requested, for patients and families	Direct
Medical Management	Coordination of medical equipment, supplies, and medicine for comfort and symptom management	Direct coordination, but outside vendors for delivery of meds, DME, etc.
Home Health Aides	Visits by hospice home health aides to provide additional personal care, time, and attention	Direct
Volunteers	Trained volunteers who provide companionship, assistance, and support	Direct
Bereavement Counseling	Counseling and support for family members and significant others throughout the patient's illness and for a minimum of 12 months following death	Direct
Psychosocial Support	Psychosocial support for patients and families, as well as for the long-term staff and care givers	Direct
Emergency Care	Consultation and emergency care 24 hours a day, every day of the year	Direct triage and 24x7 on call
Medical Director	Including, but not limited to, face to face encounters, review of clinical records, development and implementation of plan of care.	Contract
Special Therapies	Physical, occupational, speech, music, virtual reality, equine and other therapies as indicated in the plan of care.	All contract, except for music therapy which is direct

Source: Applicant

Continuum provided the following statements related to the operational timeline of the proposed project and services.

"*Continuum intends to be licensed, certified and accredited by June 2021. Continuum expects to begin serving patients on July 1, 2021.*" [source: Application, p11]

"*Continuum is proposing to establish a* ***new*** *agency, not a satellite or branch of our existing Snohomish agency. The startup of a new agency requires prior licensure, accreditation and survey. Our actual experience is that seven to nine months is typically how long that process requires, and to be conservative, we used the longer date.*

As an example, our Snohomish Affiliate secured CN approval in Snohomish in early August 2019, and was state licensed by mid November 2019. Snohomish is now fully operational, but is still awaiting final accreditation (which is the date that that billing can commence). Its CHAP survey was conducted on March 12. Only two deficiencies were noted (which is considered a very good initial survey), but prior to accreditation, a plan of correction needed to be filed with CHAP (which has been completed), and they are awaiting notice of the acceptance of the plan. This notice is expected

within the week, making Snohomish about an 8-month process." [source: March 31, 2020 screening response, p3]

Based on the timeline identified by the applicant, full calendar year one of the project is 2022 and full calendar year three is 2024.

Continuum identified an estimated capital expenditure of $106,800 for this project. The costs are for office and IT equipment, software, leasehold improvements, legal and consulting fees, and applicable sales tax. [source: Application, p20]

Public Comment
Puget Sound Hospice [source: public comment pdf3-4]
"Continuum's June 2021 commencement date is nine months after the CN date. This is a much longer timeline than other applicants, and Continuum's explanation lacks the urgency to meet the needs of Hospice patients in a timely manner. Continuum States, "Continuum is proposing to establish a new agency, not a satellite of our existing Snohomish agency. The startup of a new agency requires prior licensure, accreditation and survey. The nine months is typically how long that process requires". In all practicality, 1-3 months is all the time needed to prepare for and secure licensure, which allows a new Hospice agency to begin caring for patients. With Continuum's timeline, the State cannot accurately analyze financial feasibility, structure or process or cost containment (WAC 246-310-220, WAC 246-310-230, WAC 246-310-240), for these reasons, Continuum's application should be denied."

Rebuttal
None

Departments Evaluation
Continuum provided a reasonable explanation for the timeline in its proposal. A proposal that includes licensure, accreditation, survey, and modifications to its agency's office space. This minor construction is to make the space functional for its staff; and includes "*constructing partition walls to create separate workstation areas/offices, a conference room, closets and room for medical supply storage*." [source: Application, p20] Additionally, there are no requirements prescribed in law or rule that dictate an appropriate timeline for a hospice agency to offer services. In conclusion, Continuum's proposed timeline does not prevent the department from being able to accurately analyze the necessary review criteria.

Envision Hospice of Washington, LLC
For this project, Envision proposes to expand its Medicare and Medicaid certified hospice services to residents of Pierce County. Envision plans to co-locate its operational functions with its affiliated home health agency, with offices located at 1818 South Union Avenue, Suite 1A, Tacoma, [98406]. However, its mailing address will be at its parent offices located at 402 Black Hills Lane SW, Olympia [98512]. [source: Application, p10]

Services to be provided by the hospice agency include:
- Nursing care,
- Medical social worker,

- Pastoral care,
- Home care aide,
- Case management,
- Medical Director,
- Medical appliances and supplies, including drugs and biologicals,
- 24-hour continuous care in the home at critical periods, and
- Bereavement service for the family for 13 months post end of life

[source: Application, pp11-12]

All services would be provided directly by Envision except: speech-language pathology services, physical and occupational therapies, dietary, inpatient hospital care for procedures necessary for pain control, acute and chronic system management, and inpatient (nursing home) respite care to relieve home care givers as necessary, which would be contracted. Envision also intends to provide these hospice services to nursing home residents. [source: Application, pp11-12]

If approved, Envision expects to begin providing Medicare and Medicaid-certified hospice services to the residents of Pierce County by January 2021. Given this timing, calendar year 2021 is the first calendar year of operation and year 2023 would be year three. [source: Application, p15]

The estimated capital expenditure for the project is $7,000. The costs are for furniture, phone system, computer equipment, copier, and applicable sales tax all needed to equip the hospice agency. [source: April 30, 2020 screening response, p2]

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence's application proposes to extend their currently operational Medicare and Medicaid certified hospice services to Pierce County. The agency currently operates out of 2811 South 102nd Street, in Tukwila, WA. [Source: Application pdf13]

If approved, Providence expects the Medicare and Medicaid certified hospice agency would be available to the residents of Pierce County by within one month of CN approval. In the initial application, this would have been approximately October 1, 2020. Given this timing, year 2021 would be the first calendar year of operation and year 2023 would be year three. Application delays due to COVID-19 would shift this date, but would not change the first and third complete years of operation. [Source: Application, pdf21]

There is no capital cost associated with the Providence application, as this is the extension of an agency into an adjacent county. [Source: Application, pdf34]

Public Comment

Russell Hilliard, Seasons Hospice [source: public comments pdf53]

"Providence's proposed location in Seattle limits access to residents of Pierce County. *Providence proposes to serve Pierce County from 2811 S. 102nd Street, Tukwila (Seattle), WA 98168. This location does not allow staff to timely serve residents of Pierce County. As shown in the map below, it takes a minimum of 30 minutes to reach the populated areas of Pierce County, and many areas exceed a 45-minute drive time. This impedes timely access to hospice care, with only 2% of the Pierce County population within a 30-minute drive of the Providence office location. Hospice programs*

must be able to admit patient timely and respond to needs, including urgent events or families in distress. This is particularly problematic for after-hours and weekends, and patients will likely call 911 to revoke the hospice benefit if the hospice team cannot respond in person timely. This results in a failure of the hospice philosophy – to receive care and die in the home setting.

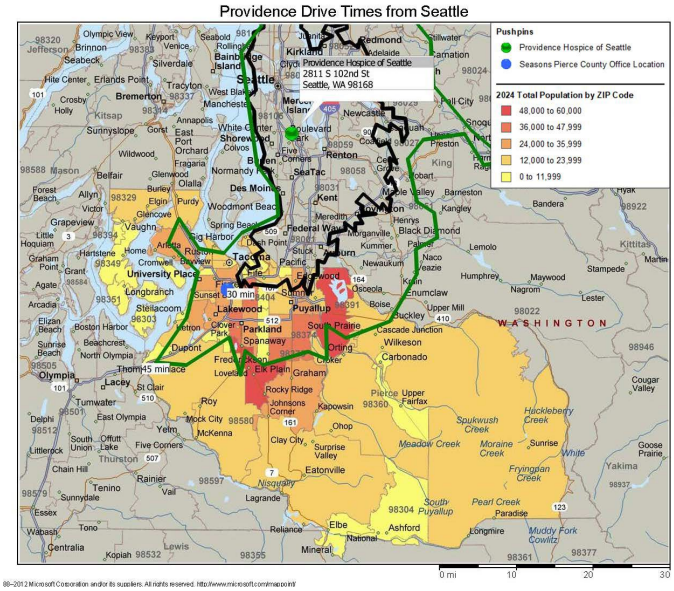


Figure 1. The above map identifies a 30 and 45-minute drive-time contour from Providence Hospice of Seattle to demonstrate that the Pierce County is at least a 30 to 45-minute drive time from the home office, limiting timely access to hospice services to residence of Pierce County. *Providence further states on page 15 of its application that "this will initially allow Providence Hospice of Seattle to provide services in Pierce County while only adding minimal staff in the first several months of operation." Failure to adequately invest in Pierce County will prevent unmet need of hospice care from being met."*

Rebuttal Comment

Providence provided the following response. [source: rebuttal pdf24-25]

The fact that Providence Hospice's office is located in Tukwila has no bearing whatsoever on our ability to provide hospice care to all residents of Pierce County, regardless of where they reside in the County. Seasons' argument to the contrary has no merit.

Seasons is a for-profit, privately-owned national hospice chain based in Illinois. It has no experience in Washington. We presume this accounts for the inaccuracy, and often puzzling nature, of many of its public comments. One of its most egregiously erroneous and misleading suggestions is that Providence Hospice's "location in Seattle [sic] limits access to residents of Pierce County." Seasons' argument is absurd and without merit.

As Seasons ought to know, a hospice agency's office does not act as a central location from which hospice caregivers are dispatched when a patient requires services. Instead, caregivers provide services to patients based upon a plan of care and an agreed upon schedule. At Providence Hospice, the caregiver team, the patient, and the patient's family cooperatively develop the plan of care and establish a schedule that addresses the patient's needs. Of course, the schedule is subject to revision as the patient's condition changes or if an emergency event should arise. Providence Hospice's office

does not function as a fire station from which caregivers are dispatched as emergency calls come in: Providence Hospice and its caregiver teams provide services in a well-organized and planned fashion.

In addition, given that we have approximately a dozen existing staff members from various disciplines who reside in Pierce County, as well as other staff members who reside near Pierce County, it is highly likely that caregivers will be visiting patients who live nearby. Furthermore, as new staff members are added as the program expands, it is reasonable to expect that they may reside in, or close to, Pierce County, as well.

Accordingly, Seasons' argument that the location of our office in Tukwila "limits access to residents of Pierce County" is not credible and should be disregarded by the Department."

Departments Evaluation

Seasons comments presuppose two things incorrectly:

1. That the department requires a hospice agency to have offices in the county being served;
2. That the location of a hospice agency office has bearing on how quickly staff may be available to provide services.

Both of these are false. This application proposes to serve Pierce County out of the adjacent King County office. There is no reason for the department to assume that services cannot be provided safely and efficiently across counties that border one another from a single office. Furthermore, there is no reason to assume that all staff live in King County and would be impacted by the drive time between the two counties. The location of the Providence office is not a concern for the department.

Seasons Hospice & Palliative Care of Pierce County, LLC

This project proposes to establish a Medicare and Medicaid certified hospice agency in Pierce County. The applicant proposes an integrated service delivery system that includes the capability to provide palliative care as well as end-of-life care. The service area for the hospice agency is Pierce County. Seasons Hospice & Palliative Care of Pierce County would be located at 4301 South Pine Street in Tacoma, WA 98409. [Source: Application, pdf7]

Seasons Pierce County staff provide the federally mandated core services of routine home care, respite care, inpatient, and continuous care in conjunction with volunteers. [Source: Seasons Application, pdf6-7]

If approved, Seasons Hospice expects the Medicare and Medicaid certified hospice agency would be available to the residents of Pierce County by January 1, 2022. Given this timing, year 2022 is the first full calendar year of operation and year 2024 would be year three. [Source: Screening Responses, pdf4]

The estimated capital expenditure for this project is $86,117 which is solely related to office equipment and furnishings. [Source: Screening Response, Attachment 2]

Public Comment

Puget Sound Hospice [source: public comment pdf6]

"Seasons commencement date of January 1, 2022 is approximately 15 months after the CN will be awarded. This timeline is unreasonable, as licensure should take at a maximum three months to receive after the CN is awarded. Once the license is received, patients can be cared for. Due to the excessive timeline and costs that occur for expenses such as the capital expenditure of $86,117 and the lease, which Seasons shows as $76,394, the State is left with an extremely costly hospice that is not caring for Hospice patients in a timely manner. Based on these factors, the State cannot reasonably determine the financial feasibility, cost containment, structure or process of this project and the application should be denied."

Rebuttal

Seasons provided the following statements to rebut this:

"Seasons Pierce County's service initiation date is reasonable based on the experience of other hospice start-ups in Washington State as indicated in response to Screening Question #3, page 3 of the Screening Response. Although three months may provide a minimum timeline for an existing hospice to add another county to its licensed service area, it is not sufficient time to hire and train additional staff and equip them without diminishing existing resources that would negatively impact service both to the existing and new service area. It is also not sufficient time for a new hospice program to become licensed and certified by both Medicare and Medicaid as demonstrated in the staffing timeline provided in response to Screening Question #12, page 5 of the Screening Response and corresponding Attachment 5, pages 78-79."

Departments Evaluation

Puget Sound Hospice is mistaken in their assessment. From issuance of a Certificate of Need, a hospice agency has two years with which to execute the CN.[19] Based on a projected decision date of October 20, 2020, the Seasons projected operational date is appropriate and this is not reason to deny the application.

Signature Hospice Pierce, LLC

The applicant states that Signature Healthcare at Home currently leases two office locations in King County that are used for home health services. One office in Federal Way and one in Bellevue. Signature proposes the hospice agency would be located at the Federal Way site.[20] The address of the hospice agency is 909 South 336th Street, #100 in Federal Way [98003].

The applicant provided a table identifying the services to be provided through the hospice agency, either directly or contracted. The table is recreated below. [source: Application, pdf10]

[19] WAC 246-310-580(1)

[20] Given the initial uncertainty of the location for the hospice agency, the screening letter for this project provided clarification regarding issued Certificates of Need and site changes. In response to the clarification, Signature Hospice provided the following statements: "*We understand that the Certificates of Need are site specific. The site will not be relocated during the review process or prior to completion of the project*." [source: February 28, 2020, screening response, p1]

Applicant's Table of Services to be Provided

Service	***Medicare Hospice***	***Direct***	***Contracted***
Nursing Care/RN	*Required*	*X*	
Medical Director	*Required*	*X*	
Speech-Language pathology	*Required*		*X*
Physical and Occupational Therapy	*Required*		*X*
Social Services	*Required*	*X*	
Dietary	*Required*		*X*
Pastoral Care	*Required*	*X*	
Home Care Aide	*Required*	*X*	
Interdisciplinary Team	*Required*	*X*	
Case Management	*Required*	*X*	
Medical Supplies, including drugs and biologicals	*Required*		*X*
Inpatient hospital care for procedures necessary for pain control and acute and chronic	*Required*		*X*
Inpatient (nursing home) Respite Care	*Required*		*X*
Medical Social Worker counseling	*Required*	*X*	
Bereavement Services for family members	*Required*	*X*	
Volunteer Coordinator	*Required*	*X*	
Other: music, pets, massage, reiki			*X*

If approved, Signature Hospice intends to begin providing Medicare and Medicaid hospice services to the residents of Pierce County by January 2021. Based on the timeline identified by the applicant, full calendar year one of the project is 2021 and full calendar year three is 2023. [source: Application pdf12]

Signature Hospice identified an estimated capital expenditure of $28,032 for this project. The costs are for IT equipment, furniture, signage, and an initial inventory of supplies for the agency. There are no construction costs for this project. [source: Application, pdf 22]

Public Comment

Russell Hilliard, Seasons Hospice [source: public comment pdf70-71]

Avamere's proposed location in Federal Way, King County, limits access to residents of Pierce County. Avamere proposes to locate in the same building as an affiliate's Home Health Agency in King County. This location does not allow staff to timely serve residents of Pierce County. As shown in the map below, less than three quarters of the Pierce County population (72%) are within a 30-minute drive of the hospice location, limiting timely access to a portion of residents in the planning area, while 92% are within a 45-minute drive. Hospice programs must be able to admit patients timely and respond to needs, including urgent events or families in distress. This is particularly problematic for after-hours and weekends, and patients will likely call 911 to revoke the hospice benefit if the hospice team cannot respond in person timely. This results in a failure of the hospice philosophy – to receive care and die in the home setting.

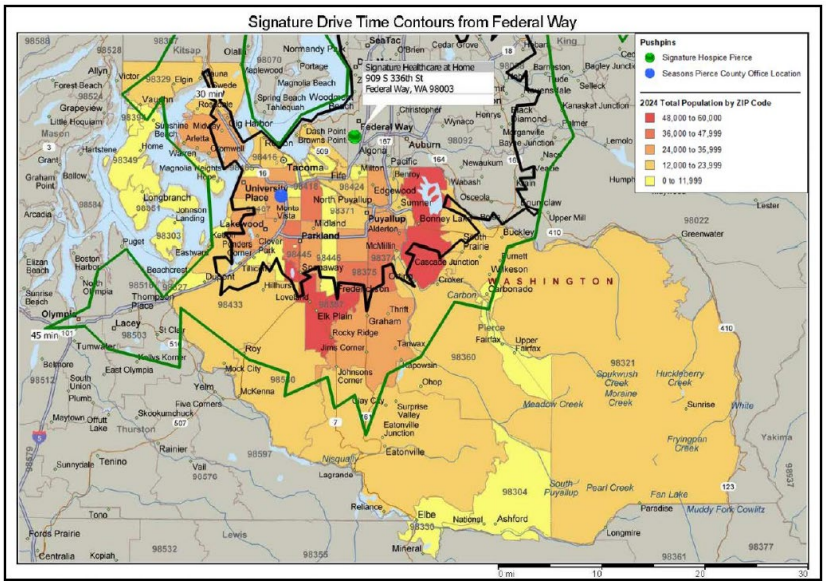


Figure 1. The above map identifies a 30 and 45-minute drive-time contours from Avamere Hospice Pierce (shown as a green dot) in Federal Way to demonstrate that 28% of Pierce County's population
is outside a 30-minute drive time contour of the home office, limiting timely access to hospice services to residence of Pierce County. Seasons Pierce County's location is shown as a blue dot within Pierce County."

"Avamere's project description is insufficient to provide insight as to the nature of the hospice program, the proposed core services or how the program will operate and deliver care. It does not meet the criteria."

Rebuttal Comment
None provided

Department's Evaluation
Seasons comments presuppose two things incorrectly:

1. That the department requires a hospice agency to have offices in the county being served;
2. That the location of a hospice agency office has bearing on how quickly staff may be available to provide services.

Both of these are false. This application proposes to serve Pierce County out of the adjacent King County office. There is no reason for the department to assume that services cannot be provided safely and efficiently across counties that border one another from a single office. Furthermore, there is no reason to assume that all staff live in King County and would be impacted by the drive time between the two counties. The location of the Wesley Homes office is not a concern for the department.

Symbol Healthcare, Inc., dba Puget Sound Hospice
Symbol proposes to establish a Medicare and Medicaid hospice agency to serve the residents of Pierce County. The agency would be co-located with Symbol's existing home health agency 4002 Tacoma Mall Boulevard, Suite #204, in Tacoma [98409]. [source: Application, p7]

The applicant provided the following table identifying the services it intends to provide. [source: Application, p8]

Applicant's Table

Table 1
Service Listing and Indication of Direct Provision or Contract

Service	Direct or Contract
Physician	Contract
Nursing	Direct
Certified Nursing Assistant	Direct
Physical, Occupational and Speech therapy	Contract
Alternative therapies	Contract
Dietary	Contract
Medical Social Services	Direct
Spiritual Care Coordinator	Direct
Pharmacy	Contract
Inpatient /Respite	Contract
Continuous Care	Direct
Bereavement Counseling (provided by Chaplain)	Direct
Volunteer Coordinator (provided by Social Worker)	Direct

Source: Applicant

If approved, Symbol intends to begin providing Medicare and Medicaid hospice services to the residents of Pierce County within 60 days of receiving the Certificate of Need. [source: April 22, 2020, screening response, pdf5] Based on the timeline identified by the applicant, full calendar year one of the project is 2021 and full calendar year three is 2023.

Symbol identified an estimated capital expenditure of $5,000 for this project. The costs are for a phone system and IT equipment and corresponding tax. There are no construction costs for this project. [sources: Application, p9 and April 22, 2020 screening response, pdf5]

<u>Public Comment</u>
<u>Russell Hilliard, Seasons Hospice [source: public comment pdf 12]</u>
Pennant expects to commence operations within 60 days of approval by adding Pierce County to an existing licensed hospice program. (See page 10.) However, that program's license remains pending. Therefore, the applicant does not have an existing, licensed hospice program, and commencement dates are questionable. Regardless, shifting staff from one program to another dilutes overall staffing, diminishing access to services and productivity.

Furthermore, Screening Question 10 points to inconsistencies in the opening date, stating on page 3 "…expects to [be] able to provide hospice care to the residents of Pierce County within three months of CN approval," and on page 17 "If our proposed project is approved, we will be able to begin providing care as soon as we obtain the Pierce County hospice CN." Finally, Exhibit 7 of the application indicates a 10/1/20 start date. This further demonstrates the proposed project lacks planning and therefore, jeopardizes untimely implementation, which adds start-up costs due to delays that are not accounted for in the proforma.

Envision Hospice of Washington, LLC [source: public comment part 3 pdf18]
"Pennant correctly checked the box for "new agency" on the face sheet for its Pierce County hospice application, yet its application says the project adds Pierce County to the existing license of a Thurston County hospice it does not own.

Throughout its application for a Symbol---Pierce hospice, Pennant relies on the presumption that a Thurston County hospice Certificate of Need belongs to Pennant. This presumption is incorrect and inconsistent with Washington's Certificate of Need laws. The Thurston County hospice Certificate of Need, on which the Symbol---Pierce application substantially relies, is owned by a completely separate company, Ensign. At Appendix PC---5, please see a copy of the Certificate of Need granted to Symbol/Ensign in late 2019. Note the Condition requiring the Thurston project to be financed as described in the application, meaning it must be financed by Ensign. There is no record that Ensign has informed the Department of any intent to transfer ownership of its Thurston County Certificate of need.

As of the date of this public comment, the Thurston project has not been Medicare---certified and, therefore, Ensign's Thurston hospice project is not substantially complete. Any sale or other transfer of Ensign's Thurston CON to Pennant before substantial completion will trigger a Certificate of Need application per WAC 246---310---500(7)."

Rebuttal Comment
None

Department's Evaluation
Two entities provided comments on Symbol's project description. One from Seasons alleging that a pending license makes Symbol's timeline unachievable and that conflicting statements on timing indicate the rest of the proposal is unreliable. However, as of writing this evaluation Symbol Healthcare, Inc., d/b/a Puget Sound Hospice is licensed as Puget Sound Hospice under license number IHS.FS.61032138. Additionally, the timing of the release of a CN decision is rarely exact – especially this year with the COVID-19 pandemic and Governor waivers. Symbol clarified its anticipated timeline in response to screening. [source: April 22, 2020 screening response, pdf5] Symbol also provided documentation that its agency would be financially feasible in year three. A month's adjustment in commencement, prior to year one should not impact year three.

Envision also provided comments questioning a foundational assumption of the Symbol project. Envision points out it believes Symbol's Thurston County hospice CN[21] belongs to Pennant. The Thurston County CN approval was based on the understanding that The Pennant Group, Inc. and The Ensign Group, Inc. are separate yet affiliated entities. Several sections of the application materials for this Pierce County review show that as of October 1, 2019 The Pennant Group, Inc. separated from The Ensign Group, Inc. [source: Application, Exhibit 9] To whom the Thurston County CN is issued. Although there was no rebuttal provided by Symbol to clarify how Ensign and Pennant are currently affiliated, the Thurston County CN is based on an evaluation in which the department determined "*that the transaction that occurred on October 1, 2019, which transferred existing*

[21] CN #1824, issued December 4, 2019 to Ensign Group, Inc. dba Symbol Health care, Inc.

services to The Pennant Group, Inc. from the Ensign Group's current operations, does not constitute a change in ownership" [source: CN evaluation dated November 15, 2019, p4]

Wesley Homes At Home, LLC

This project proposes to establish a Medicare and Medicaid certified hospice agency to serve Pierce County. Service for Pierce County would be offered out of their Des Moines office at Seasons Hospice & Palliative Care of Pierce County would be located at 815 South 216th Street in Des Moines, WA 98198. [Source: Application, pdf9]

Wesley Homes staff provide the federally mandated core services of routine home care, respite care, inpatient, and continuous care in conjunction with volunteers, with the following services available. [Source: Seasons Application, pdf9-10]

- Pain and symptom management.
- Direct nursing care, disease management and patient/family education.
- Spiritual services.
- Bereavement services.
- Assistance with personal care and daily living activities such as eating, walking and dressing.
- Social services to address the emotional needs of patients and families.
- Trained volunteer support.
- Therapy services as needed.
- Pharmacist consultation
- Dietary and nutritional services
- Education on the disease process, coping skills and care planning.
- On-call 24 hours a day for emergencies.
- Availability of durable medical equipment, oxygen, medical supplies, and related medications.

If approved, Wesley Homes expects the Medicare and Medicaid certified hospice agency would be available to the residents of Pierce County by January 1, 2021. Given this timing, year 2021 is the first full calendar year of operation and year 2023 would be year three. [Source: Application, pdf11]

Wesley Homes estimates no capital expenditure, as this project would expand an existing hospice agency with the majority of the necessary materials in place. [Source: Application pdf20]

Public Comment

Russell Hilliard, Seasons Hospice [source: public comment pdf31]

*"**Wesley's proposed location in Des Moines limits access to residents of Pierce County.** Wesley proposes to serve Pierce County from 815 South 216th Street, Des Moines, WA 98198. This location does not allow staff to timely serve residents of Pierce County. As shown in the following map, only 30% of the Pierce County population are within a 30 minute drive of the hospice, while 91% are within a 45-minute drive. This impedes timely access to hospice care. Hospice programs must be able to admit patient timely and respond to needs, including urgent events or families in distress. This is particularly problematic for after-hours and weekends and can leave patients with no option but to call 911 to revoke the hospice benefit if the hospice team cannot respond in person in a timely*

manner. This results in a failure of the hospice philosophy – to receive care and die in the home setting.

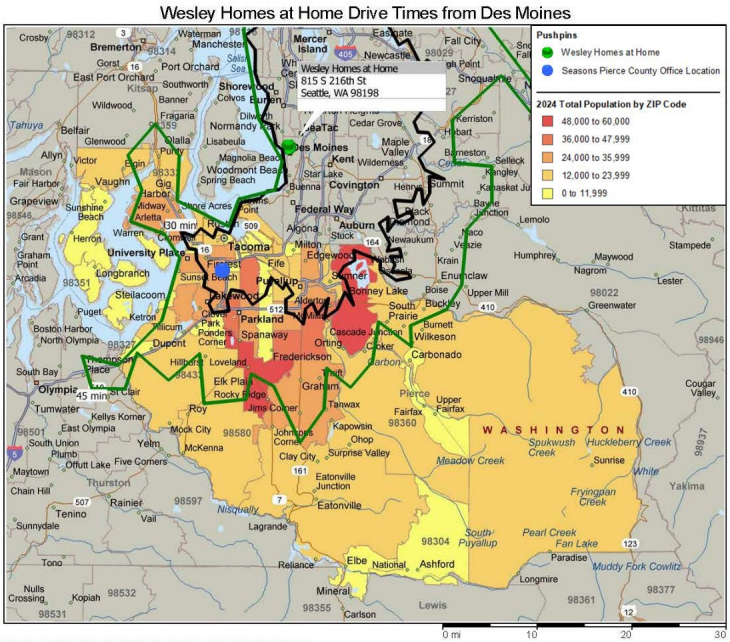


Figure 1. The above map identifies a 30 and 45-minute drive-time contour from Wesley Homes at Home (green dot) in Des Moines to demonstrate that the majority of Pierce County's population (70%) is outside a 30-minute drive time contour of the home office, limiting timely access to hospice services to residence of Pierce County. Seasons Pierce County's location is shown as a blue dot within Pierce County.

Wesley further states on page 3 of its application that the "long-range plan calls for the addition of three to four additional (new) communities in South King County and two or three in Pierce County by 2027." This implies that the proposed hospice's primary mission will be to serve its senior housing communities that are yet to be built, rather than fulfilling unmet needs that currently exist within Pierce County. In other words, the focus is on extending services within their own network rather than reaching out toward others within the community, a disservice to the residents in need who do not reside in their facilities.

Rebuttal Comment

Wesley Homes provided the following response:

"Contrary to Seasons' comments (p. 29), while Wesley proposes to 'house' its Pierce County agency at its King County office, this will not impact its ability to serve Pierce County. Wesley already serves Pierce County for home health and hospice. As hospice services are provided in the patient's home, staff spend a limited amount of time in any office location. Several hospice providers, including Providence and Envision, propose to serve multiples counties from a single location." [source: rebuttal pdf5]

Department's Evaluation

Seasons comments presuppose two things incorrectly:

1. That the department requires a hospice agency to have offices in the county being served;

2. That the location of a hospice agency office has bearing on how quickly staff may be available to provide services.

Both of these are false. This application proposes to serve Pierce County out of the adjacent King County office. There is no reason for the department to assume that services cannot be provided safely and efficiently across counties that border one another from a single office. Furthermore, there is no reason to assume that all staff live in King County and would be impacted by the drive time between the two counties. The location of the Wesley Homes office is not a concern for the department.

APPLICABILITY OF CERTIFICATE OF NEED LAW

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

EVALUATION CRITERIA

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

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

TYPE OF REVIEW

As directed under WAC 246-310-290(3) the department accepted these eight projects under the 2019 annual hospice agency concurrent review timeline for Pierce County. During the same concurrent review cycle, multiple applicants also submitted applications for additional counties. While this evaluation focuses on the Pierce County projects, some areas of the evaluation must take into consideration the possibility that one applicant could be approved for multiple counties. A chronological summary of the 2019 annual review for Pierce County is shown below.

APPLICATION CHRONOLOGY

Action	Bristol	Continuum	Envision	Providence	Seasons	Signature	Symbol	Wesley
Letter of Intent Submitted	11/25/19	12/30/19	12/27/19	12/20/19	11/18/19	12/27/19	12/23/19	12/30/19
Application Submitted	01/28/20	01/30/20	01/28/20	01/31/20	01/30/20	01/31/20	01/28/20	01/31/20
Department's pre-review activities • DOH 1st Screening Letter	02/28/20	02/28/20	02/28/20	02/28/20	02/28/20	02/28/20	02/28/20	02/28/20
• Applicant's Responses Received[22]	04/22/20	03/31/20	04/30/20		03/31/20	03/30/20	04/22/20	
Beginning of Review	05/18/20							
Public Hearing	None requested or conducted							
Public Comments accepted through the end of public comment	07/02/20							
Rebuttal Comments Deadline	08/03/20							
Department's Anticipated Decision	10/20/20[23]							
Department's Actual Decision								

AFFECTED PERSONS

"Affected persons" are defined under WAC 246-310-010(2). In order to qualify as an affected person someone must first qualify as an "interested person" defined under WAC 246-310-010(34). During a concurrent review, each applicant is an affected person for the other applications. CHI Franciscan qualified as both an interested and affected person for this review.

SOURCE INFORMATION REVIEWED

- Eight hospice applications received by January 31, 2020
- Eight screening responses received by April 30, 2020
- Public comments received by July 2, 2020
- Rebuttal comments received by August 3, 2020
- Licensing and/or survey data provided by the Department of Health's Office of Health Systems Oversight
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Licensing data provided by the Medical Quality Assurance Commission, Nursing Quality Assurance Commission, and Health Systems Quality Assurance Office of Customer Service
- Bristol Hospice, LLC website at http://bristolhospice.com

[22] The due date for screening responses was shifted as a part of Governor's Proclamation 20-36 in response to the COVID-19 public health emergency.

[23] The department's decision date was originally scheduled for October 19, 2020. The entire Department of Health was closed on that date due to statewide furloughs, so the date was shifted to the next business day.

- Continuum Care of King, LLC website at http://continuumhospice.com
- Symbol Healthcare, Inc. website at https://pennantgroup.com
- Signature Hospice, LLC website at https://signaturehchcom
- Envision Home Health and Hospice website at https://www.envisionhomehealth.org
- Providence Health & Services website at http://providence.org
- Wesley Homes website at http://wesleychoice.org
- Season Hospice website at http://seasons.org
- CMS QCOR Compliance website: https://qcor.cms.gov/index_new.jsp
- Medicare Hospice Benefits Centers for Medicare & Medicaid Services. CMS Product No. 02154, Revised March 2020
- Washington State Secretary of State corporation data
- The Medicare Payment Advisory Commission 2020 Report, Chapter 12 Hospice Services

CONCLUSIONS

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

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

Continuum Care of Pierce LLC

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

Envision Hospice of Washington, LLC

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

Providence Health & Services-Washington dba Providence Hospice of Seattle

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

Seasons Hospice & Palliative Care of Pierce County, LLC

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

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

Symbol Healthcare, Inc., dba Puget Sound Hospice
For the reasons stated in this evaluation, the application submitted by Symbol Healthcare, Inc., dba Puget Sound Hospice proposing to establish a Medicare and Medicaid certified hospice agency in Pierce County is not consistent with applicable review criteria of the Certificate of Need Program and a Certificate of Need is denied.

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

CRITERIA DETERMINATIONS

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

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

- Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.
- Continuum Care of Pierce LLC
- Symbol Healthcare, Inc., dba Puget Sound Hospice
- Wesley Homes At Home, LLC

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

- Envision Hospice of Washington, LLC
- Providence Health & Services-Washington dba Providence Hospice of Seattle
- Seasons Hospice & Palliative Care of Pierce County, LLC
- Signature Hospice Pierce, LLC

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

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

The numeric need methodology outlined in WAC 246-310-290(8) uses hospice admission statistics, death statistics, and county-level population projections to predict where hospice services will be needed in Washington State. If a planning area shows an average daily census of 35 unserved hospice patients three years after the application submission year, there is numeric need and the planning area is "open" for applications. The department published the step-by-step methodology in November of 2019[24] – it is attached to this evaluation as Appendix A. Below is the discussion and evaluation of each applicant's numeric need methodology outlined in WAC 246-310-290(8).

All of the applicants referred to the department's year 2019-2020 hospice numeric need methodology which was posted to its website. The numeric methodology projects a need for one hospice agency in Pierce County in year 2021. Following are any additional statements or information provided by applicants.

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

Bristol stated they accepted the results of the Department's numeric need methodology and did not dispute the results. Further analysis of the hospice utilization in Pierce County was provided, but is not material to the outcome of the analysis under this sub-criterion. [source: Application pp10-14]

[24] The methodology was republished in November to include new decisions released in November of 2019.

Continuum Care of Pierce LLC
Continuum stated they accepted the results of the Department's numeric need methodology and did not dispute the results. Further analysis of the underserved populations in Pierce County was provided, but is not material to the outcome of the analysis under this sub-criterion. [source: Application pp16-18]

Envision Hospice of Washington, LLC
Envision provided two methodologies. The first included the department's 2019 numeric need methodology posted to its website. The numeric methodology projected a need for one hospice agency in Pierce County. [source: Application, p19 and Appendix F]

The Envision application also included a variation on the department's 2019 numeric need methodology that incorporates some adjustments to future demographics, future capacity, and additional an agency. Envision provided this numeric need methodology in order to extend projections into its third year of operation, 2023. [source: Application, p20 and Appendix F]

Providence Health & Services-Washington dba Providence Hospice of Seattle
Providence recreated the numeric need methodology from the department, and did not provide additional statements on this sub-criterion. [source: Application pdf23-26]

Seasons Hospice & Palliative Care of Pierce County, LLC
Seasons stated they accepted the results of the Department's numeric need methodology and did not dispute the results. Further analysis of the penetration rate in Pierce County was provided, but is not material to the outcome of the analysis under this sub-criterion. [source: Application pdf33-34]

Signature Hospice Pierce, LLC
Signature stated they accepted the results of the Department's numeric need methodology and did not dispute the results. Further analysis of the hospice utilization in Pierce County was provided, but is not material to the outcome of the analysis under this sub-criterion. [source: Application pdf13-17]

Symbol Healthcare, Inc., dba Puget Sound Hospice
Signature stated they accepted the results of the Department's numeric need methodology and did not dispute the results. [source: Application pp11-13 and Exhibit 11]

Wesley Homes At Home, LLC
Wesley Homes accepted the results of the departments methodology and did not provide additional statements on this sub-criterion.

Public Comment
CHI Franciscan – an existing provider of hospice services in Pierce County – provided the following comments:

Franciscan Hospice was actively involved in the 2015-2018 rulemaking process that resulted in the rules under which these applications are being reviewed. We will limit our public comment, bulleted below, to the Need criteria found at WAC 246-310-210 and the need methodology

found at WAC 246-310-290.

While the Department has determined, based on application of the numeric need methodology in WAC 246-310-290, there is a need for one additional provider in Pierce County, it is important to note that the this methodology does not consider the volume of existing Pierce County hospice agencies since December of 2018. Importantly, WAC 246-310-290 (10) reads, in part:

> *In addition to demonstrating numeric need under subsection (7) of this section, applicants must meet the following certificate of need requirements:*
> *(a) Determination of need under WAC 246-310-210;*

And, WAC 246-310-210 (1) requires that an Applicant, and ultimately the Program determine that:

> *(I) 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. The assessment of the conformance of a project with this criterion shall include, but need not be limited to, consideration of the following:***
> ***(b) In the case of health services or facilities proposed to be provided, the efficiency and appropriateness of the use of existing services and facilities similar to those proposed;***

In 2019, Franciscan Hospice's Pierce County admissions increased by 6% over the prior year. Year to date 2020, because ofCOVID-19, our Pierce ADC has decreased by almost 7%. This is because patients and families have been either forgoing hospice or entering hospice much later and experiencing very short lengths of stay. We know that our experience is comparable to that of other providers throughout the region. The eight Pierce County applications will have decisions rendered in late 2020; yet the record will contain no data newer than almost two years ago. Numeric need in and of itself cannot be the sole determinant of whether a project is approved. The fundamental shift in the market in direct response to COVID-19 has altered care delivery patterns and has resulted in clinical staff being furloughed or experiencing significant idle periods.

The entire health care delivery system is in flux in response to COVID-19. The Department of Health has been a strong leader/partner in supporting health care facilities through the pandemic, and is well aware of the current system's fragility. The Program has both the responsibility and the latitude under its current rules to exercise caution and not oversupply a planning area. CHI Franciscan respectfully requests that all applications be denied until the market has stabilized, and new referral and care delivery patterns are understood.

Should the Program elect to approve one of the eight applicants, Wesley Homes at Home, LLC, shares a similar mission to CHI Franciscan and is currently providing home health, hospice, and long-term care services in adjacent King County. Wesley's expertise is in serving residents living in nursing homes, assisted living/adult family homes and other congregate housing. This niche could benefit Pierce County and as such, would be the best choice should a CN be awarded."

Mary Ryan, Business Manager – The Home Doctor (submitted in support of Signature)

"…Some of our patients have to wait for three to four days presently in Pierce County to be admitted due to the demand. An additional hospice agency can provide critcally needed care to the residents of Pierce County."

Judy Dunn, President and CEO – Franke Toby Jones (submitted in support of Wesley Homes)
"Only three providers serve Pierce County today: Franciscan Hospice, MultiCare and Kaiser. The Kaiser Program only serves the members of its health plan. Franciscan Hospice and MultiCare are quality providers, but they are very large and at times, challenging to partner with to best support our residents. While Franke Tobey Jones' staff is available and serves as caregiver to our residents and families needing hospice, our staff benefits by the access to experts in medical (including pain and symptom management) and psychological services.

Senator Karen Keiser, 33rd Legislative District (submitted in support of Wesley Homes)
"Wesley Homes has been offering much-needed hospice in South King County, and they would like to expand their operations into Pierce County as well. I encourage you to give their application serious consideration as this is a much-needed service in a fast growing area. As we grow, we experience a lag in much-needed services. Wesley Homes would like to meet this need by continuing to provide emotionally and medically-needed services to terminally ill people and their family members.

Wesley Hospice provides end-of-life care such as social work services, home health aide services and personal care, counseling, medical care, and comfort care. In addition, families will be able to receive bereavement support for up to 13 months. They are applying for expansion of their existing Medicare and Medicaid certified hospice agency at levels that are affordable to many seniors.

Wesley is a proven and trusted provider that invests in the community. I encourage awarding a certificate of need to Wesley for a Medicare and Medicaid certified hospice in Pierce County. Please do not hesitate to contact me regarding their application."

Rebuttal Comment
Both Envision and Symbol responded to CHI's assertion that the COVID-19 pandemic and its impact on the healthcare system warrants denying all hospice applications, until "*the market has stabilized, and new referral and care delivery patterns are understood*."

Envision Hospice of Washington LLC Response: [source: Envision's August 3, 2020, rebuttal comments, p1]
"*Envision recognizes and is also experiencing the impact of COVID-19 on health care delivery patterns in Pierce County and the broader region. The Department's ability to rely for useful trends in hospice need on three-year historical death data and 3-year hospice utilization data will certainly be compromised in as yet unforeseen ways. Envision recommends the Department move immediately to establish interim rules to address expected perturbations in the data on which the hospice need method will rely for applications to be filed through at least 2024.*

The COVID-19 issue notwithstanding, the financial stability of the three long-standing Pierce County hospices is not at risk from approval of a new agency there, nor has that been demonstrated. The Department's hospice need method and review criteria have clearly

established that an annual ADC of 35 represents sufficient operating and financial basis to support a hospice agency in Washington. Each of the three existing Pierce agencies has annual ADC's in many multiples of that. Franciscan, for example, reports last year's Pierce hospice census averaged 469, enough patients to support 13 separate hospice agencies in Pierce County. In that light, Franciscan's suggested denial of eight current hospice CON applicants for a single CON would neither serve the interest nor address the well-documented unmet needs of Pierce County residents or patients through 2023."

Symbol Healthcare, Inc. Response: [source: Symbol's July 23, 2020, rebuttal comments, p5]
"***Franciscan's Comment on Numeric Need During COVID 19***
Franciscan speaks to their drop in census and shows concern that the numeric need in Pierce Co. is lower than it was before COVID 19, and they make the following request to the State, "Franciscan respectfully requests that all applications be denied until the market has stabilized, and new referral and care delivery patterns are understood". While we appreciate Franciscan's concerns during COVID 19, they ignore the fact that the need is for 1.7 agencies in Pierce Co., which means there are many more hospice patients in the county that the current agencies are not serving. Franciscan's census drop is a sign that they have not figured out how to best serve the community despite COVID 19. In contrast, Pennant has experienced an increase in Hospice ADC in many of our agencies across the US during COVID 19, and we continue to find new ways in our local markets to better serve hospice patients."

Department's Evaluation of Numeric Methodology and Need for the Pierce County Hospice Projects Public and Rebuttal Comments

WAC 246-310-290(8) provides the steps to be used in calculating the numeric need methodology for hospice services. The hospice numeric need methodology in WAC 246-310-290(8) uses hospice admission statistics, death statistics, and county-level population projections to predict where hospice services will be needed in Washington State. If the planning area (county) shows an average daily census (ADC) of 35 unserved hospice patients three years after the application submission year, there is numeric need and the planning area is open for applications.

The 2019-2020 hospice numeric need methodology was released in mid-October 2019; the corrected methodology was released in November 2019. The 2019-2020 methodology followed the steps required in WAC 246-310-290(8).

The department's 2019 methodology was posted in November of 2019 and is used by each applicant to satisfy the numeric need portion of this review. The numeric methodology follows the standards as written. Any methodologies or public comments that suggest an alternative to the stated rules will not be included in this review or addressed in public comment.

The numeric methodology identified a need for one Medicare and Medicaid certified hospice agency in Pierce County through projection year 2021. The results are shown in the table below.

Department's Table 1
Pierce County Hospice Methodology Summary for Years 2019 - 2021

Year 2021 - Unmet Patient Days divided by 365	60
Year 2021 - Number of Agencies Needed (divide by 35)	1.70

CHI Franciscan requested that the department deny all Pierce Hospice applications in light of the current global pandemic. Their argument is not compelling – numeric need was present as a result of three years of utilization data in Pierce County, demonstrating that existing providers are not serving the entire need of the county. CHI Franciscan did not provide specific data to demonstrate that the approval of one additional agency would hurt the existing providers.

In conclusion, the numeric methodology is a population-based assessment used to determine the projected need for hospice services in a county (planning area) for a specific projection year. Based solely on the numeric methodology applied by the department, need for one additional hospice agency in Pierce County is demonstrated. **The department concludes that each applicant demonstrated numeric need for the project**.

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 the planning area resident needs.

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

In response to this sub-criterion Bristol provided the following statements.

"*Unmet hospice needs and deficiencies increase end of life costs and increase deaths in inpatient settings. Many patients would prefer to pass away at home and not having access to Hospice services take away their ability to do so. These patients are denied services that meet the physical, psychosocial and spiritual needs at the end of life. In addition, they are not receiving an individualized plan of care which may include, as appropriate, the following services: nursing, physicians, hospice aides, spiritual support, therapy, dietary, counseling, volunteers, durable medical equipment, supplies, bereavement services and medications related to the terminal illness*." [source: Application, p10]

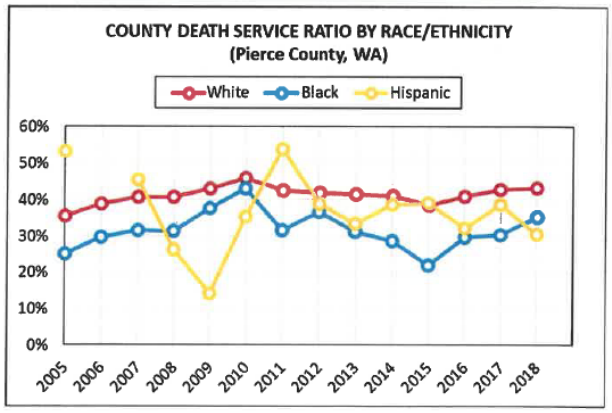
"*Bristol believes that the Hispanic population could be better served by a provider providing programming and access to this population such as Bristol Hospice.*

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

DEATH SERVICE RATIO BY RACE/ETHNICITY

Pierce County, WA

Year	All	White	Black	Hispanic
2005	35%	36%	25%	53%
2006	38%	39%	30%	
2007	40%	41%	32%	45%
2008	40%	41%	31%	26%
2009	42%	43%	38%	14%
2010	45%	46%	43%	35%
2011	42%	42%	32%	54%
2012	41%	42%	37%	39%
2013	40%	41%	31%	33%
2014	40%	41%	29%	39%
2015	37%	38%	22%	39%
2016	40%	41%	30%	32%
2017	42%	43%	30%	39%
2018	42%	43%	35%	30%



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

Bristol Hospice would implement a Spanish speaking specialty program in Pierce County to serve the Spanish speaking community. Bristol Hospice sister company Bristol Hospice - Miami-Dade LLC has implemented this program in their location and have had great success serving and educating the Spanish Speaking Community." [source: Application, pp11-12]

"*Within the Department of Health 2019-2020 Hospice Numeric Need Methodology it shows with the current providers there will still be need for an additional 1. 70 agencies.*

The Department of Health 2019-2020 Hospice Numeric Need Methodology demonstrates that services are not accessible creating unmet need. Further the Hispanic population has needs identified in section A 2.

The certificate of need program decisions demonstrates that when there is unmet need an addition of an agency to the service area would not create an unnecessary duplication of services. Further the Hispanic population has needs identified in section A 2." [source: Application, p14]

Public Comment
None

Rebuttal Comment
None

Department Evaluation
The rationale and assumptions relied upon by Bristol to propose the establishment of an additional Medicare and Medicaid hospice agency serving the residents of Pierce County are limited. The applicant relied on the department's numeric methodology to comply with this sub-criterion and included a discussion of specific populations that it believes are currently underserved in Pierce County.

The approval of additional providers in the planning area will result in an additional hospice options for many terminally ill home health patients in the area. Based on the information above, the department concludes that Bristol provided limited, but practical rationale to support its project. **This sub-criterion is met.**

Continuum Care of Pierce LLC
In response to this sub-criterion, Continuum offered the following analysis: [source: Application, pp12-13]
"*Pierce County's population is expected to be above 900,000 by 2021. The Department of Health's own methodology details the need for one additional hospice agency in Pierce County in 2021. By 2023, the unmet need is projected at an unmet ADC of 113. In addition, Pierce County Public Health data and Medicare data detail disparities and gaps in access and use.*

i. Pierce County Public Health- Higher Cancer Incidence and Death Rates for Certain Racial Groups

A 2016 report of Tacoma Pierce County Public Health confirms higher incidence and death rates for Blacks and American Indians than for the overall population1. Table 3 is an excerpt from the Report. Note: while the data is for the 2008-2012 timeframe, it is the data used in the 2016 report.

Table 3
Cancer Incidence and Death Rates, 2008-2012, 5-year estimates

	Cancer Incidence		Cancer Death	
Racial/Ethnic Group	**Persons**	**Rate**	**Person**	**Rate**
All	22,610	575.4	6,809	179.7
White-NH	19,121	587.4	5,858	182.5
Black-NH	1,213	593.3	362	208.0
American Indian/Alaska Native-NH	287	853.9	73	270.4
Asian/Pacific Islander-NH	1,190	414.7	392	148.2
Hispanic as a Race	632	454.8	118	106.3

Source: Cancer Registry, WA State Depart of Health, 2008-2012
Statistics are for 2008-2012, age-adjusted to the 2000 U.S. Standard million populations, and represent the number of new cases of invasive cancer and deaths per 100,000 men and women in Pierce County.

ii. Racial and Ethnic Groups with Higher Cancer Incidence and Death Rates are Less Likely to Use Hospice

The higher incidence and death rates are compounded by lower use of Hospice. As shown in Table 4 below, blacks in particular, use Hospice at rates significantly less than all others in Pierce County, and also below the State black use rate. Even groups such as Asain [sic] and Latino have rates slightly below the average County hospice penetration, but more importantly are under represented as a percentage of the population. These disparities affect heatlh [sic] care use in the last months of life as well as patient and family satisfaction. Continuum also notes that Hospice volumes in Pierce are growing signficiantly [sic] slower than in the rest of the State. Growth for Medicare Beneficiaries in Pierce was at 1.66% between 2017 and 2018, while Statewide, Medicare Beneficiaries use increased by 6.72% in the same time frame.

Table 4
Deaths in and Utilization of Hospice by Race, 2017

	Pierce			Washington			Utilization Comparison		
Deaths Under Hospice by Race 2017	Deaths Under Hospice by Race 2017	Deaths Outside of Hospice	% Utilization	Deaths Under Hospice by Race 2017	Deaths Outside of Hospice	% Utilization	Difference in WA Average Utilization vs. Pierce	% of Total Hospice Use by Race	% of Population by Race
White	2008	1112	64.36%	19450	9326	67.59%	-3.23%	89.09%	66.10%
Black	91	87	51.12%	350	290	54.69%	-3.56%	4.04%	6.52%
Asian	70	58	54.69%	497	358	58.13%	-3.42%	3.11%	6.60%
Hispanic or Latino	12	8	60.00%	143	100	58.85%	1.15%	0.53%	11.10%
North American Native	21	15	58.33%	165	173	48.82%	9.52%	0.93%	1.45%
Other	41	22	65.08%	327	186	63.74%	1.34%	1.82%	8.23%
Unknown	11	8	57.89%	136	80	62.96%	-5.07%		
Total	**2254**	**1310**	**63.24%**	**21068**	**10513**	**66.71%**	**-3.47%**	**100%**	**100%**

Source: Medicare Hospice Provider Report. Hospice Patient Information, customized for Continuum Care Hospice by Hospice Analytics, Inc., developed from Medicare Files, 2018

In addition to the above groups, Pierce County also has a robust active and retired military population. Joint Base Lewis-McChord (JBLM), Pierce County's largest public employer, is one of only 12 joint bases worldwide. JBLM has more than 25,000 soldiers and civilian workers. The post supports over 120,000 military retirees and more than 29,000 family members living both on and off post. Adjacent to JBLM, Camp Murray is home to the Washington National Guard and the Washington Air National Guard. The veteran population is approximately 87,000. Continuum has special programming for the military and VA populations."

Public Comment
None

Rebuttal Comment
None

Department Evaluation
The rationale and assumptions relied upon by Continuum to propose the establishment of an additional Medicare and Medicaid hospice agency to serve the residents of Pierce County is reasonable. The applicant relied on the department's numeric methodology to comply with this sub-criterion and included a discussion of specific populations that it believes are currently underserved in Pierce County.

The approval of additional providers in the planning area will result in an additional hospice options for many terminally ill home health patients in the area. Based on the information above, the department concludes that Continuum provided practical rationale to support its project. **This sub-criterion is met.**

Envision Hospice of Washington, LLC

In response to this sub-criterion, Envision provided the following information. [source: Application, pp20-22]

"*The negative impact and consequences of unmet hospice needs is best described by listing the benefits of hospice that are not available to those 364 Pierce County residents whose need is unmet:*

Longer lives

Hospice care prolongs the lives of those who choose it compared with those who don't. Terminal patients live from 20 days to more than 2 months longer in hospice, according to studies from 2004 through 2010 noted by the National Hospice and Palliative Care Organization.

Reduced out of pocket expense for patients and their families

Prescription medications are one of the biggest areas of cost savings for hospice patients. Hospice covers the cost of all medications for pain and comfort management related to the terminal illness. Rental costs of durable medical equipment-- hospital beds, wheelchairs, walkers, wound dressings and catheters – are included as part of the paid-by-hospice coverage. Without hospice, the patient would need to pay for this equipment or would need to pay a Medicare rental copayment after submitting a doctor's approval for the equipment.

Personalized and coordinated care plan

End-of-life care can be overwhelming, with a patient often seeing multiple health care professionals. Hospice provides each patient a doctor, nurse, home health aide and social worker, who coordinate the patient's daily care. Other provided health care professionals include a dietitian, and physical, occupational and speech therapists.

Hospice care available at home

Being in hospice care may allow seniors to stay in their home versus going into long-term care or assisted living. Nearly 90% of people over 65 want to stay in their home for as long as possible, according to a 2011 survey by the AARP Public Policy Institute.

Hospice care also can be provided to those in a nursing home or assisted living facility, though the cost of nursing homes or assisted living facilities is not covered by hospice. A 2010 study of cancer patients in hospice by the Mount Sinai School of Medicine found that continuous hospice use leads to a reduction of hospital-based services, including fewer emergency and urgent care visits, and a greater likelihood that a patient will die at home, not in a hospital.

There are respite options for caregivers

Hospice care provides free respite options for caregivers in 2 ways: Respite volunteers can provide patient-sitting services. If the caregiver needs a break for a short time (a few hours at most), they can do so without having to pay. Hospice also provides a longer-term respite care option -- up to 5 consecutive days for the patient in a hospice-approved nursing facility.

Social work and bereavement support

Hospice care also includes a social worker on the hospice team. The social worker can help patients and families find additional care and caregiver support services through local and federal programs. They can also help with finalizing burial plans. In conjunction with a spiritual

counselor, social workers may also address the emotional needs of the patient and the family regarding the patient's eventual death. The patient and the family decide whether to use these services. Hospice care doesn't end when the patient dies. Bereavement support for up to 1 year after the patient's death is available to immediate family members.

Coordination of care
Coordinating multiple caregivers and providers is difficult for the healthiest person. For the family or terminally person without access to a Medicare-certified hospice, lack of coordination can create an insurmountable barrier to safe and effective care.

The need to control pain appropriately and address bereavement issues early are two aspects of caring for the terminal patient that many family members would despair of. But under the direction of the Medicare hospice interdisciplinary team, these are required aspects of care included in every patient's plan of care.

Yes, with lots of work and personal funds, one could assemble a team like the Medicare certified hospice team. But this service already exists within the Medicare program and all Medicare patients are eligible for it.

Reduced re-hospitalization
Hospice care reduces re-hospitalization. A study of terminally ill residents in nursing homes showed that residents enrolled in hospice are much less likely to be hospitalized in the final 30 days of life than those not enrolled in hospice (24% vs. 44%)."

Specific to need for an additional agency in Pierce County, Envision provided the following information. [source: Application, pp32-36]
"*As documented in the Department of Health's own 2019 calculation of 2021 Pierce County hospice need, the proposed project is not an unnecessary duplication of services because it will respond to an unmet need of 60 average daily patients per day in 2021.*

In recent applications, the Department expressed interested [sic] in how applicants will address barriers to care beyond dimple availability of service. Barriers to hospice access in Pierce County are not significantly different from the barriers encountered nationally. These include:

- *Terminally-ill patients hesitate to enroll in hospice because they are not ready to give up all curative care which Medicare currently requires. Many die before they are fully prepared to accept palliative care only.*
- *Many patients and/or their families and caregivers do not know about the hospice benefit or how to access it. Some believe it is only for persons dying of cancer. Some believe 'hospice' is a place, not a service. Some are completely unaware of it.*
- *Many persons referred to hospice by providers or others too late to get substantial benefit from longer-term hospice care that is available. Though this is changing gradually, the culture of medical care has been more oriented to curing disease and less toward palliation of symptoms and pain.*
- *Religious and cultural minorities have concerns about hospice care that make them reluctant to sign on.*

- *Providers differ in their understanding and interpretation of complex Medicare hospice rules. This can dampen referrals by those who see the regulations and paperwork as too burdensome.*
- *The American culture id only gradually accepting discussion of death and dying. For many, this conversation takes place too late to help.*

Envision's plans include a number of approaches to increasing access, that is, improving the hospice use rate and length of stay for Pierce County. These fall into three categories, or phases, of a patient and family's relationship to the hospice care decision. The table below shows the objectives under each of Envisions [sic] Four Goals support the following:

- *Increasing the number of persons deciding to use hospice (use rate)*
- *Encouraging earlier sign up for hospice among potential patients so that length of stay will be long enough to provide more benefit to those enrolled. (ALOS and median length of stay)*
- *Improving accessibility of care to patients while they are enrolled in hospice.*"

Applicant's Table

Envision's Approach to Reducing Barriers to Hospice Access in Pierce County

Envision Access Goals & Program Initiatives	More patients using hospice	Persons enrolling in hospice earlier	Improved accessibility within hospice
Goal 1: Groups with specific clinical needs			
• Patients with Alzheimer's or other dementias	√	√	
• "Pre-hospice" patients & Advanced Care Planning	√	√	
Goal 2: Broadest array of settings			
• Telemedicine at home			√
• Assisted living facilities	√	√	
• Adult family homes	√	√	
• Nursing homes	√	√	√
• Homeless outreach	√		
• Mobile outreach clinics	√	√	
Goal 3: Cultural competency			
• "We Honor Veterans"	√	√	√
• Latino outreach	√	√	√
Goal 4: Reducing suffering			
• Excellence in palliative care			√
• "Your Hand in Mine"			√
• Death with Dignity			√

"*The table above lists each of those program initiatives as described in the Program Detail section of this application and indicates which phase of improved access it addresses. Specific to Envision's methods for actively increasing hospice utilization, the following information provides highlights of those programs and their potential for reducing Pierce County barriers:*

<u>Under Goal 1</u>: Addressing Advanced Care Planning needs of 'pre-hospice' patients and early-stage dementia patients is part of Envision's plan to address the needs of specific clinical groups.

In programs specific to "pre-hospice" patients and in support of Advanced Care Planning, Envision will help patients to articulate their end of life wishes through Advanced Care Planning (ACP). They will learn more about their choices and be asked to think directly and communicate about a very difficult topic. This does not change the culture but does give an individual more control if he or she wishes to exercise it. In many cases, persons who participate in Advanced Care Planning before onset of a terminal illness are better prepared and have a clearer idea about whether hospice may or may not be right for them.

One study showed that those who engaged in ACP were less likely to die in a hospital, more likely to be enrolled in hospice at death, and less likely to receive hospice for 3 days or less before death.

<u>Under Goal 2</u>: Envision's plan to serve patients in as many settings as possible is not a passive matter of accepting patients when called or just being available.
Rather, Envision Hospice staff will reach out directly to leadership and care providers in each setting such as retirement centers, assisted living, adult family homes and nursing homes, homeless shelters and harm reduction centers. Envision can help the staff at each type of facility understand the benefits, not only to patient, but to the facility and staff of having Envision's hospice professionals and volunteers become part of the care teams for terminally-ill residents.

In addition, where Envision's Preferred Medical Group provides primary care to patients in such a facility, the combination of those providers and Envision Hospice providers can help a hospice patient maintain his or her home in the facility without emergency room visits and hospital stays that might otherwise occur.

<u>Under Goal 3</u>: A number of the barriers mentioned above have to do with culture and trust. In its program planning, Envision has prioritized two very large groups in Pierce County for which cultural sensitivity and recognition of differences is necessary.

> *<u>Latino</u>*
> *It is humbling for non-Spanish speakers to learn* ***'[sic] in Castilian Spanish hospice or 'hospicio' means an orphanage or mental institution. . . . In Spain they do not use the word 'hospicio.'*** *They have palliative medicine centers that provide end-of-life care.*
>
> *It is not surprising that language, religious values and other aspects of Latino culture can work against acceptance of hospice care by a person facing terminal illness and in need of palliative care. By engaging with community leaders, recruiting Latino volunteers, hiring bi-cultural staff, Envision expects to tailor its outreach and care to the increasingly diverse Spanish-speaking residents of Pierce County. With appropriate staffing, communication and education - plus diplomacy - Envision will a make a culturally - appropriate case for hospice care to families who otherwise will not consider it. (For more program information, see Envision Program Detail: Cultural Relevance to Latino Community Members.')*

Veterans
Studies and clinical experiences documented by palliative care providers have shown that many veterans have unspoken health needs at the end of life. These may include a history of substance abuse, history of post-traumatic stress disorder, depression, and chronic health problems associated with their service. Veterans may also have needs for forgiveness at the end of life for actions during war that were never discussed. By embracing the 'We Honor Veterans' program, committing education and training resources, hiring veterans, recruiting veteran volunteers, Envision believes it will help veterans be comfortable choosing hospice earlier and gain more of its benefits. For more program information, see the 'Program Detail' section of Envision's CON application.

Public Comment
None

Rebuttal Comment
None

Department Evaluation
The department considers the rationale and assumptions relied upon by Envision to propose the establishment of an additional Medicare and Medicaid hospice agency to serve the residents of Pierce County to be reasonable. The applicant relied on the department's in combination with its own numeric methodology to comply with this sub-criterion and included a discussion of specific populations that it believes are currently underserved in Pierce County.

The approval of an additional provider in the planning area will result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that Envision provided reasonable rationale to support its project and the statements in the application support need for this project. The department concludes that **this sub-criterion is met**.

Providence Health & Services-Washington dba Providence Hospice of Seattle
In response to the accessibility criteria, Providence provided the following statement:

"The existing providers of hospice services in Pierce County are:
- *Franciscan Hospice*
- *Kaiser Permanente Home Health and Hospice (Group Health)*
- *MultiCare Home Health, Hospice and Palliative Care*

The Department's 2019-2020 Hospice Numeric Need Methodology (see Exhibit 14) confirms that there is significantly higher forecasted utilization than current capacity in Pierce County. Potential volume in Pierce County is calculated as 3,839 admissions in 2019, 3,982 admissions in 2020, and 4,144 admissions in 2021, while current capacity is calculated at 3,782.33 admissions (see page 6 of Exhibit 14). If current capacity is subtracted from the potential volume, there are 57 unmet admissions in 2019, 200 unmet admissions in 2020, and 362 unmet admissions in 2021 (see page 6 of Exhibit 14).

While the existing three hospice agencies in Pierce County are well-established, they are not meeting current need in the County and have not shown an ability to keep pace with the demand for hospice services driven by population growth, especially in the age 65+ group. Both MultiCare and Franciscan Hospice will care for pediatric hospice patients on a limited basis, but there is not comprehensive pediatric hospice and palliative care program in Pierce County. Consequently, the 2019-2020 Hospice Numeric Need Methodology forecasts an unmet ADC of 60 in the target year of 2021, establishing need for another hospice agency (see page 9 of Exhibit 14).

The proposed Providence Hospice of Seattle project will reach an ADC of 41 in 2023, the third full year of operation. Since there is future net need for a hospice agency, there will not be a duplication of services. The proposed project will meet unmet need, and it will not oversupply hospice services in the Planning Area." [source: Application pdf31-32]

Public Comment
None

Rebuttal
None

Department Evaluation
Providence provided practical and reasonable rational for submitting an application to provide Medicare and Medicaid hospice services in Pierce County. Providence is proposing its agency would operate out of Tukwila, immediately adjacent to Pierce County, and intends to be available to all residents of the Pierce County planning area.

The department concludes that Providence provided a reasonable rational for submission of its application and demonstrated need for the project. If the application is approved, Providence's approval would include a condition requiring the agency to be available and accessible to all residents of the county. With agreement to the condition, Providence's application **meets this sub-criterion**.

Seasons Hospice & Palliative Care of Pierce County, LLC
In response to this sub-criterion, Seasons Hospice states.
"A new market entrant such as Seasons Pierce County will spur innovation and expansion into population subgroups." [source, Seasons Application, pdf50]

"With hospice care delivered in patients' homes, all hospices now serving Pierce County must provide the four core services as well as bereavement and other therapies. Existing Pierce hospices operate in other counties with some having multiple missions that include hospital affiliation and home health care.

A focused, single purpose commitment to hospice care distinguishes Seasons Pierce County. Seasons Pierce County's sole purpose is to meet each patient's desires for end of life care that he or she chooses. Thus, the focus on the patient and the innovative approach to fulfilling

each patient's needs allows Seasons Pierce County to excel, unhampered by competing priorities and other business plans.

The result of the publication of need for an additional hospice program signifies opportunity to challenge the established hospice provider base, and as mentioned previously, enhances and augments, rather than duplicating hospice care. *In other words, Seasons Pierce County challenges itself as well as the existing hospices to do more and rethink how to reach into areas, including population subgroups, to embrace hospice for palliative and end of life care. Specifically, Seasons Pierce County's* ***Inclusion Initiative*** *targets outreach and promotion to under-represented racial and ethnic cohort within the county."* [source: Application pdf51-52]

Public Comment
None

Rebuttal
None

Department Evaluation
The department considers the rationale and assumptions relied upon by Seasons Hospice to propose the establishment of an additional Medicare and Medicaid hospice agency in Pierce County to be reasonable. Seasons Hospice anticipates that the new hospice agency would be located in Tacoma and it will serve residents of Pierce County.

The approval of additional providers in the planning area will result in an additional hospice option for many terminally ill patients in the area. Based on the information above, the department concludes that Seasons Hospice provided reasonable rationale to support its project and the statements in the application support need for this project, though the department does not agree with Seasons assessment that agencies with parent companies providing a variety of healthcare services is problematic/. **This sub-criterion is met.**

Signature Hospice Pierce, LLC
In response to this sub-criterion, Signature Hospice provided the following statements. [source: Application, pdf16]

"The Department of Washington's own methodology indicates ***362 people*** *in Pierce County or* ***21,768 patient days*** *without hospice services are projected for 2021.The consequences in industry of unmet hospice needs and deficiencies are seen in the above statistics, the previous year's Certificate of Need applications, public comments and in the rebuttals for the past CN cycles.*

Signature Healthcare at Home has observed firsthand with our home health and skilled buildings delays and lack of access to hospice services in Pierce County. The negative impacts on patients and families without access to hospice include but are not limited to caregiver burnout, lost days at work for caregivers, uncontrolled symptoms, ER visits, increased financial burden for out of pocket costs for prescriptions, DME and institutional or fragmented respite and medical death.

Table 12 below outlines the percentage of deaths that occurred in Pierce county for bundled patients between the years of 2016 and 2018. A large majority of these deaths (66%) were in Skilled Nursing Facilities, which we often partner with to provide hospice care within the building, should the patient need it. Adding additional hospice agencies to the Pierce County will only hope to help it and its patients that are suffering.

Hospice continues to be the ideal venue for patients and families to benefit and have a shepherd through end of life care and a holistic palliative approach to terminal illness."

Public Comment
None

Rebuttal Comment
None

Department Evaluation
The rationale and assumptions relied upon by Signature Hospice to propose the establishment of an additional Medicare and Medicaid hospice agency in Pierce County is reasonable. The applicant relied on the numeric methodology to comply with this sub-criterion and included a discussion of hospice agencies in the county that may provide services to a limited population.

The approval of additional providers in the planning area will result in an additional hospice options for many terminally ill home health patients in the area. Based on the information above, the department concludes that Signature Hospice provided practical rationale to support its project. **This sub-criterion is met.**

Symbol Healthcare, Inc., dba Puget Sound Hospice
Symbol provided the following additional statement on this sub-criterion. [source: Application, pp12-13]
"*The Department directs applicants to provide certain financial projections for the first three years of the project. The timeframe in which the CN decisions are scheduled to be rendered for this cycle is mid-year of 2020, which means applicants are required to provide projections at least into the year 2023. However, official population forecasts that far into the future are not readily available although the methodology incorporates population trends in several steps.*

To remain consistent with utilization of the methodology as the basis for this project rationale, population forecasts for 2022 and 2023 have been estimated. The historic population trends as well as the projected populations for 2019-2021 provided by the Office of Financial Management (OFM) were used to determine growth rates for 2022 and 2023. As seen in Table 4A the growth rate used for 2022 and 2023, for both age cohorts, is the same rate the OFM used to project 2021 population.

Table 4A
Pierce County Population Cohort Growth Rate

County	2016-2018 Average Population	2019 projected population	2020 projected population	2021 projected population	2022 projected population	2023 projected population
0-64 age cohort	738,738	756,339	765,139	769,198	773,813	778,456
Growth rate over prior year	NA	2.33%	1.15%	0.53%	0.60%	0.60%
65+ Age Cohort	119,836	130,688	136,114	142,422	146,695	151,095
Growth rate over prior year	NA	8.30%	3.99%	4.43%	3.00%	3.00%

Source: DOH 260-028 November 2019 Hospice Need Methodology

This simplistic and conservative trending demonstrates that there exists a shortage of at least one agency to serve this growing community. Further, the soonest any agency could begin serving patients in Pierce County is September of 2020 which leaves hundreds of patients without timely access to their Medicare benefit for hospice in the current year. For this reason alone, the rationale for this project is to simply provide hospice care to those that are entitled to the service."

Public Comment
Russell Hilliard, Seasons Hospice [source: public commend pdf14-15]

1. *Pennant projects 200 admissions in 2020 (a partial year) associated with only 193 patient days. This results in an average length of stay (ALOS) of less than 1 day.*
2. *In 2021, the first full year, Pennant projects 362 admissions and 14,155 patient days, resulting in an ALOS of 39.10 days, not 60.86 days as stated. The Average Daily Census (ADC) is understated as 33, with 14,155 patient days corresponding to an ADC of 39.*
3. *In 2022, Pennant projects 473 admissions and 23,625 patient days, resulting in an ALOS of 49.95 days, not 60.86 days as stated. The ADC of 60 is understated, with 23,625 patient days corresponding to an ADC of 65.*
4. *In 2023, Pennant projects 587 admissions and 35,040 patient days, resulting in an ALOS of 59.69 days, not 60.86 days as stated. The ADC of 85 is understated, as 35,040 patient days corresponds to an ADC of 96.*

Rebuttal Comment
None

Department Evaluation
The rationale and assumptions relied upon by Symbol to propose the establishment of an additional Medicare and Medicaid hospice agency serving the residents of Pierce County are reasonable. This section of the application additionally allows each applicant to explain why its project is not an unnecessary duplication of services. Symbol solely relied on the numeric methodology to comply with this sub-criterion.

Seasons provided public comments on this sub-criterion, stating that Symbol's projections are unreasonable. Seasons understandably mistakes a row labeled "Projected Unduplicated Admissions" in Symbol's Table 7 [source: Application, p17] for Symbol's projections. However, this row appears to be the projected (for years 2020 and 2021 values match the department's need methodology, Step 5) unduplicated admissions for all of Pierce County.

The approval of additional providers in the planning area will result in an additional hospice options for many terminally ill home health patients in the area. Based on the information above, the department concludes that Symbol provided limited, but practical rationale to support its project. **This sub-criterion is met.**

Wesley Homes At Home, LLC

Wesley Homes provided the following information related to this sub-criterion:
"…the CN Program has published its annual hospice agency need, indicating that an additional provider is needed in in Pierce County. WHAH is staffed, prepared, positioned and committed to meeting this need." [source: Application pdf14]

"In developing our projections, WHAH first reviewed the CN Program's estimate of future volume which shows a 2021 unmet ADC in in Pierce County of 60. This project will not be approved until fall 2020 and we expect to be operational by January 1, 2021, making 2021-2013 our first three years of operation. By 2023, the CN Program's methodology projects that the unmet need will grow to an ADC of at least 114. Based on this data and our estimates of Wesley's communities and the unmet needs of other long-term care providers in the County that were shared with us when we outreached to them, we have developed the following assumptions:" [source: Application pdf16, Screening response pdf4]

Pierce County Census and Assumptions, 2021-2023

Assumption	Projected Census		
	2021	2022	2023
Bradley Park's residents to contracted nursing homes: Bradley Park, which opened in 2018, has both independent and assisted living units and is home to 211 residents. It does not operate a nursing home but contracts with community nursing homes. Assume 1 patient/month in Year 1 for a total of 12. Assume a total of 13 in Year 2 and 14 in Year 3.	12	13	14
Bradley Park's Memory Care residents: Assume 1 patient/month in Year 1 for a total of 12. Assume a total of 13 in Year 2 and 14 in Year 3.	12	13	14
Bradley Park Independent Living: Increases as residents age. Assumes one new referral every 60 days, for a total of 6 patients in year 1. Grow to 10 annually in Year 2. By year 3, assume one new referral every 30 days, for a total of 12 patients.	6	10	12
Tehaleh at Bonney Lake (opening in late 2020): In year 1 or 2021, it was assumed that 10 patients will be referred. Based on actual experience in King County, and a result of Tehaleh opening Memory Care and assisted living, and expanding independent living, these numbers grew to 20 in year 2 and 30 in year 3.	10	20	30
Wesley Home Health referrals (based on King County experience)	22	29	40
Based on Wesley Hospice actual experience to date, other **community referrals** from Pierce County residents are estimated to be 25% of total patients in 2021; growing to 40% in 2022 and 50% in 2023.	21	57	110
Total	**83**	**142**	**220**

Source: Applicant

Public Comment
None

Rebuttal Comment
None

Department Evaluation
The department considers the rationale and assumptions relied upon by Wesley Homes to propose the establishment of an additional Medicare and Medicaid hospice agency to serve Pierce County to be reasonable.

The approval of an additional provider in the planning area would result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that Wesley provided reasonable rationale to support its project and the statements in the application support need for this project. Comment related to their volume assumptions will be discussed later in this evaluation. The department concludes that **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.

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.
In response to this sub-criterion, Bristol provided the following statements and copies of its policies that evidence operational support of these statements.

Admission Criteria and Process – This policy identifies the standards and process that the hospice agency will use to admit a patient for services. The policy provides the following statements regarding admission criteria. [source: April 22, 2020, screening response, Attachment 8]

"*Bristol Hospice, LLC will admit any patient with a life-limiting illness that meets the admission criteria.*

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

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

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

Bristol Hospice, LLC reserves the right not to accept any patient who does not meet the admission criteria.

A patient will be referred to other resources if Bristol Hospice, LLC cannot meet his/her needs."

Further Bristol states "*This revised policy as part of this application is now used by Bristol in all its Hospice locations*." [source: April 22, screening response, pdf21]

Standards of Practice for Pediatric Palliative Care – This document is published by the National Hospice and Palliative Care Organization. Bristol states "*All ages will be served.*" This is the document that Bristol would use in its pediatric program. [source: April 22, 2020, screening response, pdf2 and Attachment 5]

Charity Care Policy – the stated purpose of this policy is "*To identify the criteria to be applied when accepting patients `for charity care*." It provides the procedures to be used by the hospice agency to determine a patient's eligibility for charity care. It also provides the following non-discrimination language: "*Bristol Hospice will not deny hospice care to any individual based upon individual's ability to pay, national origin, age, physical disabilities, race, color, sex, or religion*." Further, Bristol states "*This policy is used by Bristol in all its Hospice locations*". [sources: Application, Exhibit 4 and April 22, 2020 screening response, pdf21]

In addition, Bristol provided the following statements and tables regarding types of patients to be served by the hospice agency. [source: Application, pp10-12]
"*The types of patients expected to be served can be defined according to specific needs and circumstances of patients (i.e., culturally diverse, limited English speaking, etc.) or by the number of persons who prefer to receive the services of a particular recognized school or theory of medical care.*

The patients expected to be served are all those who have reached the final phase of a terminal illness and would like to focus on comfort and quality of life, rather than curative care. These individuals will have elected to participate in the Medicare or Medicaid hospice benefit or have a private plan that has a hospice benefit. If the patient is hospice eligible and would like to receive services but is uninsured and unfunded Bristol Hospice provides charity care. Bristol Hospice charity care policy can be found in ***Exhibit 4.***

Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, or place of national origin. Bristol Hospice serves patients in a broad array of setting including but not limited to Home, Assisted Living Facilities, Skilled Nursing Facilities, Nursing Homes, Board and Cares, and Adult Family Homes.

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

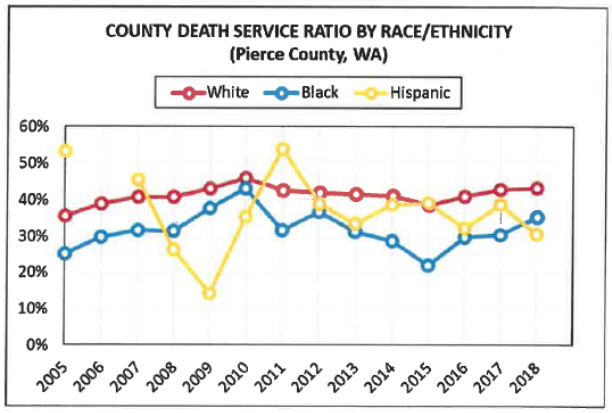
Bristol believes that the Hispanic population could be better served by a provider providing programming and access to this population such as Bristol Hospice.

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

DEATH SERVICE RATIO BY RACE/ETHNICITY

Pierce County, WA

Year	All	White	Black	Hispanic
2005	35%	36%	25%	53%
2006	38%	39%	30%	
2007	40%	41%	32%	45%
2008	40%	41%	31%	26%
2009	42%	43%	38%	14%
2010	45%	46%	43%	35%
2011	42%	42%	32%	54%
2012	41%	42%	37%	39%
2013	40%	41%	31%	33%
2014	40%	41%	29%	39%
2015	37%	38%	22%	39%
2016	40%	41%	30%	32%
2017	42%	43%	30%	39%
2018	42%	43%	35%	30%



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

Bristol Hospice would implement a Spanish speaking specialty program in Pierce County to serve the Spanish speaking community. Bristol Hospice sister company Bristol Hospice - Miami-Dade LLC has implemented this program in their location and have had great success serving and educating the Spanish Speaking Community.

Examples of the support and education that would be provided:

• Bristol Hospice would recruit and retain Spanish Speaking staff. It would be intended that Spanish Speaking patients be paired with Spanish Speaking staff members.
*• All consents would be available in Spanish. See **Exhibit 5** for Examples.*
*• All Marketing Materials would be available in Spanish. See **Exhibit 6** For Examples.*
*• Bereavement Programs would be available in Spanish. See **Exhibit 7** For an example flyer of an event.*
*• Education materials would be created in Spanish. See **Exhibit 8** for an example.*
• Bristol Hospice would engage with local Spanish Community groups such as the Alzheimer's Association and YMCA Spanish speaking support groups, the Latino Community Fund, and local

*Spanish Speaking religious groups. See **Exhibit 9** for an Example of community events Bristol Hospice - Miami-Dade LLC has participated in.*"

Bristol also provided the following statement regarding how marginalized and under-served groups will have access to services proposed by the hospice agency. [source: Application, p14]
"*Bristol Hospice provides services directly or through arrangements with other qualified providers and does not refuse service to or employment to or in any other way discriminate against any person on the basis of color, age, religion, sex, pregnancy, sexual orientation, mental or physical handicap, childbirth and ancestry or national origin. Bristol Hospice will not discontinue or diminish care provided to a Medicare beneficiary because of the beneficiary's inability to pay for the care*."

Bristol provided the following assumption and payer mix the Pierce County hospice agency. [source: Application, p19]
"*These assumptions are based of off [sic] proforma financials that are based off past experience*."

Department's Table 2
Bristol Pierce County
Projected Payer Mix

Payer	Percent
Medicare	98.2%
Medicaid	1.0%
Commercial / Self / Other	0.8%
Total	**100.0%**

When asked about the relatively low expected "Commercial / Self / Other" payer category Bristol provided the following response. [source: April 22, 2020 screening response, pdf4]
"*Patients under the age of 65 with terminal illness are on Medicaid as well, which is another I% of the revenue source. Also, certain circumstances allow individuals under the age of 65 to quality for Medicare. Getting contracts with Commercial payers is always a goal for Bristol, however because of the process of obtaining those contracts and the unknown factor of being awarded commercial insurance contracts, Bristol did not want to project an unattainable amount of commercial payor revenue. For charity care we will always admit those in need, and we have budgeted what we see is typical for this expense*."

Public Comment
Several entities submitted public comments related to Bristol's project that are relevant to this sub-criterion.

Envision Hospice of Washington, LLC [source: public comment part 2 pdf2]
Bristol bases its payer mix assumptions on "past experience." The figures proposed suggest Bristol has little experience providing hospice care to underserved groups and has not been pursuing "commercial" contracts:

- *Bristol documents underserved minorities but proposes only 0.8% commercial payments, thus ignoring the needs of persons under age 65 to have financial access to hospice services.*

- *Bristol's response to screening, pages 8 and 9, describe the details of its advanced "We Honor Veterans" program and concludes, "Clearly, Bristol Hospice places great importance on its Veterans and will bring this focused care and similar initiatives if approved." Yet Bristol's Pierce County payer mix shows no expected payments at all by the CON application's required payer category: VA, TriCare or CHAMPUS.*
- *Bristol projects only 1% Medicaid in its payer mix assumptions. This does not suggest Bristol plans to reach out to underserved groups, especially those under age 65 without Medicare.*

Russell Hilliard, Seasons Hospice [source: Public Comments pdf5]
Bristol projects 98.2% of revenues for Medicare, 1% for Medicaid, and 0.8% for Commercial/Self/Other. This limits access to care for terminally ill patients under age 65, failing to provide a range of payors. When asked how Bristol would provide access for patients in the 0-64 age range as a Screening Question (#10), the response only addressed the 1% Medicaid and Charity Care. Furthermore, Bristol states that because of "the unknown factor of being awarded commercial insurance contracts, Bristol did not want to project an unattainable amount of commercial payor revenue." This implies that Bristol does not have the resources or negotiation skills to obtain commercial insurance contracts, and therefore, the population under age 65 will not have access to their services unless they qualify for Medicaid or Charity Care. This demonstrates failure to meet needs within Pierce County.

Providence Health & Services [source: public comments pdf13, 18]
The eight applicants' payor mix figures are set forth in Table 6. These figures vary a great deal across the applicants, and, in some cases, notably Bristol, Seasons, Signature, Symbol, and Wesley, diverge significantly from the expected percentages set forth in Table 5.

Table 6: Payor Mix Distribution, by Applicant

Payor Mix, Percent of Gross Revenues, Year 3	Expected Payor Mix	Bristol	Continuum	Envision	Providence	Seasons	Signature	Symbol	Wesley
Medicare	83.0%	98.2%	87.5%	85.0%	81.2%	90.1%	97.0%	94.6%	91.0%
Medicaid/State	3.7%	1.0%	10.9%	10.0%	11.2%	3.0%	2.0%	4.0%	8.0%
Insurance/HMO/Other	13.3%	0.8%	1.6%	5.0%	7.2%	5.9%	1.0%	1.4%	1.0%

Potential "adequate access" issues relating to six of the applicants are discussed below. Of particular concern, as reflected in the Department's screening questions to several of the applicants, is whether an applicant is fully committed to providing hospice services to patients of all ages. The lack of such commitment may be reflected in a high Medicare percentage and/or a low Insurance/HMO/Other percentage. In addition, the low projected Medicaid percentages for some applicants raise concerns regarding their commitment to providing services to low-income persons and other underserved individuals and groups.

Bristol asserts that it intends to serve low-income persons and other underserved groups. However, the projected payor mix for Bristol's hospice program does not support this assertion. As shown in Table 6, Medicaid constitutes only 1% of its payor mix. In addition, it is not clear that Bristol has made a firm commitment to treat patients of all ages, and, in particular, pediatric patients. The Admission Criteria and Process Policy submitted with its application states:

"Bristol Hospice will admit any adult patient." However, in response to a Department screening question, Bristol reversed its position, stating: "All ages will be served." However, as discussed below, its payor mix projections belie its change of position.

As Table 6 shows, Bristol projects over 98% of its gross revenues to come from Medicare patients. In its screening responses, its justification for the reasonableness of this assumption is that "certain circumstances allow individuals under the age of 65 to qualify for Medicare," but it provides no further explanation. While this may be true to some extent, it is not evidence that Bristol's payor mix is inclusive of younger age groups. Further, while some persons under age 65 receive hospice care reimbursed by Medicaid, some persons over 65 receive hospice care reimbursed by commercial and other payors. Yet Bristol expresses uncertainty regarding its ability to accept commercially insured patients, raising a concern as to whether persons in the younger age cohorts, including pediatric patients, will be able to receive care through Bristol."

"Bristol will provide "full charity care" to patients whose income is "below 200%" of the FPG. However, it does not make a commitment to providing charity care to patients whose income is above 200% of the FPG: "A sliding scale or partial charity care may be provided for patients [whose income is above 200% of the FPG] when circumstances determined by the Executive Director indicate that significant harm to the family will result." As in the case of Symbol, the "sliding scale" referred to appears to be a patient-specific sliding scale, not an objective sliding scale based on the FPG. Bristol has not provided an FPG-based sliding scale to the Department."

Rebuttal Comment
Bristol provided the following rebuttal comment which directly related to the public comments received by the department related to this sub-criterion.

Bristol Hospice – Pierce, L.L.C. Response: [source: Bristol's July 17, 2020, rebuttal comments, pdf2]
"*None of the comments are grounds for denial of the applicant and were far reaching. Bristol has provided supporting documentation in providing exceptional hospice care to all ages and demographics, more so then Seasons or the other competing applicants*."

Department Evaluation
The Admission Policy provided by the applicant describes the process Bristol would use to admit a patient to its hospice agency. Although some of the public comments discussed concerns about Bristol's intent to be accessible to all ages, Bristol submitted a statement and a revised policy which includes language to ensure all patients of any age will be admitted for treatment without discrimination. Additionally, Bristol submitted a professional development resource published by the National Hospice and Palliative Care Organization *Standards of Practice for Pediatric Palliative Care*, which it intends to use as guidance for a pediatric program. Which signifies to the department a clear intent to admit patients under the age of 65.

While Admission and Charity Care policies are typically used in conjunction, each policy includes non-discrimination language to ensure all patients eligible for hospice services could be served by the new Bristol agency. Concerns were raised in public comment that Bristol did not provide a sliding scale to indicate what income levels qualify a patient for charity care. Bristol's

Charity Care Policy does have a set percent that specifies qualification. The department does not have specific criteria applicable to hospice agencies which dictates requirements of a hospice agency's charity care policy. Both the Admission and Charity Care policies are in use at Bristol's existing out-of-state agencies and will be used at the proposed Pierce agency.

Bristol anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 99.2% of its total revenues. While Bristol's payer mix of 99.2% combined for Medicare and Medicaid is consistent with past hospice applications reviewed by the department, several entities expressed concerns about the projected payer mix. The concerns focused on payer mix percentages and aligning them with Bristol's stated assumptions of anticipated patient populations. Comments included several arguments related to this sub-criterion which are addressed separately in the following analysis.

Bristol's "*We Honor Veterans*" Program [source: Application, p14] is one of Bristol's programs it anticipates will draw a population of underserved patients to its agency. Bristol also lists "*Local Veterans Associations*" as an anticipated referral source, therefore anticipating veteran patient volumes [source: Application, p24]. However, there is no correlating payer category, typically listed as VA, TriCare or CHAMPUS. This category is listed in the initial application but does not show up as revenue in the pro forma or as a category in the payer mix. Nor is there any detail that these revenues are a subset of another category. This is an argument that was not responded to in rebuttal.

Another comment, but on a larger scale to the concerning veteran revenue mismatch is Bristol's anticipated high Medicare revenues with low Medicaid and Commercial revenues. Not that one amount is more than another but rather that the payer ratio does not translate to the specific patient populations Bristol has stated it anticipates serving in Pierce County.

The last topic raised in public comment related to payer category "Commercial/Self/Other" is that this indicates that Bristol "*has not been pursuing 'commercial' contracts*" and that "*Bristol expresses uncertainty regarding its ability to accept commercially insured patients, raising a concern as to whether persons in the younger age cohorts, including pediatric patients, will be able to receive care through Bristol.*" Bristol's response to these concerns is that it does intend to seek commercial contracts, but that it conservatively estimated that category.

Bristol also provided a copy of the Charity Care Policy to be used at its new Pierce County agency. The policy provides the circumstances that a patient may qualify for charity care. Additionally, the pro forma financial statements provided in the application show a charity care line item at 2.0% of gross revenue without general inpatient and respite room and board costs.

Although the department does not have a set payer mix percentage that must be met by an applicant, it does require that projected patient volume assumptions translate to the related aspects of the proposal. Bristol's anticipated veteran patients are not accounted for anywhere except in general statements and special programs. Based on the information provided by the applicant, public comments, and rebuttal, it is unclear whether Bristol's patient volume assumptions or anticipated revenues are flawed. In conclusion, the department cannot conclude the agency would be sufficiently available and accessible to all patients in the planning area, nor

have they provided sufficient information defending their statement that they would be available and accessible to a specific underserved population.

The department concludes that the Bristol application **does not meet this sub-criterion**.

Continuum Care of Pierce LLC

In response to this sub-criterion, Continuum provided the following statements and copies of its policies that evidence operational support of these statements.

Charity Care – the stated purpose of this policy is "*To provide care to patients who are indigent or otherwise unable to afford Hospice care.*" The policy provides the procedure to determine if a patient qualifies for charity care. The policy includes a sliding scale with household amounts that would be used to determine charity care qualifications for a patient. [source: Application, Exhibit 6]

Admission Policy – the stated purpose of this policy is "*To establish standards and a process by which a patient can be evaluated and accepted for admission.*" This policy states that patients will be admitted if they meet the admission criteria, and then identifies the admission criteria. The policy also provides the following non-discrimination language, "*Eligibility for participation will not be based on the patient's race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, or place of national origin.*" The policy also provides information regarding the admission process. [source: Application, Exhibit 7]

Further, Continuum stated in response to screening questions about each policies' current use.
"*This exact policy is now in use in our Affiliate's newly opened Snohomish County hospice program. As noted on age 19 of our CN application, other Continuum Affiliates also submitted these policies in their 2019 King and Clark County applications. The Department's November 2019 King Analysis and the December 2019 Clark County Analysis found these policies to meet all applicable CN requirements*." [source: March 31, 2020 screening response, p15]

In addition, Continuum provided the following statements regarding types of patients to be served by the hospice agency.
"*Continuum will serve all patients in need of hospice desiring to be cared for by our Agency. Continuum will provide a full range of hospice services designed to meet the physiological, psychological, social, and spiritual needs of people and their families facing the end of life and bereavement in Pierce County. Continuum will have a special emphasis on serving traditionally underserved populations.*

Continuum anticipates that it will initially serve adults, age 18 and over. If demand warrants, Continuum will evaluate the need to establish a pediatric program to serve those under age 18. However, this application has not assumed any pediatric patients or a pediatric program." [source: Application, p9]

"*Patients to be served are those with a life expectancy of six months or less that elect the hospice benefit. Today, Pierce County's population is 33% non-white; many of which use hospice at lower rates that the total population. By 2023, and as shown in Table 5, almost 40% will be nonwhite. Continuum will meet the needs of all Pierce County residents, regardless of*

geography, race or ethnicity, and will operate with a special emphasis on serving traditionally underserved populations."

Table 5
Pierce County Demographics

	2010	Pct of Tot Pop	2018 Est	Pct of Tot Pop	Pct Chg 2010-2018	2023 Proj	Pct of Tot Pop	Pct Chg 2018-2023
Tot. Pop.	**788,968**	**100.0%**	**870,665**	**100.0%**	**10.4%**	**922,848**	**100.0%**	**6.0%**
Pop. By Race								
American Indian/Alaskan Native Alone	9,837	1.2%	10,860	1.2%	10.4%	11,520	1.2%	6.1%
Asian Alone	42,249	5.4%	50,353	5.8%	19.2%	55,850	6.1%	10.9%
Black/African American Alone	48,839	6.2%	56,671	6.5%	16.0%	61,833	6.7%	9.1%
Native Hawaiian/Pacific Islander Alone	9,584	1.2%	12,215	1.4%	27.4%	14,027	1.5%	14.8%
Some Other Race Alone	25,201	3.2%	32,872	3.8%	30.4%	38,139	4.1%	16.0%
Two or More Races	49,024	6.2%	59,383	6.8%	21.1%	66,375	7.2%	11.8%
White Alone	531,818	67.4%	550,877	63.3%	3.6%	559,863	60.7%	1.6%
Hispanic	72,415	9.2%	97,435	11.2%	34.6%	115,242	12.5%	18.3%

Source: *Nielsen Claritas*

[source: Application, p14]

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

Historically, to evaluate this requirement, the department has evaluated an applicant's admission policies, willingness to serve Medicare and Medicaid patients, and to serve patients that cannot afford to pay for services. Continuum will seek both Medicare and Medicaid certification, and has included a charity care allowance in its pro forma." [source: Application, p19]

Further, Continuum provided the following discussion regarding disparities in hospice use based on race and ethnicity of patients. [Source: March 31, 2020 screening response, pp8-9]
"*The italic paragraphs below restate information that was included in Continuum of Snohomish's November 30, 2017 response to screening questions. These paragraphs relate directly to the African American Community:*

> *Since Continuum Care Hospice established hospice services in the city of Oakland, California, within just two years of operation, in 2016, the percentage of African American admissions in its Agency was nearly twice that of other hospice providers in the region. Most of its success stems from certain outreach efforts that Continuum Care Hospice has*

developed and employed, referred to as the "Oakland Program". Specifically, through its Oakland Program, Continuum Care Hospice has cultivated a set of tools and practices to address the cultural, health systems, and other impediments to hospice care that confront underserved populations. These mechanisms deal with specific concrete obstacles long identified by health policy makers and researchers but frequently not well addressed. Examples of common barriers to accessibility include an insensitivity to cultural variations in attitudes towards death and dying, the difficulties clinicians face when communicating about end-of-life issues, and the lack of culturally appropriate sources of information and resources within communities.

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

In addition, in Rhode Island our Affiliate works closely with community leaders and with Higher Ground International, an intergenerational community-based social service organization that advocates and provides programs for Western African Immigrants, refugees and other marginalized communities. The goal is to break down barriers by collaborating through understanding. Continuum has hosted meeting with Liberian mothers and grandmothers which focused on understanding hospice services and benefits, advanced care planning, and the Medical Orders for Life-Sustaining Treatment (MOLST) forms.

Related to American Indians, a Department of Health & Human Services, Centers for Medicare & Medicaid Services: Literature Review entitled Hospice in Indian Country, published in December of 2014 found both significant barriers for American Indians, and very low hospice use nationwide. Our efforts in Rhode Island have resulted in the Narragansett Tribe extending contracts with Continuum to provide services to their members. The success has been so significant that Continuum was asked to present at the Rhode Island Minority Elder Taskforce conference to discuss diversity at end of life."

Continuum proposes to be available and accessible to Medicare and Medicaid patients that reside in Pierce County. The projected payer mix is shown in the following table. [source: Application, p23]

Department's Table 3
Continuum Pierce County
Projected Payer Mix

Payer	Percent
Medicare	87.5%
Medicaid / Managed Medicaid	10.9%
Self / Other	1.6%
Total	**100.0%**

Continuum provided the following assumption and statement to support its anticipated payer mix for the Pierce County hospice services. [source: March 31, 2020 screening response, pp10-11]

"*The record should reflect that Continuum reviewed the payer mix of CN applications approved by providers already operating in Washington State in developing our assumptions. The payer assumptions in these applications are detailed in Table 4. Continuum's payer mix is in-line with these applications.*

Table 4
Comparison of Payer Mix by Hospice Provider

	Continuum	Wesley Pierce	Envision Snoho	Inspiring Snoho	Providence Clark	Envision Snoho
Medicare	87.5%	67.1%	85%	95%	87.2%	91.0%
Medicaid/Managed Medicaid	10.1%	30.9%	10%	3%	8.0%	5.0%
Self/Other	1.6%	1.9%	5%	2%	4.9%	4.0%
Total	**100.0%**	**100.0%**		**100.0%**	**100.0%**	**100.0%**

Source: Applicant and Certificate of Need Program CN files

Over the past several years Continuum affiliates have submitted CN applications in Snohomish, Clark and King Counties. Each of these applications was found to meet all applicable criteria in WAC 246-310-210(need) and WAC 246-31-220 (financial feasibility). In each application, the Program found Continuum's underlying assumption, including payer mix, to be reasonable and consistent with applicable standards. Our assumptions in this application are nearly identical to those that the Program has previously deemed meet applicable criteria.

First, and foremost, Continuum is committed to serving all in need that choose hospice and that meet hospice admission criteria. Because we target traditionally underserved groups, the highest percentage of our under 65 patients typically have Medicaid as a payer, and our percent Medicaid tends to be on the higher side. This may also be attributed to the fact that Continuum Affiliates account for Medicaid Managed Care Plans offered by commercial payers (such as Premera in Washington State) as Medicaid. We understand that other agencies may account for these as commercial payers.

It is also important to note that any payer, other than Medicare, would also cover the under 65 population, and in fact Medicare covers the under 65 that meet certain disability or disease qualifications (for example, those with end-stage renal disease).

Per our response to Question 13 above, our payer mix was developed based on a review of the CN applications referenced in Table 3 and our experience of our Affiliate agencies."

Public Comment

John Hayward, MD – Highland Hospital (Oakland, CA)

"Our patients face unique challenges to receiving effective and appropriate care, including communication barriers and cultural beliefs that impact decision making. In an effort to mitigate barriers, our palliative care programs provide expert assistance to primary care in symptom management, shared decision-making guidance and comprehensive psychosocial support for patients and families. Highland relies heavily on Continuum Care Hospice: they have made a documented difference in getting people home , improving their quality of life and reducing their suffering. Continuum is accessible, they have increased the use of palliative and hospice programs by traditionally underserved communities; the quality and breadth of their programs is very good, and they have an operational commitment to inter-disciplinary community-based care.

I understand that they have applied to the State of Washington to establish Medicare/Medicaid certified hospice services. I wholeheartedly lend my support to their efforts. I am confident that they are well positioned to increase access in the communities they propose to serve by providing culturally sensitive, high quality, accessible care."

Envision Hospice of Washington, LLC [source: public comment part 2 pdf13-15]

"Continuum provided three different sets of payer mix assumptions and none of them demonstrate a sufficient ability to offer hospice services to persons under age 65.

- *First, Continuum's application projected 1.2% of its revenues would be paid by "Self/Other." It omitted any reference to "commercial" insurance.*
- *Then, in response to Screening Question #1 which asked how that 1.2% would provide access for patients age under 65, Continuum revised its stated payer mix assumption to include "Commercial/Self/Other" at 3.33%. This apparently added 1.1% "Commercial" to the previously stated "Self/Other" assumption of 1.2%.*
- *Finally, however, in its revised financial pro forma revenue and expense statement providing in screening response, Continuum did not actually follow its stated assumption of 3.3% for" Commercial/Self/Other." Rather, it projected revenue dollars labeled "Self/Private Pay" equivalent to 0.9% and "Other" dollars at amounts equivalent to 0.66% of its Year 3 revenues.*

Continuum did not provide any revised assumptions or rationale to support these figures; Envision calculated these percentages by dividing the annual dollar amounts provided for Year 3 on the "Self/Private Pay" and "Other" lines by the Continuum's annual revenue totals for Year 3. Therefore, Continuum's actual figures in its revised financials do not relate to the assumptions it stated in its screening response and, furthermore, were not responsive to Screening Question 1. Continuum's final payer mix provided no figure at all for "commercial" and its written response to screening never addressed the stated issue of access for persons under age 65.

Continuum also proposes that some applicants may be counting Medicaid patients as "commercial" patients. Envision believes this is very unlikely."

"Limitations on scope of Continuum's charity care

Continuum's charity care policy limits provision of charity care to services it provides directly and excludes "services and/or supplies" rendered under contract, stating that those are not covered by Continuum's charity care policy and, instead, will be billed to the patient, to quote:

> *As determined by Provider on a case by case basis, Provider will provide free care to qualifying patients for Hospice services. Services and/or supplies (i.e. SNF Room and Board) rendered under contract by an outside provider are not eligible for free care and will be billed to the patient.*

Continuum's application lists a broad range of services and supplies it provides "under contract by an outside provider" and therefore are not subject to coverage by Continuum's charity care policy. Although a patient is found eligible for charity care, the patient would nevertheless be billed according to Continuum's Indigent/Charity Care Policy for any required PT, OT, speech therapy, dietician services and for GIP (General Inpatient) days at a hospital, a nursing home or inpatient hospice stay for the purposes of Respite Care. Each of these are defined as part of Medicare hospice but are provided under contract to Continuum hospice patients by an outside provider. While Continuum, in justifying this policy, labels these services "non-hospice" services, they are not.

Within the scope of services defined as "hospice" under the Washington's hospice licensing laws, Continuum is not permitted to limit the scope of hospice charity care to those parts of hospice care that Continuum provides directly and to exclude services for which it pays an outside provider. If it only offers in home care to a charity care patient but not hospice inpatient or respite care, the offering of charity care might be called "home health" but not "hospice" according to Washington's legal definition of "hospice care:"

> *RCW 70.126.030*
>
> *Hospice care—Provider, plan, services included.*
>
> 1) *Hospice care shall be provided by a hospice and shall meet the standards of RCW 70.126.020(1) (a) and (b)(ii) and (iii).*
> 2) *A written hospice care plan shall be approved by a physician and shall be reviewed at designated intervals.*
> 3) *The following services for necessary medical or palliative care shall be included when ordered by the attending physician and included in the approved plan of treatment:*
>   - *(a) Short--term care as an inpatient;;*
>   - *(b) Care of the terminally ill in an individual's home on an outpatient basis as included in the approved plan of treatment;;*
>   - *(c) Respite care that is continuous care in the most appropriate setting for a maximum of five days per three-- month period of hospice care.*

When rebutting Envision's argument to this point in 2019, Continuum criticized Envision's reading of its policy as "obtuse." Yet, it took Continuum a substantial paragraph to explain its way out of this language while insisting its policy is quite clear. Continuum could have elected to revise this plainly restrictive language for its 2019 hospice applications but did not.

Even more to the point, Continuum's explanation in the 2019 rebuttal never substantively addressed the scope issue being raised, only claiming repeatedly that its version of charity care

is readily available. Continuum's rebuttal was not convincing and, importantly, Department has not included a finding specific to the matter in any CON approval Continuum has been issued.

In light of its restrictive "Indigent/Charity Care" policy Continuum has not demonstrated sufficient commitment to charity care. On that basis, Continuum's King County hospice application does not fully meet the requirements of WAC 246-310-210 as typically interpreted in the Department's reviews of Certificate of Need applications.

Need by Pierce County military and VA
While Continuum provides extensive discussion of its special programming for veterans and the VA population and notes the large Pierce County veteran population of 87,000 it, nevertheless, does not list VA or TriCare as a payer source."

Russell Hilliard, Seasons Hospice [source: public comment pdf47, 49, 50]
"Although Continuum commits to cultural sensitivity training and identifies Medicaid and Charity Care within its financial schedules, there is no discussion on the manner in which low-income persons, minorities or other under-served groups will access services. Sensitivity training of staff allow them to respond when they receive a referral but it does not improve access to hospice care in minority populations. Continuum fails to demonstrate how community collaboration will be established to improve access to care for underserved populations. Furthermore, they fail to identify the underserved population as such."

"Continuum anticipates the following allocation of revenues by payor: 87.5% Medicare, 10.9% Medicaid & Medicaid Manage Care, and 1.6% Self Pay/Other. In response to ***Screening Question #13****, Continuum states its assumptions are based on "the payer mix of CN applications approved…in Washington State." However, the question is then, what are the underlying assumptions of the payor mix of the proxy CN applications? Copying another's model or methodology applicable to other service areas does not address the needs of Pierce County Residents, nor does it reflect the Continuum experience.*

Furthermore, the 1.6% allocated to Self Pay/Other is below that of all the examples given as proxies. This leads to ***Screening Question #14,*** *questioning how this low percentage provides access to hospice services for patients in the 0-64 age range. The response that Medicaid includes those under age 65 does not address the terminally ill population of young adults and children that do not qualify for Medicaid or Medicare. Therefore, Continuum's proposed project fails to meet the needs of all terminally ill residents of Pierce County."*

"Continuum offers an after-hours call service, with a nurse available to respond within 30 minutes. Having a call service having to locate an "on-call" nurse raises serious concerns about accessibility during evenings and weekends. Failing to respond timely to patient needs during these times will result in revocations of the hospice benefit and returns to the hospitals. Unmet need will not be met."

Providence Health & Services [source: public comments pdf13-14, 18]
The eight applicants' payor mix figures are set forth in Table 6. These figures vary a great deal across the applicants, and, in some cases, notably Bristol, Seasons, Signature, Symbol, and Wesley, diverge significantly from the expected percentages set forth in Table 5.

Table 6: Payor Mix Distribution, by Applicant

Payor Mix, Percent of Gross Revenues, Year 3	Expected Payor Mix	Bristol	Continuum	Envision	Providence	Seasons	Signature	Symbol	Wesley
Medicare	83.0%	98.2%	87.5%	85.0%	81.2%	90.1%	97.0%	94.6%	91.0%
Medicaid/State	3.7%	1.0%	10.9%	10.0%	11.2%	3.0%	2.0%	4.0%	8.0%
Insurance/HMO/Other	13.3%	0.8%	1.6%	5.0%	7.2%	5.9%	1.0%	1.4%	1.0%

Potential "adequate access" issues relating to six of the applicants are discussed below. Of particular concern, as reflected in the Department's screening questions to several of the applicants, is whether an applicant is fully committed to providing hospice services to patients of all ages. The lack of such commitment may be reflected in a high Medicare percentage and/or a low Insurance/HMO/Other percentage. In addition, the low projected Medicaid percentages for some applicants raise concerns regarding their commitment to providing services to low-income persons and other underserved individuals and groups.

Continuum states that it "anticipates that it will initially serve adults, age 18 and over. If demand warrants, Continuum will evaluate the need to establish a pediatric program to serve those under age 18. However, this application has not assumed any pediatric patients or a pediatric program." Therefore, Continuum has not made a commitment to provide services to pediatric patients."

"Continuum's FPG-based charity care qualification sliding scale is not as generous as Providence Hospice's sliding scale with respect to patients whose income is between 200% to 300% of the FPG.45 In addition, unlike Providence Hospice, it does not provide charity care to patients whose income exceeds 300% of the FPG."

Bristol Hospice [source: public commend pdf5]
"Continuum has provided projections that include percentages of underserved populations it gave very little detail on its plans to reach these groups and has stated it has done this [sic] other operations outside of Washington. They have not given any hard evidence of this and it is likely they have not put the resources together to reach these populations."

Rebuttal Comment
Continuum provided the following rebuttal comments directly related to the public comments received by the department related to this sub-criterion.

Continuum Care of Pierce LLC Response: [source: Continuum's August 1, 2020, rebuttal comments, p3]
"▪ ***Continuum will be accessible to all patients and payers***
As noted in our screening response, Continuum is committed to serving all that choose hospice and that meet hospice admission criteria. The highest percentage of our under 65 patients typically have

Medicaid as a payer, and our percent Medicaid tends to be on the higher side. Continuum Affiliates account for Medicaid Managed Care Plans offered by commercial payers (such as Premera in Washington State) as Medicaid. We understand that other agencies may account for these as "commercial". It is also important to note that Medicare also covers the under 65 that meet certain disability or disease qualifications (for example, those with end-stage renal disease). The bottom line is that Continuum will, without question, provide services to the 0-64 population.

Continuum is also fully committed to the VA/Tri-Care population. We have rightfully assumed and accounted for these payers. The VA/Tri-Care cohort is included in our other payer assumptions.

- ***Continuum complies with State licensing requirements and its charity care policy is consistent with CN requirements.***

Continuum's Charity Care Policy has been fully vetted by the CN Program. An identical policy was approved for Continuum's sister Snohomish County agency in the 2017 cycle. Considering the same arguments competing applicants make here, the Program in its 2019 evaluation of the application by Continuum Care of King LLC dismissed those concerns as unfounded, concluding that an identical charity care and admission policy met all elements of the Access sub-criterion and "demonstrate that all residents of the service area may be accepted for services, regardless of the ability to pay."

Continuum's policy is fully consistent with state licensing requirements, Medicare conditions of participation and confirms that the full range of hospice services are provided to qualified patients"

Department Evaluation

The Admission Policy provided by the applicant describes the process Continuum would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination. While the policy does not specifically state that pediatric patients would be served at the agency, it does not definitively exclude them. Additionally, Continuum has stated that it intends to admit and serve patients regardless of age.

The Admission and Charity Care policies are typically used in conjunction; therefore, the Charity Care Policy does not specifically include non-discrimination language to ensure all patients eligible for hospice services could be served by the new agency. The Charity Care Policy provides the process to obtain charity care.

Concerns were raised in public comment that Continuum's Charity Care Policy's qualifying sliding scale does not provide charity care as generous as other applicants. Although this may be factual, the department requirements and review criteria do not provide a limitation or ranking based on an applicant's degree of generosity of charity care. Also related to Continuum's Charity Care Policy there was criticism that the policy has limitations of scope. Specifically, that the policy limits the services Continuum considers qualifying for charity care. The commenter is concerned that the statement "*Services and/or supplies (i.e. SNF Room and Board) rendered under contract by an outside provider are not eligible for free care and will be billed to the patient.*" within the Charity Care Policy indicates Continuum's lack of commitment to charity care, since it contracts physical, occupational, and speech therapists, and its dietitian. In response to this concern Continuum responded regarding its charity care policy that "*Continuum's policy is fully consistent with state licensing requirements, Medicare conditions of participation and confirms that the full range of hospice services are provided to qualified patients.*" Again, the

department does not have specific criteria directly applicable to hospice agencies which dictates specific requirements of a hospice agency's charity care policy.

Further, Continuum's Charity Care Policy to be used at its new Pierce County agency, provides the circumstances that a patient may qualify for charity care. As well as a process by which to apply; and what levels of charity care a patient can qualify for depending. Additionally, the pro forma financial statements provided in the application show a charity care line item at 3.0% of gross revenue.

Continuum anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 98.4 percent of its total revenues. Several entities expressed concerns about the projected payer mix. The concerns focused on payer mix percentages and aligning them with Continuum's stated assumptions of anticipated patient populations. Comments included several arguments related to this sub-criterion which are addressed separately in the following analysis.

Another topic in public comment was similar to the critique of the Bristol application, that Continuum asserts it project is directed in part to meeting the currently unmet need of veterans, of which there is a large population in Pierce County. However, does not have a corresponding payer source for this expected patient category. Unlike Bristol, Continuum responded to this criticism in rebuttal. Continuum states its commitment to the veteran population, and accounted for the revenue as a subset of "other".

Envision commented on its opinion that Continuum provided conflicting sets of payer mix assumptions. And that the percentages it anticipates does not demonstrate access to services for those under 65 years of age. However, the department was able to confirm that Continuum's payer mix assumptions were consistent throughout application materials. The department can only hypothesize that the commenter conflated aspects of Continuum's King County project with this one for Pierce County, as "*Commercial/Self/Other*" is 3.33% in Continuum's response to the first screening question under financial feasibility.

On a related topic, Seasons commented that as a response to a screening question asking about the assumptions underlying Continuum's payer mix, Continuum responded the basis is "*that Continuum reviewed the payer mix of CN applications approved by providers already operating in Washington State in developing our assumptions. The payer assumptions in these applications are detailed in Table 4. Continuum's payer mix is in-line with these applications*." [source: March 31, 2020 screening response, p10]

Applicant's Table

Table 4
Comparison of Payer Mix by Hospice Provider

	Continuum	Wesley Pierce	Envision Snoho	Inspiring Snoho	Providence Clark	Envision Snoho
Medicare	87.5%	67.1%	85%	95%	87.2%	91.0%
Medicaid/Managed Medicaid	10.1%	30.9%	10%	3%	8.0%	5.0%
Self/Other	1.6%	1.9%	5%	2%	4.9%	4.0%
Total	**100.0%**	**100.0%**		**100.0%**	**100.0%**	**100.0%**

Source: Applicant and Certificate of Need Program CN files

[source: March 31, 2020 screening response, p10]

As pointed out by Seasons, there are several issues with this argument. The provided proxy payer mixes are do not substantially match that of Continuum's project, as is argued by the applicant. Not one independently, or as a whole average to be in-line with the Continuum projections.

Even if the examples and Continuum's payer mixes did match somewhat more closely, each example project represents a unique set of projected – not actual – populations in past Certificate of Need applications. As reasonable as those projections may have been, they were based on the experience and planning areas specific to those applications. The only proxy with a matching county is Wesley, a provider not CN-approved to operate in Pierce County. As stated by Seasons during public comment "*Copying another's model or methodology applicable to other service areas does not address the needs of Pierce County Residents, nor does it reflect the Continuum experience.*" Further, the proposed payer mix does total 100%. It is lacking 0.8%, more than could be argued is a rounding error. Accounting for $417,021 of revenue in year three. None of these concerns raised in public comment were rebutted by the applicant.

Lastly, each CN proposal must stand on its own. When comparing one aspect of an application to another is not on its own, a sufficient rationale for approval. Since this is a new project, it could be acceptable to compare a payer mix to an approved project including the detail that make the two projects similar. However, in doing this for projected patient populations, it could additionally prove that the new proposal is a duplication of services. Although Continuum provided detailed analysis of the patients it expects to serve, nowhere does this translate to anticipated payer mix and thus, projected revenue.

Two separate commenters questioned the lack of a stated plan (except staff training) on "*the manner in which low-income persons, minorities or other under-served groups will access services.*" Additionally, that although Continuum states it has experience doing so in its out-of-state operations, there was no hard evidence to support this claim, and potentially a lack of resources to accomplish the task.

The department notes Continuum did provide the following detailed statements about its specific strategies, plans, and experience in helping underserved populations access services. [source: Application, pp7-8]

"*Additionally, Continuum's philosophy is that no level of service is sufficient if those in need do not have access to it. For this reason, Continuum strives to create an industry-wide best practice model for outreach to underserved populations. With this philosophy, and through our outreach model we make a difference. Medicare data demonstrates that Washington's three largest Puget Sound Counties (Snohomish, King and Pierce) have underserved racial and ethnic populations. The data and additional analysis are included in the Need section of this application. Specific to Pierce, the documentation of underserved, along with the need for at least one additional provider to meet the needs of the general community, is the reason that we are electing to submit this application at this time. Continuum will provide exceptional, accessible care to the general population while also targeting outreach to underserved County residents.*

Initially, and focusing our efforts on access in the underserved populations, Continuum will use and modify, as necessary, our current set of tools and practices that directly address the cultural, health system and other impediments to hospice care that confront these communities. Our proven tools deal with specific concrete obstacles long identified by health policy makers and researchers but frequently not well addressed. Examples include the insensitivity to cultural variations in attitudes towards death and dying, and the frequent difficulty clinicians have communicating about end-of-life issues or the lack of culturally appropriate sources of information and resources within communities. Continuum has learned that these barriers can be confronted and overcome with constant, concerted effort applying common sense techniques.

We also know that the development of a racially and culturally diverse workforce is a crucial element in overcoming barriers to unmet needs. While this may appear obvious, it bears stating that workforce composition should reflect the composition of the community. This is a priority for us, and to date we have been able to reflect the community in our work force. It is important because it not only facilitates access to service but improves quality of care as well. In keeping with this commitment, a large percentage of our present workforce are members of minority populations.

Continuum will also serve patients regardless of where that patient resides, i.e. whether in his or her own residence, a long-term care facility or in a temporary location such as an acute care hospital. Continuum will also serve the homeless.

Specific to the homeless population, several months before we begin to see patients, we will outreach and establish relationships with homeless agencies and the key providers of health care and social and housing supports to the homeless. In 2017, the City of Tacoma declared a public health emergency relating to homelessness. Today, Pierce County, via its Coordinated Entry Contact Program has done an excellent job implementing Housing First programs and minimizing days of homelessness. We will be honored to support their efforts. Our goal is to assure that these key providers understand our commitment and are able to reach us when needs arise. We will request that for any initial consult they attempt to retain the patient at their location until we can send a nurse.

On our end, a nurse will be sent to evaluate the patient for eligibility as quickly as possible. Our goal, and our actual experience is that this occurs within two hours of the phone contact. The urgency, in our experience, is two-fold: first homeless patients often slip back onto the street.

This would delay care and, importantly, perpetuate a cycle of emergency room care and hospitalization. Secondly, the homeless deserve the same level of responsiveness and scope of care as does the rest of the community. The nurse will assess functional status, physical status, mental status (ability to accept the hospice team in current environment), emotional status (current state of mind and acceptance of condition), social needs (community resources available or needed) and environmental issues (can we deliver safe care to the patient).

Once the patient has been deemed to meet Medicare requirements and has elected to receive hospice services, our care delivery team will assure that care is provided in a manner that palliates symptoms related to the terminal illness. This includes: working with homeless agencies to accommodate the specialized needs of terminally ill patients (i.e. DME, pain and symptom management in light of drug addiction or diversion issues); identifying resources that may be available through Social Security, Medicaid, the Veterans Administration, and other homeless health care resources; and identifying spiritual care and bereavement needs which may also include the identification and/or reunification with family members.

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

Continuum provided additional information about its experience on which these strategies are based. [source: March 31, 2020 screening response, pp2-3]
"*Yes, Affiliates of Continuum currently serve the homeless.*

The practice of our Affiliates is to begin working, several months prior to opening, to inform providers of this service. This includes reaching out and establishing relationships with homeless agencies and the key providers of health care and social and housing supports to the homeless within the service area. The intent is to assure that these key providers understand the commitment and are able to reach the Affiliate when needs arise.

A standard request is that for any initial consult that they attempt to retain the patient at their location until a nurse can be sent. A nurse is sent to evaluate the patient for eligibility most typically within two hours of the phone contact. The urgency, in the experience of the Affiliates, is two-fold: first homeless patients often slip back onto the street. This would delay care and, importantly, perpetuate a cycle of emergency room care and hospitalization. Secondly, the homeless deserve the same level of responsiveness and scope of care as does the rest of the community. The nurse assesses functional status, physical status, mental status (ability to accept the hospice team in current environment), emotional status (current state of mind and acceptance of condition), social needs (community resources available or needed) and environmental issues (can care be safely delivered the patient?).

Once the patient has been deemed to meet Medicare requirements and has elected to receive hospice services, the care delivery team assures that care is provided in a manner that palliates symptoms related to the terminal illness. This includes: working with homeless agencies to accommodate the specialized needs of terminally ill patients (i.e. DME, pain and symptom management in light of drug addiction or diversion issues); identifying resources that may be available through Social Security, Medicaid, the Veterans Administration, and other homeless health care resources; and identifying spiritual care and bereavement needs which may also include the identification and/or reunification with family members.

By partnering with hospitals, inpatient units and nursing homes, options for respite, vouchers, and/or general inpatient services to maintain comfort and safety at the end of life are identified. Procedures are in place for declaring the death of the patient, notifying next of kin (if any) and planning services of remembrance for family and friends or bereavement for the professionals and/or community involved."

Although the department does not have a set payer mix percentage that must be met by an applicant, it does require that projected patient volume assumptions translate to all other aspects of the proposal. Based on the information provided by the applicant, public comments, and rebuttal, it is unclear whether Continuum's stated assumptions underlying its anticipated payer mix are actually applicable to Pierce County and can be achievable, or if they are flawed and based on projections of other applicants. The rebuttal provided by Continuum was not sufficient to resolve this concern. In conclusion, the department cannot conclude the agency would be sufficiently available and accessible to all patients in the planning area.

The department concludes that the Continuum application **does not meet this sub-criterion**.

Envision Hospice of Washington, LLC

In response to this sub-criterion, Envision provided the following statements and copies of its policies that evidence operational support of these statements. [source: Application, pp36-37]

"*In addition, Envision Hospice's ability to improve Medicare hospice access in Pierce County will respond to these specific underserved groups:*

- *As documented by the Department of Health's own hospice need methodology, at least 60 Pierce are individuals made vulnerable by virtue of their end-of-life status and are precisely the patients that hospice is designed to serve.*
- *In offering of bereavement services, Envision Hospice will be addressing needs of the family and loved ones of its current and former hospice patients. These individuals have special needs in light of their loss and grieving status.*
- *Nationally, the majority of hospice patients are very elderly women. Additional Medicare hospice care in Pierce County will help address the needs of this group.*
- *Compared to the average population, the group of elderly persons – especially women – who are living on fixed incomes have a higher percentage of low-income persons among them.*

- *Envision Hospice will reach out to minority communities in Pierce County - Spanish-speaking groups in particular - to build culturally-competent services to meet their specific needs in hospice care.*
- *Envision finds that approximately 40% of its Pierce County home health patients have veteran status. For this reason, Envision Hospice will develop relationships with veterans' groups and providers of their medical care in tailoring its hospice services to the needs of this very large and growing population in the service area.*
- *In providing home health services to homeless persons in Pierce County, Envision has encountered a great diversity of needs and situations. To extend hospice care to home-less persons with terminal illness, Envision will reach out to and through 1) harm reduction centers, 2) staff of homeless shelter and 3) organizations addressing behavioral health issues of Pierce County residents.*"

Human Rights Assurance and Patient Admission Criteria – These policies identify the standards and process that the hospice agency will use to admit a patient for services. The policies provide the following statements regarding admission criteria: "*Hospice will not discriminate against recipients of services on the basis of race, color, religion, national origin, sex, sexual preference; physical or mental handicap, political belief, veteran status or age.*" And, "*Patients are accepted for treatment on the basis of a reasonable expectation that the patient's needs can be met adequately by Hospice in the patient's place of residence. Patients will be accepted for care only if Hospice can meet a patient's identified needs.*" [source: Application, Appendix G]

Although one of the criteria for admission is that "*The patient must be entitled to received covered Hospice services under the Social Security Act (Medicare and Medicaid) or have other funding source*." On its face seems to exclude indigent persons. However, in response to screening the applicant clarified that "*If a patient meets charity care eligibility as determined by the agency's 'Charity Care' policy, the funding source is 'charity care.' Hence, charity care is considered 'other funding source*." Envision further clarified that the policies are in use at its existing hospice agencies. [source: April 30, 2020 screening response, p8]

Charity Care Policy – the stated purpose of this policy is "*To provide medically necessary hospice care at a reduced rate or without charge to patients or their legal financial sponsors, when adequate income or assets are not available to pay for hospice services. Hospice will provide charity care as dictated by its available resources and consistent with the following procedure. Hospice will not deny palliative or hospice care to any individual based on that individual's ability to pay, national origin, age physical disabilities, race, color, sex, or religion.*" It provides the procedure to be used by the hospice agency to determine a patient's eligibility for charity care. [source: Application, Appendix H]

Further, Envision provided the following statements regarding types of patients to be served by the hospice agency.
"*Pierce County patients requiring end-of-life care and support and, in particular, those who have elected to avail themselves of the Medicare hospice program, or Medicaid, or private plans that are similar in organization, benefits, and payment arrangement.*" [source: Application, p14]

"*Hospice services will be provided to patients requiring end-of-life care; Medicare hospice patients are those terminally ill patients with a life expectancy of 6 months or less.*

A large number of these patients will be end-stage cancer patients. The remainder of the patients will have terminal conditions related to a variety of diagnoses. Please see the table at Question 5 in the Need Section below for a percentage breakdown of estimated diagnostic mix for Pierce County. The majority of patients will be over age 75.

Patients receiving in-home care will include not only those still living in their own private homes but also those who are residents of nursing homes, adult family homes and assisted living facilities.

Hospice services will be provided to patients requiring end-of-life care; Medicare hospice patients are those terminally ill patients with a life expectancy of 6 months or less.

The proposed hospice will provide care to patients regardless of the source or availability of payment for care.

Care will be provided to all patients regardless of culture, language, or sensory disability. Where needed, interpretive services and assistive communication methods and technologies will be used.

As discussed above, the depth and breadth of hospice services reflect four Envision service goals beyond the core capabilities of a Medicare- certified hospice. A number of these goals emphasize special or tailored outreach and services to special populations in Pierce County: The underlined items below indicate those special populations that Envision's program detail addresses specifically:

Goal 1: Respond with focused capabilities to specific clinical groups with special needs, in particular:

a. *Patients with Alzheimer's or other dementias and their caregivers*
b. *Support to 'pre-hospice' patients with advanced care planning & palliative care*

Goal 2: Making hospice care as accessible as possible to groups living in the broadest array of settings including:

a. *Telemedicine at home*
b. *Residents of assisted living facilities*
c. *Residents of adult family homes*
d. *Residents of nursing homes*
e. *Homeless outreach*
f. *Mobile outreach clinics*

Goal 3: Respond to specific cultural and demographic groups with appropriate and relevant communications and care with programming emphasis on:

a. *Veterans*
b. *Latinos and Spanish-speaking residents*

Goal 4: Reducing suffering through availability of:

a. *Excellence in palliative care*
b. *'Your Hand in Mine' for persons dying alone*
c. *Death with Dignity for persons requesting it*

For cultural and ethnic minorities, language is a key barrier to optimum hospice care but not the only one. Cultural norms and traditions surrounding illness, death, and dying are major factors in outreach and care. In setting goals for cultural competence, Envision Hospice of Washington determined that a focused effort on a cultural group with large numbers in Pierce County will be the most effective use of resources. It examined Pierce County demographics, census information and hospice utilization. Envision Hospice concluded that the large size, cultural differences, and increasing diversity of the Pierce County Latino population merits a program of special emphasis and resources in Envision hospice outreach and care.

Fortunately, the National Hospice and Palliative Care Organization has developed useful materials for guiding the development of such a program. More detailed description of Envision's approach is provided in Envision Hospice's 'Pierce County Program Detail." [source: Application, pp22-24]

Envision proposes to be available and accessible to Medicare and Medicaid patients that reside in Pierce County. The projected payer mix is shown in the following table. [source: Application, p45]

Department's Table 4
Envision Pierce County
Projected Payer Mix

Payer	Percent
Medicare and Medicare Managed Care	85%
Medicaid	10%
Commercial, TriCare, private etc.	5%
Total	**100%**

Envision provided the following assumptions and statements to support its anticipated payer mix for the Pierce County hospice services. [source: Application, p46]
"*The table below, 'Envision Hospice of Washington, LLC Payer Mix, Percent' indicates the estimated percentage payer mix for the proposed project. The percentages are not expected to change over time.*

Please note that Envision Hospice's proforma revenue and expense include a 'charity care' line item. For accounting reasons, these amounts are not reflected in the table below.

Envision's observations and assumptions underlying these estimates include:

- *Hospice payer mix in Thurston County*
- *Better hospice coverage by Medicaid and commercial payers in Washington than in Utah*
- *Lower contractual allowance for Medicaid hospice payments in Washington*

- *Plan for outreach to disabled and elderly in adult family homes, assisted living and nursing homes*
- *Rapid growth of elderly population with Medicare relative to*
- *younger population with commercial coverage.*"

Public Comment
Ranu Choudhary, MD
"I am writing to support Envision hospice in their application for a Certificate of Need In Pierce and Kitsap Counties. I am board certified in internal medicine and geriatrics. My patient demographics as a physician in Kent includes both Pierce and Kitsap Counties. As a geriatric specialist, many of my patients are nearing the end of life and are in need of hospice services. I have utilized Envision Home Health services to assist with keeping them safe and healthy at home and prevent ED visits and possible hospitalizations timely admissions to hospice are very important to me and I often receive feedback that patients are not seen by the hospice provider for several days after my referral has been submitted. This is very concerning to me as late hospice admissions can put patients et higher risk of ED visits/MD visits/Hospitalizations.

Envision has a reputation for commitment to their patients and to timely response to referrals. They have 'provided prompt and professional services to the patients I have referred to their home health agency, Additionally, Envision has expressed their plans to focus on increasing awareness of hospice services to patients living in adult family homes and nursing homes, both of which serve primarily geriatric patients."

Maria Loukyanov, Community Health Facilitator – Kent Primary Care
"Envision is a stable and established earn provider in King County and has an outstanding reputation. Envision has expressed their intent to provide for the special needs of the dementia and Alzheimer's patients and to work with providers to help with Advance Care Planning needs for this population. They also plan to increase services for patients residing in adult family homes and nursing homes as well as the Latino Community. With the high-quality services that we have grown accustomed to when dealing with Envision, I expect that Envision Hospice will be a tremendous benefit for these special populations, I strongly recommend Envision Hospice be awarded the Certificate of Need for both Pierce and Kitsap Counties and would refer patients to them without hesitation."

Providence Health & Services [source: public comment pdf15-16, 18-19]
"Envision's Patient Admission Criteria states: "The patient must be entitled to receive covered Hospice services under the Social Security Act (Medicare and Medicaid) or have other funding source." In response to a Department screening question pointing out the inconsistency of this provision with Envision's Charity Care Policy, Envision responded: "If a patient meets charity care eligibility as determined by the agency's 'Charity Care' policy, the funding source is 'charity care.' Hence, charity care is considered 'other funding source'." This response is not reasonable. At the time a patient seeks admission to Envision's program, neither the patient nor Envision knows whether the patient will ultimately meet "charity care eligibility as determined by the agency's 'Charity Care' policy." That policy requires the submission of financial documentation by the patient, followed by a review of that documentation by Envision, and, finally, the issuance of a charity care determination by Envision. Thus, will the patient's

admission be delayed while charity care is confirmed as the "funding source?" The language is at best unclear given the unusual characterization of charity care as a "funding source." The provision is a potential source of confusion for persons wishing to receive financial assistance, and thus represents a barrier to adequate access. The potential restrictiveness of the admission criterion is of further concern given Envision's "general description of types of patients to be served by the project": "those who have elected to avail themselves of the Medicare hospice program, or Medicaid, or private plans that are similar in organization, benefits, and payment arrangement." Like the provision in the Patient Admission Criteria, Envision's patient description presumes that potential patients will have some type of insurance coverage."

"Envision will provide "full charity care" to patients whose income is "below 200%"of the FPG. However, it does not make a commitment to providing charity care to patients whose income is above 200% of the FPG: "Partial charity care may be provided to patients [whose income is above 200% of the FPG] when circumstances determined by Envision Home Health indicate that full payment may cause social and financial hardship so as to significantly harm the patient or family unit." Thus, for patients whose income is above 200% of the FPG, Envision will make a case-by-case determination based upon subjective criteria that require a patient to demonstrate that they or their "family unit" will be "significant[ly] harm[ed]" if Envision does not provide charity care. Envision has not provided an FPG-based sliding scale to the Department."

Rebuttal Comment

Envision Hospice of Washington LLC Response: [source: Envision's August 3, 2020, rebuttal comments, pp6-8]

"*Responses to Providence*

1. *Providence states at page 12: ". . . .the Department has expressed concern regarding the admissions policies of Envision, Symbol, and Signature. The admissions policies of these applicants either state directly or imply that admission is conditional on ability to pay, ..."*

   Envision responds: Providence overstates its point, at least with regard to Envision. First, it wrongly groups Envision in with applicants that actually do have restrictive admissions and charity care policies, Symbol and Signature. Second, in order to distort the plain meaning of Envision's policy, Providence oversteps by underlining words it prefers to emphasize in order to make its unfounded complaint.

   - *While the Department did ask for clarification, it never "expressed concern" regarding Envision's Admissions policies. In response to Pierce screening question #17, Envision responded:*

     > *If a patient meets charity care eligibility as determined by the agency's "Charity Care" policy, the funding source is "charity care." Hence, charity care is considered "other funding source."*

   - *In fact, Envision's Admissions policy as provided with its application is already in place at Envision's three CON-approved and operating hospices in Washington. If the Department were "concerned" it certainly would have required Envision to provide a revised Admissions policy as a condition of granting those Certificates of Need in adjacent counties Thurston and King,*

plus Snohomish County. And, if the Department has a concern now, Envision has stated in response to Pierce Screening Question #18:

> *"These documents are not a draft and are currently used by Envision for hospice services. If the Department determines that it requires revision, please accept it as a draft, to be revised per Department requirements or conditions to a Certificate of Need."*

- *Even with Envision's clear explanation in screening response available to it, Providence's choice to read "funding source' to mean "ability to pay" lets it imply exactly the reverse of the policy's meaning. Envision holds a total of five Certificate of Needs in Washington. In response to CON requirements, Envision keeps track of its numbers of "charity care" patients and does this with an electronic patient records system which requires a response in the "funding source" data field. This data collection is standard hospice practice, not unique to Envision.*

  Providence asks at page 13, "Will the patient's admission be delayed while charity care is confirmed as the "funding source?" The answer is, of course, "no." Rather than delay a patient admission, the language in Envision's admissions policy to which Providence objects is actually part of the registration of a patient into Envision's care. For any patient needing care and also requesting charity care, the "charity care" funding source can readily be entered into the system. If it is later determined the patient is eligible for Medicaid or has other funding, that entry can be revised as appropriate. Despite the Providence effort to confuse the matter, this practice simply does not cause any delay in patient care at Envision Hospice of Washington.

2. *<u>Providence states at page 13:</u> "Like the provision in the Patient Admission Criteria, Envision's patient description presumes that potential patients will have some type of insurance coverage."*

   <u>Envision responds:</u> As the record already shows, Providence plans the least generous amount of charity care (0.34%) of all eight Pierce applicants. Perhaps Providence simply protests too much as a distraction from that. Veering away from its "policy" complaint to drive home a baseless concern, Providence cherry picks the one-sentence response Envision used in the CON application's "Project Description." At question D, to provide its "general description of types of patients to be served," Envision clearly says it will serve patients needing end-of-life care but limited to those who have chosen non-curative hospice care as defined by Medicare.

3. *<u>Providence states at page 16:</u> "Envision has not provided an FPG-based sliding scale to the department."*

   <u>Envision Responds:</u> While concentrating on the details of sliding fee scales, Providence ignores the whole purpose of Envision's charity care policy which states: Hospice will not deny palliative or hospice care to any individual based on that individual's ability to pay, national origin, age physical disabilities, race, color, sex, or religion.

Neither Providence nor Envision include or use the exact 2020 Federal Poverty Guidelines as published. Nevertheless, Envision points out that its charity care policy based on FPG's provides 100% assistance to patients that have incomes up to 200% of the poverty level and this as generous as any other Pierce applicant including Providence. Moreover, in contrast to Providence and others, Envision does not present a fixed scale or upper limit on the assistance that it can provide for those with incomes above 200% of the poverty level. Rather, Envision is able to provide assistance that is tailored to the specific patient and family needs in any given situation. By evaluating the needs of the patient and family unit as its policy requires, Envision is able to provide a more responsive amount of assistance than would be specified by a prescribed sliding scale such as that of Providence that drops to either 17% or 10%, based on the two tables Providence offered in rebuttal.

4. *Providence states at page 17: At "Conclusion: Need Criterion," Providence incorrectly lists Envision with six other applicants about which Envision agrees the Department should have concerns about "adequate access" by low-income persons and other underserved individuals and groups.*

   Envision responds: In the responses to Providence's statements above regarding "non-numeric" need, Envision has easily refuted Providence efforts to distort the meaning and intent of Envision's Admissions policy and the sliding fee scale of its charity care policy. It is not a surprise that Providence takes an exacting approach to its review of seven other applicants' approaches to charity care. As Envision pointed out in public comment, Providence plans to provide little charity care. Envision's Appendix PC-3 to its Pierce public comments shows that, nationally, Medicare "Program Payments per Person with Utilization," averages $12,311. Yet, with its forecast of charity care at 0.34% of gross revenue, Providence's third-year 2023 Pierce County financials forecast just $14,966 in charity care for the entire year. Thus, the record shows that amount is enough to cover the care of just over one charity care patient at the national average Medicare payment."

Department Evaluation

The Admission Policy provided by the applicant describes the process Envision would use to admit a patient to its hospice agency. The policy outlines rights and responsibilities for both Envision and the patient. The policy includes language to ensure all patients would be admitted for treatment without discrimination.

Envision anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 95% of its total revenues. Additionally, the financial data provided shows that Medicare and Medicaid revenue is expected and identifies charity care as a deduction from revenue.

Envision also provided a copy of the current Charity Care Policy used at its other hospice agencies. The policy provides the circumstances that a patient may qualify for charity care and outlines the process to be used to obtain charity care. Additionally, the pro forma financial statements provided show a charity care line item at 2% of net revenue.

Similar to Continuum's Charity Care Policy Providence raised concerns in public comment that the Envision's qualifying amount of income and other criteria does not provide charity sufficient charity care to Pierce County residents. However, the department requirements and review criteria do not provide a minimum set of requirements that each applicant's charity care policy must meet.

Also related to Envision's policies there was criticism that the Patient Admission Criteria could imply limitations to admission of indigent patients. Specifically, that the policy requires a patient to be covered for hospice services by some funding source for admission. Envision responded to this topic brought up in screening and referenced in rebuttal "*If a patient meets charity care eligibility as determined by the agency's 'Charity Care' policy, the funding source is 'charity care.' Hence, charity care is considered 'other funding source.*" [source: April 30, 2020 screening response, p8] Another critique brought up by Providence related to this issue and potential delayed admission of patients was also addressed by Envision in rebuttal and does not impact the viability of the proposed policies.

Again, the department does not have specific criteria directly applicable to hospice agencies which dictates specific requirements of a hospice agency's charity care policy. None of this information suggests that the services they proposed in Pierce County would be inadequate or inappropriate.

Envision's policies in along with its projected revenue from Medicare and Medicaid, and its anticipation of deductions from revenue for charity care substantiate Envision's intention of admitting and providing charity care.

In conclusion, Envision's Charity Care Policy and Admission Policy demonstrate that all residents of the service area may be accepted for services, regardless of the ability to pay. The department concludes that **this sub-criterion is met**.

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence Hospice provided copies of the following policies that would be used by the hospice agency. [source: Application, Exhibits 15, 16]

- Admission Process Policy
- Admission Criteria Policy
- Financial Assistance Patient Services Policy
- Non-Discrimination Policy

The Admission policies outline the processes and criteria that would be used to admit patients for hospice care. While neither policy includes non-discrimination, Providence also provided a non-discrimination policy that includes appropriate language to ensure non-discrimination.

The Charity Care policy provided by Providence Hospice outlines the details and information used to establish a resident's financial needs, and is currently in effect at the agency. [source: Application Exhibit 16]

For its proposed Pierce County operations, Providence Hospice would also be available for both Medicare and Medicaid patients. Providence Hospice provided the projected payer mix for hospice services in Pierce County. These percentages are based on actuals at the agency. [Source: Application, pdf36]

Department's Table 5
Providence Pierce County
Projected Payer Mix

Payer	Percent
Medicare and Medicare Managed Care	81.2%
Medicaid and Managed Care	11.2%
Commercial, private, veterans etc.	7.6%
Total	**100.0%**

Public Comment

Jeffrey Robert, Chief Operating Officer – Swedish Health Services

"Providence Hospice of Seattle has an established history and reputation of providing unique services to underserved populations in King County, and it intends to offer these same services to Pierce County residents, as applicable. In serving King County residents. Providence Hospice of Seattle offers services and program that include but are not limited to the following: 1) pediatric hospice and palliative care services, 2) cardiac hospice services, 3) end stage renal disease program, 4) We Honor Veterans Program, and 5) Grief and bereavement services (including Safe Crossings and Camp Erin)."

Anne Anderson, RN – Seattle Children's Palliative Care Program

"I am writing today to express my strong support of the Providence Hospice of Seattle certificate of need application (#20-43) to extend operations into Pierce County, WA. My hope is that their presence in Pierce County would benefit children that deserve and need good quality pediatric hospice support. As a pediatric palliative care nurse in King County for the last fifteen years, I have seen varying availability of hospice support for children in Pierce County. When I was a community based hospice nurse, I took care of children who had to spend their last days away from their home in Pierce County because there wasn't a hospice willing to support them in their own community. For a couple of years, Multicare Hospice ramped up their pediatric hospice program, then abruptly shut it down again.

I work as the nurse coordinator with the Palliative Care Program at Seattle Children's Hospital. Recently we have been able to refer to Multicare and Franciscan Hospices, and they are doing good work, but these are not pediatric programs. Providence Hospice of Seattle has a proven track record for compassionately serving children and their families with hospice.

I strongly recommend that Providence Hospice of Seattle receive a certificate of need to be able to serve patients in Pierce County, and especially the pediatric patients and families who need pediatric specific support at the end of their lives."

David Brunelle, MD

"As recently as 2019, I was Medical Director for Pediatric Hospice with MultiCare in Tacoma. Prior to that I developed a Pediatric Palliative Care Service for the same organization and

served several years on the Board of the Washington State Hospice and Palliative Care Organization. Through that work I was able to champion the cause of Hospice services for all ages but with a particular passion for providing home-based end of life care for infants, children, and young adults. I also had the privilege of helping to guide those modifications to CON needs assessments which have led to current service expansion.

For decades I have been familiar with the fine work being demonstrated by this state's various Home Health and Hospice organizations. The vast majority provide very good to excellent care within their service areas, but Providence has remained among the very best of these agencies. More to the point, they are the only organization to have consistently met the needs of dying children in our region, often agreeing to provide services for families beyond their designated service area through the waiver program. These are patients who consistently were not being served by those already holding the CONs in Pierce County. Awarding Providence Hospice with the newly available CON is more a matter or ratifying the fine work they alone have been willing to do for many, many years already."

Envision Hospice of Washington, LLC [source: public comment part 2 pdf25]
"Charity care projected for the Pierce hospice project is 0.34% of total revenue. So, while PHOS can rely on the Providence St. Joseph charity care policy provided with the application, the actual PHOS historical and proposed level of charity care dollars is a concern the Department should take into account considering there are eight competing applicants. This is particularly true in light of a "tiebreaker" requiring the successful applicant to demonstrate superiority in serving disadvantaged persons."

"The Department requires applicants to provide acceptable charity care policies. At times, it has approved an applicant with low projected charity care percent of revenue but required a greater percentage as a condition of its granting a Certificate of Need. However, in the field of eight competitors for a Pierce hospice CON, this practice is not appropriate. The Department does not need to trade its granting a CON to a Pierce hospice applicant in exchange for increased charity care. In fact, CON applicants are not permitted to make other changes in their financials after the Beginning of Review and neither should they be able to promise changes to charity care levels in trade for a CON approval. This practice may be deemed necessary and acceptable when the Department uses its leverage to condition a sole CON applicant to adopt a higher charity care figure, but such a choice is not necessary in a hospice concurrent review with so many applicants from which to choose in Pierce County."

Russell Hilliard, Seasons Hospice [source: public comments pdf59, 64, 65]
"Providence identifies its forecast as an estimated percent by patient diagnosis. However, it neglects to identify any AIDS patients, which is specifically identified in the application form, therefore criteria for approval is not met."

"Providence contracts with another company, Total Triage, for "back-up" service after their regular hours of 8:00 a.m. to 4:30 p.m. Contracting with an answering service can cause discontinuity and lags in service, resulting in patients revoking the hospice benefit and returning to the hospital for care. Unmet need will not be met with this approach."

"Providence identifies facilities in King County that it currently contracts with for inpatient and respite care. Patients often cross county lines seeking hospital care, depending upon available services and driving times. However, Providence's location in Seattle fails to meet the service needs of residents of Pierce County."

Rebuttal Comment
Providence provided rebuttal to Seasons' concerns, below. [source: rebuttal pdf23,29]

*"**Contrary to Seasons' assertion, Providence Hospice will, in fact, provide care to AIDS patients.***

As part of its misleading effort to suggest that Providence Hospice will not be providing access to all residents of Pierce County, Seasons appears to imply that, because our table of projected patient diagnoses does not include a category for patients with an AIDS diagnosis, we will not be providing services to AIDS patients. Seasons' implication is wrong.

We based our patient diagnosis table on the 2017 national diagnosis mix, as developed by the National Hospice and Palliative Care Organization ("NHPCO"). In addition to diagnosis categories for Cancer, Cardiac and Circulatory, Dementia, Respiratory, and Stroke, the table includes a category for "Other," within which patients with an AIDS diagnosis are included. Our categorization approach is based upon data and standards developed by the NHPCO, and upon the fact that patients with an AIDS diagnosis account for a small percentage of hospice patients. This approach also is consistent with prior hospice CN applications approved by the Department, including the Providence Hospice of Oregon 2019 Clark County application. Most importantly, we wish to unequivocally confirm that we will provide hospice care to patients with an AIDS diagnosis, as we have always done. Any implication by Seasons to the contrary is incorrect."

*"**There is no merit to Seasons' argument that Providence Hospice's contract with Total Triage for back-up answering services is inappropriate.***

Providence Hospice contracts with Total Triage for back-up call answering services. Seasons argues that "[c]ontracting with an answering service can cause discontinuity and lags in service." There is absolutely no merit to Seasons' unsubstantiated and unsupported assertions. Seasons provides no specific facts relating to Providence Hospice to support these general observations. Nor, tellingly, does it make any criticisms of Total Triage, which is a well-respected, long-established industry leader in the provision of back-up call answering services by well-trained caregivers. There is no merit whatsoever to Seasons' argument.

Moreover, CMS Hospice Compare/CAHPS data directly contradicts Seasons' claims. Providence Hospice provides high-quality care. This is confirmed by the most recent CMS Hospice Compare/CAHPS data. If Providence Hospice was experiencing the issues alleged by Seasons (which, as noted above, it is not), this might perhaps be reflected in the data, with Seasons scoring higher than Providence Hospice. In fact, the opposite is the case: Providence Hospice scores higher than Seasons in all categories shown in the table below, including

"Received Timely Help" and "Good Communication," as well as in the combined score. Accordingly, Seasons' argument has no merit and must be disregarded by the Department."

Department Evaluation

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

The non-discrimination policy includes language to ensure all patients would be admitted for treatment without discrimination.

Providence Hospice anticipates its Medicare and Medicaid revenues for the proposed hospice agency will be approximately 92% of its total revenues. Providence Hospice does not expect any change in its Medicare and Medicaid revenues over time. Additionally, the financial data provided in the application shows that Medicare and Medicaid revenue is expected.

Providence Hospice also provided a copy of it proposed charity care policy that would be used at the hospice agency. The policy provides the circumstances that a patient may qualify for charity care and outlines the process to be used to obtain charity care. Additionally, the pro forma financial statements provided in the application show a charity care line item. Providence provided sufficient information in rebuttal to discount Seasons concerns – AIDS patients will be served, and using an answering service for after-hours calls should not be an impediment to patient access.

The department concludes **this sub-criterion is met**.

Seasons Hospice & Palliative Care of Pierce County, LLC

Seasons Hospice provided copies of the following policies that are currently used by their operational agencies and would also be used by the proposed Pierce agency. [source: Screening Responses, Attachment 11, Application, Exhibit 13]

- Admission Criteria
- Admission Process
- Charity Care

The admission policy and charity care policy include all required information for Certificate of Need purposes.

For its proposed Pierce County hospice agency, Seasons Hospice would also be available for both Medicare and Pierce Medicaid patients. Seasons Hospice provided the projected payer mix for hospice services. [Source: Screening Response, pdf26]

Department's Table 6
Seasons Pierce County
Projected Payer Mix

Payer	Percent
Medicare and Medicare Managed Care	91.00%
Medicaid	1.00%
Commercial, private, veterans etc.	7.00%
Charity Care	1.00%
Total	**100.0%**

Seasons provided the following statements related to this sub-criterion:

"Seasons Pierce County' s programs increase enrollments by creating a diversity council or councils whose member volunteers come from minority groups, an example of which appears in ***Exhibit 6.*** *These councils act as key informants that identify impediments that may exist that limit hospice enrollment. The councils also participate with Seasons Pierce County's employees to develop solutions to remove barriers to hospice care.*

For example, recruiting employees that are members of minority groups brings insight into how to approach members in each minority group. Bilingual staffs open many doors sharing cultures and languages. Other options include making promotional materials available in other languages that invites requests for more information.

Including in the promotional materials information about accepting all persons with a terminal illness without regard to ability to pay sends an invitation to low income persons to openly ask for information, freeing them from concerns regarding money. Seasons Pierce County' s commitment to all persons regardless of race, ethnicity, income, religion, gender, or physical or mental disability establishes an "open roadway" into care.

Recognizing the need for additional outreach to the disadvantaged and vulnerable population, those typically categorized as under-served, Seasons Pierce County commits to serving the following under-served populations, as described previously in Section 111.A.2.

- *The Homeless*
- *Minority populations, including African-Americans, Hispanics and LGBT community*
    - *The elderly, particularly those residing in Nursing Homes and Assisted Living Facilities*
    - *Residents with Alzheimer's Disease*
    - *Children*

Of utmost importance in maintaining the pathway into care is the call center. With 24 hour, seven days a week capability to meet the patient and his or her family for an assessment, the patient understands that he or she matters, that his or her concern is important, and that Seasons Pierce County exists to address all needs as a partner in care." [source: Application pdf52-53]

Public Comment

Providence Health & Services [source: public comment pdf19]

"Seasons is the only applicant who has provided an FPG-based sliding scale that is somewhat comparable to the sliding scale provided by Providence Hospice. However, Seasons' charity care policy contains an important precondition to charity care qualification which may prevent patients from receiving charity care under its policy. The precondition states: "The liquid assets of the applicant [for charity care] may not exceed $2,000." This condition creates a significant potential barrier to charity care qualification."

A representative selection of letters of support are highlighted below:

Maggie Sekeramayi, MD

"In Pierce County, our two largest hospice providers, in my professional opinion, are working at capacity. While the care they provide is good, the needs of the community have far outpaced the provider's ability to meet that need. This is perhaps best demonstrated by the long admission and intake times I see when making referrals. In most cases it takes a week - and often longer- for patients to be assessed and admitted. I was impressed to learn Seasons Hospice has a 24-hour admission policy.

After researching Seasons Hospice and Palliative Care's mission, philosophy of care , and approach to patient experience, I am happy to offer this letter of support on behalf of their application for the Certificate of Need. Additionally, I look forward to serving as their Medical Director in Pierce County. Together, we will work to create a new standard of care through Seasons' innovative programs and therapies, most of which go well beyond the traditional hospice benefit. Some of these programs include:

- *Open Access -Allows patients currently receiving medical treatments and/or experiencing intense psychosocial issues access to hospice services earlier; a blended model between curative and palliative care;*
- *Seasons Cultural Inclusion Council (CIC) was founded to honor and respect the diverse communities that Seasons serves, and to address the disparities in access to hospice and palliative care. The CIC oversees the specific programs including: The African American Council, Seasons Hispanic Services, Jewish Hospice Services, SAGE Care, and others;*
- *Namaste Care -Their specialized program to improve the quality of life for patients with dementia and Alzheimer's;*
- *Music Therapy - Seasons is the largest employer of music therapists in the US;*
- *We Honor Veterans - By participating in this VA program, they serve those who served our country;*
- *Seasons Foundation- Provides financial assistance to patients experiencing hardships, funds wish granting projects, and a bereavement camp for children called "Camp Kangaroo."*

I am excited at the prospect of bringing Seasons Hospice and Palliative Care to our community. Patients and families in need of end of life care will benefit greatly from a community partner like Seasons."

Balu Natarajan, MD – CMO, Seasons Healthcare Management

"We recognize that there is unmet need of pediatric palliative care patients in Pierce County, WA, and we are ready to offer our Kangaroo Kids Pediatric program in the community if our CON application is approved. We find that pediatric patients and their families have unique needs along the end of life trajectory.

From a medical perspective, we utilize state of the art assessments on each visit to anticipate symptoms and prevent discomfort. Our goal is to "answer the phone before it rings" ***by*** *seeing around the corners to ensure pain and symptom management are well treated in advance. Our investment in learning and development has assisted our staff in gaining the competence needed in serving pediatrics in hospice care, and our ongoing education keeps them abreast of current best practices. We have cared for medically complex patients in our Massachusetts, Illinois, Indiana, and Wisconsin sites. Pediatric patients may present with rare chromosomal disorders, glioblastomas, neuromuscular abnormalities (brain/spinal cord malformation, intellectual disability, CNS disease, cerebral palsy, epilepsy, muscular dystrophy), cardiovascular illnesses (heart malformations, cardiomyopathies, and dysrhythmias), cancer, bone/joint abnormalities, and diaphragmatic/abdominal malformations. Our staff are provided education and training for each patient in their care.*

From a supportive care perspective, we recognize that the family system truly comprises the unit of care, and parents, siblings, and other loved ones need significant emotional and spiritual support along the way. We provide Music Therapy for patients and their families to create a sense of normalcy, joy, and connection. Our Leaving a Legacy program utilizes art, music, and other media to facilitate expression, find purpose and meaning, and create a lasting connection.

From a care collaboration perspective, we appreciate the value of the Concurrent Care Model, allowing patients to access acute and hospice care simultaneously. In our Indiana program, we are the provider of choice for Riley Children's Hospital and have demonstrated seamless collaboration in the provision of care. This is hugely beneficial for families, as they have the lasting connection with the acute care team while the hospice team takes care of needs in the home environment.

I am confident that we can help improve access to care for pediatric patients in this service area if we were awarded the license, and we look forward to making a difference in the community."

Rabbi Chaim Posner, Beth Tfiloh Congregation

In addition to the care that I have now witnessed, I am also familiar with Seasons commitment to providing care to our Jewish community. Although we are less than 10% of the population in the area, Seasons has developed an entire Jewish Hospice program to make sure their staff understands the unique needs of our people, including our customs in the home and the holidays we celebrate. I have worked with Rabbi Daniel Rose who is a full time Jewish Chaplain with Seasons. During the 3 years that he has been on their team he has enhanced the knowledge of the value of hospice care to the Jewish community. Observant Jews are often unwilling to consider hospice care as they feel it does not comply with Jewish Law. By working with many rabbis and teaching lay people, Rabbi Rose has made a difference and more Jewish people are receiving hospice care. Under Rabbi Rose's direction, Seasons even had a Kosher kitchen and

family room constructed in the Sinai hospice unit to accommodate Jewish families while their loved ones were in the unit.

In summary, for the benefit of the people in your community who may need end of life care, I urge you to strongly consider Seasons' application to provide that care. They have excelled in providing care to our challenging community. I am certain they will do the same for yours!"

Kevin M. Bates, CEO – Helping Hands House
"HHH serves primarily East Pierce County where incomes are 30% lower than other areas of the county. We see a need for increased services in our part of the county, and I'm happy to learn that Seasons has a well-designed plan to serve the entire county if awarded the CON. They are reaching out to agencies in under-served areas to learn about needs and how they can modify their services to meet unmet needs."

Rebuttal Comment
Seasons provided the following rebuttal to Providence's comments:

The above assumption is false. Seasons Pierce County's Charity Care Policy, provided in Exhibit 13 of the application, states that "Seasons does not discriminate based on a patient's ability to pay." In regards to the liquid assets requirement not to exceed $2,000, the policy also states, "exceptions will be reviewed on a case-by-case basis. Approval can still be made depending on the case circumstances." Furthermore, the policy states that all patients are eligible to apply, and alternate funding options are available, including Premium Assistance grants awarded by Seasons Hospice Foundation.

Seasons Pierce County fully expects to meet its charity care projections in the revised pro forma found on page 25 of the Screening Response. Documentation of past charity care provided through the national Seasons Hospice Foundation and proposed contributions of Seasons Pierce County is stated on pages 38-39 of the application, "Through the Seasons Foundation, contributions of over $4.5 million annually in charity care, touch lives by realizing hopes and dreams of individuals on hospice care… ***Seasons Hospice & Palliative Care of Pierce County, LLC will donate funds each year, beginning with $12,500 the first year of operation, to Seasons Hospice Foundation restricted to Pierce County programs that directly serve homeless persons.*** *Seasons Pierce County increases funding for the homeless to $25,000 in year two and $50,000 in year three." (These amounts are covered by the amounts in the pro forma.) In addition to Seasons Pierce County contributions, page 2 of the Screening Response states, "In regards to Seasons Hospice Foundation, Seasons Pierce County anticipates support through the Foundation for community bereavement programs such as Camp Kangaroo and Wish Fulfillment and Emergency relief." Therefore, Seasons Pierce County assures residents of Pierce County access to charitable care when needed.*

Department Evaluation
The admission policy provided by the applicant describes the process Seasons Hospice would use to admit a patient to its hospice agency and outlines rights and responsibilities for both Seasons Hospice and the patient. The policy includes language to ensure all patients would be admitted for treatment without discrimination.

Seasons Hospice anticipates its Medicare and Medicaid revenues for the proposed hospice agency will be approximately 92% of its total revenues. Seasons Hospice does not expect a significant change in its Medicare and Medicaid revenues over time. Additionally, the financial data provided in the application shows that Medicare and Medicaid revenue is expected.

Seasons Hospice also provided a copy of it proposed charity policy that would be used at the hospice agency. The policy provides the circumstances that a patient may qualify for charity care. Additionally, the pro forma financial statements provided in the application show a charity care line item.

Comment about the Patient Financial Assistance policy center around the details of potential limitations to charity care awards. Seasons identified in rebuttal that there is exception language to any dollar amount caps and are reviewed on a case-by-case basis. As it stands, Seasons budgeted approximately 1% of gross revenue to charity care, which is generally consistent with what is seen in CN applications. For hospice applications, the CN program expects an applicant to demonstrate a commitment to providing charity care and providing access to all residents of the service area. This condition for charity care does not appear to be restrictive to the point where this application should fail under the review criteria.

With the information provided in the application, the department concludes **this sub-criterion is met**.

Signature Hospice Pierce, LLC

In response to this sub-criterion, Signature Hospice Pierce provided a copy of the following policies. [source: Application Exhibit 12C, screening response Attachments 6 and 7]

- *Admission Criteria and Process Policy*
- *Charity Care Policy*
- *Intake Process Policy*

Signature Hospice provided the following payer mix for the Pierce County hospice services. [source: Application, pdf24]

Department's Table 7
Signature Pierce County
Projected Payer Mix

Payer	Percent
Medicare and Medicare Managed Care	97%
Medicaid	2%
Commercial, private, veterans etc.	1%
Total	**100.0%**

Signature Hospice provided the following statements regarding hours of operation and patient access to services outside of the hours of operation. [source: Application, pdf28]
"Signature Hospice, LLC will intend to operate a business office from 8am-5pm Monday-Friday. There will be access to a physician, and nurse 24/7 for all patients and families."

Public Comment

Russell Hilliard, Seasons Hospice [source: public comment pdf74, 75-76, 77-78, 80]

"Avamere states it will serve "all patients eligible for hospice service," indicating that the number of terminally ill patients electing the hospice benefit increase with age, citing national NHPCO data. This implies only the elderly, age 65 and over, will be served. This would limit access to hospice care for those under the age of 65. Furthermore, there is no analysis about the types of patients defined by specific needs and circumstances within Pierce County. Because the county does not currently have a pediatric hospice program, terminally ill children are without hospice care at home. Avamere does not acknowledge that this subset of the unmet need population requires a team with specialized training and skill sets."

"Avamere incorrectly states there are 7 hospice agencies that operate in Pierce County when in fact there are 3. Therefore, Avamere does not understand the hospice market in Pierce County. No utilization is provided. No availability analysis is provided. It is evident that no understanding of unmet need or how to address it in Pierce County is known by the applicant."

"Avamere does not address accessibility issues in Pierce County, simply stating that hospice providers are not keeping pace with the growing, aging population. Furthermore, an office location outside of Pierce County impedes access to timely hospice service."

"Avamere projects 97.0% of revenues for Medicare, 2% for Medicaid, and 1% for Commercial Insurance. This limits access to care for terminally ill patients under age 65, failing to provide a range of payors. When asked how Avamere would provide access for patients in the 0-64 age range as a Screening Question (#15), the response does not address the access issue.

Avamere provides documentation from the Kaiser Family Foundation that "6% of the population in the state of Washington has "non-group" insurance, which is defined by private insurance, otherwise known as commercial insurance." While they also state that not all of this group will need hospice, they further state that "14.9% of the population in Pierce County has non-group insurance. This is higher than the state average [emphasis supplied]." Avamere further states that the Pierce County non-group insurance rate is similar to the 13.1% rate in Multnomah County where their Portland office is located and therefore would have a similar experience.

However, just because only 1% of Avamere hospice patients in Portland are covered by commercial insurance, doesn't mean that the total hospice need for those covered by commercial insurance in Multnomah County is 1% of the population. According to the National Hospice and Palliative Care Organization's 2018 Facts and Figures report, 5.1% of hospice patients in 2017 were under the age of 65. Therefore, Avamere's proposal perpetuates their apparent practice to focus service on the elderly at the expense of limiting service to those under age 65. The numerous skilled nursing facilities affiliated with Avamere Group, LLC suggests the hospice focuses on serving its affiliates, rather than identifying under-served subpopulations in need."

"Avamere indicates that patients and families will have access to a physician and nurse 24/7, but does not explain how patients have access, whether there is an answering service, or other

method of communication. With no specific program description of how they provide service 24/7, timely access is limited."

Providence Health & Services [source: public comments pdf13-14, 16]
The eight applicants' payor mix figures are set forth in Table 6. These figures vary a great deal across the applicants, and, in some cases, notably Bristol, Seasons, Signature, Symbol, and Wesley, diverge significantly from the expected percentages set forth in Table 5.

Table 6: Payor Mix Distribution, by Applicant

Payor Mix, Percent of Gross Revenues, Year 3	Expected Payor Mix	Bristol	Continuum	Envision	Providence	Seasons	Signature	Symbol	Wesley
Medicare	83.0%	98.2%	87.5%	85.0%	81.2%	90.1%	97.0%	94.6%	91.0%
Medicaid/State	3.7%	1.0%	10.9%	10.0%	11.2%	3.0%	2.0%	4.0%	8.0%
Insurance/HMO/Other	13.3%	0.8%	1.6%	5.0%	7.2%	5.9%	1.0%	1.4%	1.0%

Potential "adequate access" issues relating to six of the applicants are discussed below. Of particular concern, as reflected in the Department's screening questions to several of the applicants, is whether an applicant is fully committed to providing hospice services to patients of all ages. The lack of such commitment may be reflected in a high Medicare percentage and/or a low Insurance/HMO/Other percentage. In addition, the low projected Medicaid percentages for some applicants raise concerns regarding their commitment to providing services to low-income persons and other underserved individuals and groups.

Signature asserts that it intends to serve low-income persons and other underserved groups. However, the projected payor mix for Signature's program does not support this assertion. As shown in Table 6, Medicaid constitutes only 2% of Signature's payor mix. This is below the expected Medicaid payor mix of 3.7% shown in Table 5 above. In addition, Signature's projected "Commercial" payor percentage is only 1% of its total payor mix. This raises questions regarding Signature's commitment to providing adequate access to "all residents of the service area," including patients of all ages."

"Signature's Admission Criteria and Process Policy states that "a patient's ability to pay . . . will be considered" in admission decisions.34 In a screening question to Signature, the Department states that the provision "does not meet the availability and accessibility criteria in WAC 246-310-210(2)." In response, Signature submitted a revised policy, which preserves the language that is not consistent with WAC 246-310-210(2). In addition, Signature submitted a revised and weakened Charity Care Policy, which now states that persons in need of financial assistance "will be considered for charity care admission," rather than "accepted for charity care admission," which is the language included in its original Charity Care Policy. These provisions raise concerns with respect to Signature's commitment to the provision of charity care."

"Although Signature has provided an FPG-based sliding scale to the Department, the scale is extremely deficient in terms of its generosity. Only patients whose income is at or below 100% of the FPG are entitled to receive full charity care. Patients whose income is between 100% and 200% of the FPG are only entitled to receive partial charity care based upon a sliding scale.

Finally, Signature provides no charity care whatsoever to patients whose income is above 200% of the FPG."

Bristol Hospice [source: public comment pdf11]
"On its screening Signature was asked to clarify its Admissions Criteria Policy, specifically the language that states, "a patient's ability to pay". Signature provided an updated policy in Attachment C that does not revise this statement, therefore disqualifying Signature under Structure and Process of Care."

Envision Hospice of Washington, LLC [source: public comment part 3pdf8-10]
"Hospice access by persons under age 65
At page 9 of its application, Signature states its project "will assure all residents of Pierce county in need of hospice services have access and choice to compassionate end of life care." Perhaps due to the Avamere Group's history of "25 years in the senior care service market," Signature's application does not recognize the 13% of Washington's hospice admissions are persons under age 65.

Signature's proposed payer mix, including 1% "commercial," leaves most of expected Signature admissions by persons under age 65 without third party coverage. In so doing, it shortchanges the "underserved" population under age 65 and also reduces financial access by members of minority groups whose numbers of deaths peak in the age cohort 45---65.

It is important to note that an applicant's percent "commercial" payer mix depends on actions taken by the applicant to contract with commercial payers in the region. So "commercial " is not a passive figure like charity care for which the applicant may simply respond to referrals without any targeted outreach or other effort to attract admissions. Planning for only 1% "commercial" admissions assumes Signature's marketing plans do not include contracting with enough payers to specifically serve persons under age 65

One actually using (or even adopting) the Method to determine need for a planning area would be aware of the age---related use rates it is built on and would likely notice the information at Step 1 that shows the three---year average of Washington hospice admissions by age cohorts "under 65" and "65+." A look at the Signature application's own Table 4 or a simple calculation at the Method's Step 1 shows that a substantial number of Washington hospice admissions are for persons age under 65.

In response to a screening question about this matter, Signature affirmed its 1% "commercial" rate. Signature states it has experienced only 4% of its Oregon patients in that age group. That fits with national data Appendix PC---3 that shows, approximately 4% of Medicare patients are under age 65.

In further response, Signature also provided a confusing and unrelated discussion of group and non-group insurance coverage in Pierce County that provided no rationale for its apparent position that persons under 65 will be adequately served by its proposed payer mix.

Admissions policy

The Department's screening letter requested that Signature revise language in its Admissions Policy:

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

Signature did not make the revision requested of it but added the words "income level" to a different paragraph of the policy:

> *Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, place of national origin, income level, or other underserved groups.*

The result is Signature's having an ambiguous Admissions Policy that is not internally consistent in its meaning and will not provide clear guidance to its decision makers or useful information to potential patients who may apply for charity care. While the Department may wish to grant Signature a CON with the condition it revise the policy, there are seven other applicants for it to consider and a number for which such a condition is not likely necessary.

Charity care policy

Signature's proposed Charity Care Policy commits to establishing objective criteria for determining eligibility for charity care:

> Patients without third-party payer coverage and who are unable to pay for hospice care will be accepted for charity care admission, per established criteria.
>
> Signature Hospice will establish objective criteria and financial screening procedures for determining eligibility for charity care.

Yet, the Signature application contains no criteria, either in the proposed policy or elsewhere in the document. Without providing its criteria, the Department cannot determine just what Signature's policy and practices are. In its response to a screening question requesting its "objective criteria," Signature provided a copy of the sliding fee scale and application for a discount. While these may help establish the level of charity care for which one is eligible, neither of these additional documents provide any criteria by which Signature determines whether a patient is actually eligible for charity care."

Rebuttal Comment

In response to the comments above, Signature Hospice provided the following statements. [source: rebuttal pdf2-3]

"Some applicants stated that our Admission Criteria Policy was not edited to meet the requirements of the Department of Health, even after it was edited in the Concurrent Review.

The admission policy was edited to meet the language of WAC 246-310-210 (2) by adding the verbiage at the end of paragraph 2 under the Policy section to include "income level, or other

underserved groups". The whole second paragraph of the Admission Criteria Policy and Process on page 46 of the Concurrent Review now reads:

"Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, place of national origin, income level, or other underserved groups."

In addition, the Charity Care policy was revised to meet the requirements as stated in the Concurrent review. By changing the verbiage from "accepted" to "considered" and adding additional appendixes to serve as additional guides ensures that all the revised policies are now able to be interpreted appropriately by the Department of Health.

The Policy verbiage of the Charity Care Policy on page 51 of the Concurrent Review now reads:

"Patients without third-party payer coverage and who are unable to pay for hospice care will be considered for charity care admission, per established criteria. Signature Hospice will establish objective criteria and financial screening procedures for determining eligibility for charity care. Refer to established Sliding Fee Scale appendix 4-027a and Discount Application appendix 4-027b. The organization will consistently apply the charity care policy."

The established criteria of the appendixes in the Sliding Fee Scale and Discount Applicant are very clear and generous and while it may differ from a not for profit company, that is why there are different policies and different practices between companies for profit and those not for profit. The Policy does not limit the patients we serve, as Signature Healthcare at Home is committed to serving every patient who is in need of hospice services and enhancing their life through compassionate and quality care.

We would also like to reiterate our commitment to everyone in need, including those seeking death with dignity and a safe partner and space to provide bereavement and end of life care. Signature is that quality partner and shepherd with experience and proven commitment to all those with end of life care needs. Several applicants questioned this in their public comments, and we felt like it was an important item to address."

Department Evaluation

The Admission Policy provided by the applicant describes the process Signature Hospice would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination. While the policy does not specifically state that pediatric patients would be served at the agency, it does not definitively exclude them.

The Admission and Charity Care policies are typically used in conjunction; therefore, the Charity Care Policy does not specifically include non-discrimination language to ensure all patients eligible for hospice services could be served by the new agency. The Charity Care Policy provides the process to obtain charity care.

Signature Hospice anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 99.0% of its total revenues. While Signature Hospice's

payer mix for combined Medicare and Medicaid is consistent with past hospice applications reviewed by the department, Envision Hospice of Washington and Providence expressed concerns about the projected payer mix. The concerns questioned whether the percentage of 1.0% for commercial/other payers could be consistent with the sub-criterion. Signature Hospice provided rebuttal statements, but did not address this specific topic. Though the 1% commercial does not represent a large number of patients, between Medicare, Medicaid, charity care, and commercial payers it appears Signature will be available to the majority of payer types.

Additionally, Signature Hospice's financial data provided in the application shows that Medicare and Medicaid revenue is expected and identifies charity care as a deduction from revenue as required. Envision's concerns are noted, however, the department does not have a set payer mix percentage that must be met by an applicant.

Signature Hospice also provided a copy of the Charity Care Policy to be used at its new Pierce County agency. The policy provides the circumstances that a patient may qualify for charity care. Additionally, the pro forma financial statements provided in the application show a charity care line item at 1.0% of gross revenue.

The documents provided in the application referenced as the Intake Process also provide information necessary to review this project. Their charity care process and policy appear appropriate.

The department concludes that the Signature Hospice application **meets this sub-criterion**.

Symbol Healthcare, Inc., dba Puget Sound Hospice

In response to this sub-criterion, Symbol provided copies of the following policies. [source: Application, Exhibit 6]

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

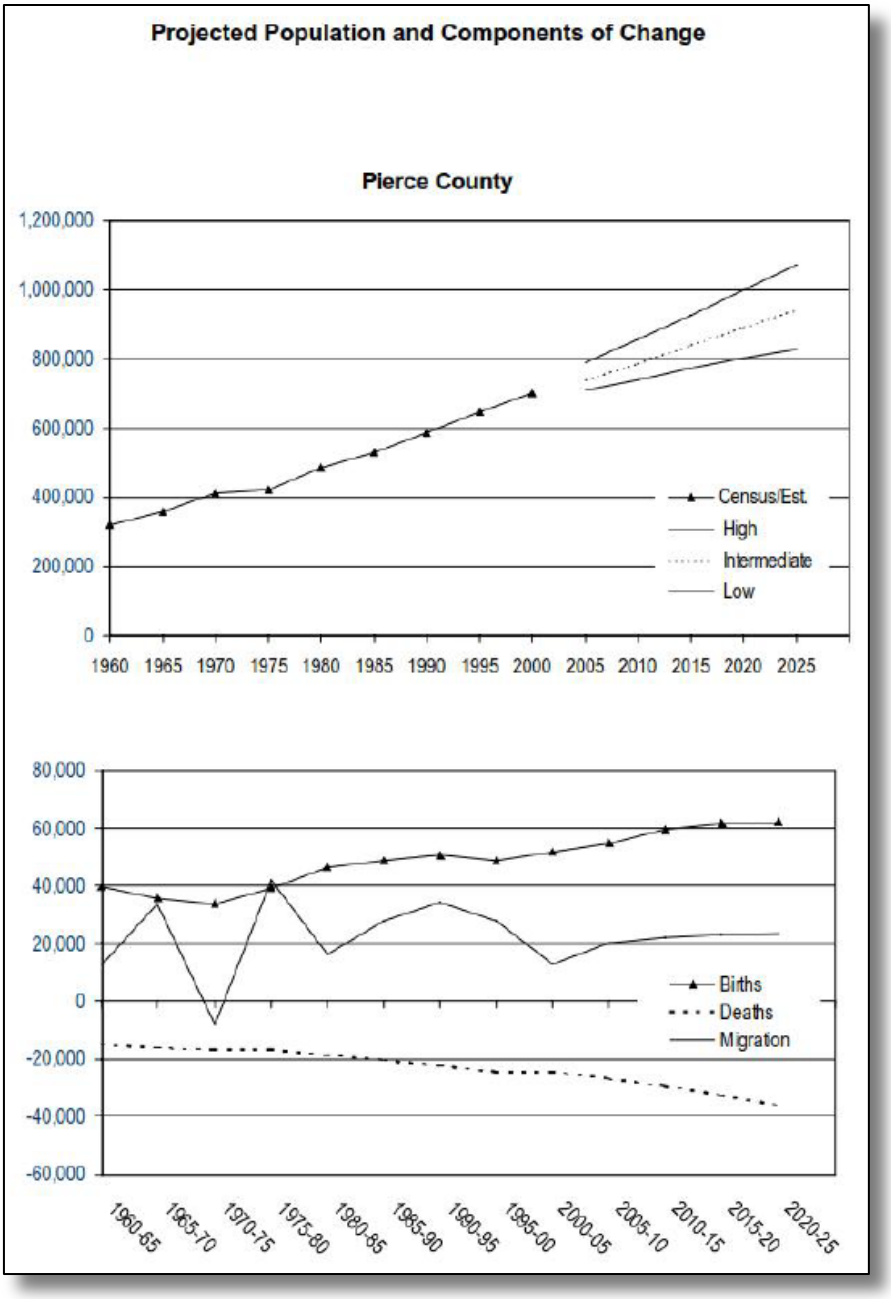
Charity Care – the stated purpose of this policy is "*To identify the criteria to be applied when accepting patients for charity care.*" The policy provides the procedure to determine if a patient qualifies for charity care; and states that "*The organization will consistently apply the charity care policy*." The policy identifies that the Executive Director/Administrator will determine the appropriate amount of charity care to be provided.

Nondiscrimination Policy and Grievance Process – the stated purpose of this policy and process is "*To prevent organization personnel from discriminating against other personnel, patients, or other organizations on the basis of race, color, religion, age, sex (an individual's sex, gender identity, sex stereotyping, pregnancy, childbirth and related conditions), sexual orientation,*

disability (mental or physical), communicable disease, or national origin." This policy documents the efforts Symbol will make to prevent discrimination in its delivery of hospice services and outlines the process for filing grievances or complaints on the basis of discrimination.

In response to this sub-criterion, Symbol provided the following statements.
"*Puget Sound Hospice will serve all patients who desire to be cared for by Puget Sound Hospice. In support of Pierce County's Commitment to meeting the needs of its diverse population, with an increasing number of adults 55 to 74 years old,4 we anticipate that we will provide hospice care to patients across all demographic groups and traditionally underserved populations, including veterans, low-income person, racial and ethnic minorities, individuals with substance abuse history and mental health issues, and those with limited English speaking. Puget Sound Hospice shares the County's leadership vision of embracing the diversity of our communities and partnering with state and local government, community-based organizations, and others to improve the care of all patients*." [source: Application p9]

"*Based on the above, the negative impact of failing to meet the hospice needs of the residents of Pierce County would be considerable. Pierce County has experienced increased population growth over the past decade and this pattern is projected to continue. The graphs below show this growth trend continuing up through 2025.*



The nature of hospice is to provide care, comfort and support to some of our most vulnerable residents as they experience perhaps the most fragile time of life, wherever they reside. Accessibility to a provider of the patient's choice is critical to providing the most appropriate type of care, individualized to best meet the patient's needs. The numeric need indicates that accessibility to providers is limited in 2020 which could leave those residents of Pierce County nearing the end of life with limited or no options. With limited access to hospice care hospice-appropriate patients will be unable to receive the individualized hospice care they need. Puget Sound Hospice is confident it can provide superior, life-changing care to those residents in need and meet the County's unmet need for hospice outlined above." [source: Application pp13-14]

Additionally, Symbol provided the following analysis. [sources: Application, pp15-16 and April 22, screening response, pdf6]
"*As stated in the 2019 Pierce County Community Health Assessment and shown in Exhibit 13, there is an increasing number of adults 55 to 74 years old in Pierce County. Those in the 55 to 64 and 65 to 74 age groups have increased 2.6% and 3.2% respectively since 2007. It is evident that healthcare systems need to prepare for these shifts in demographics to provide the workforce and services required.*

As is demonstrated in Table 5, the Pierce County population of persons 65+ is projected to grow by 8% from 2016 to 2021. This is a population increase of 22,586 for the 65+ population within the next three years.

This population growth trend projection is consistent with the actual growth that occurred from 2011 to 2018 among the 65+ population as shown in Table 6, a 27% increase. The 65+ age cohort accounts for an overwhelming majority of the growth in Pierce County. This growth in the elderly population has and will lead to growth in the need for hospice care. Our project will help ensure that all those who are nearing end of life in Pierce County have ample hospice care options.

Puget Sound Hospice also recognizes that Pierce County residents come from a wide range of ethnic, cultural, and socioeconomic backgrounds. We know and appreciate that each patient and family that we get the honor and care for are special and unique. Care planning for the patient and family is specific to their needs, beliefs and desires. This planning and rendering of care are always performed consistent with our thorough non-discrimination policies.

Relatedly, Puget Sound Hospice is eager to partner with the community to help drive Pierce County's goals to improve patient care. We feel that our philosophy, commitment, support structure, and operating model uniquely position us to address the issues outlined in the Pierce County Community Health Improvement Plan, including:

- *addressing the gap between rich and poor,*
- *understanding the needs of those at greatest risk of isolation,*
- *addressing the needs of those at greatest risk of behavioral health issues,*
- *how resources can be allocated in a way that reduces health disparities,*
- *elevating the importance of diversity.*

Puget Sound Hospice committed to better understand the specific needs of those in Pierce County and working with community partners to meet those need. We are poised to help the community address these issues, in part by our commitment to reach out and provide care to all Pierce County residents in need of hospice care."

To further its case, Symbol provided the following statement related to this sub-criterion. [source: Application, pp21-22]
"*Puget Sound Hospice is committed to serving all patients regardless of race, color, religion (creed), gender, gender expression, age, national origin, disability, marital status, sexual orientation, English proficiency, or military status, and will ensure that all populations have access to services through its charity care policy. Furthermore, Puget Sound Hospice's*

admission, charity care, and non-discrimination policies reflect our commitment to caring for Medicare, Medicaid, and patients who have an inability to pay for care.

Like many of its affiliate hospice agencies Puget Sound Hospice is poised to partner with a sister non-profit agency, the Finding Home Foundation. The Finding Home Foundation's sole purpose is to provide support to hospice patients and their families who are in need. Through this partnership, our affiliates have been able to facilitate life-changing experiences through the hospice experience.

Further, Cornerstone, Symbol's parent company, has established 33 hospice agencies across the west and mid-west. This has provided Cornerstone with extensive experience supporting hospice in a variety of diverse markets. This includes supporting agencies in large population markets like Dallas-Fort Worth, Los Angeles, Milwaukee, and Phoenix, as well as more rural areas like Big River, California, Cherokee, Iowa, and Clarkston, Washington. Each market presents unique populations with unique needs, as well as care-delivery challenges. Yet, the Puget Sound Hospice-affiliates in those markets have found great success in overcoming care-delivery challenges to meet the unique needs of those varying populations. Because Pennant's model creates strong ties among affiliates, we have the resources to enable us to, among other things, share specialized programs to address the needs of a given diverse or under-served population, implement successful approaches to improving quality patient outcomes, and partner with experts in the field of hospice to receive world-class support."

Additionally, Symbol provided the following anticipated payer mix for Pierce County hospice services, which it states is "*based on actual Pennant affiliated hospices*." [sources: Application, p25 and April 22, 2020 screening response, pdf7]

Department's Table 8
Symbol Pierce County
Projected Payer Mix

Payer	Percent
Medicare	94.6%
Medicaid	4.0%
Commercial	1.2%
Self-Pay	0.2%
Total	**100.0%**

Public Comment

Envision Hospice of Washington, LLC [source: public comment part 1 pdf7]

"…the Symbol-Pierce hospice agency may offer some un-named services to certain unspecified populations but it will decide later, after it has been granted its Certificate of Need. On that basis, Envision believes the Pennant has not made a serious assessment of Pierce County patient need…"

Russell Hilliard, Seasons Hospice [source: public comments pdf15]

"Although Pennant commits to non-discrimination and states it will "partner with a sister non-profit agency, the Finding Home Foundation, there is no discussion on the manner in which low-

income persons, minorities or other under-served groups will access services, other than providing a copy of their charity care policy."

Providence Health & Services [source: public comments pdf13-14, 16, 18]
The eight applicants' payor mix figures are set forth in Table 6. These figures vary a great deal across the applicants, and, in some cases, notably Bristol, Seasons, Signature, Symbol, and Wesley, diverge significantly from the expected percentages set forth in Table 5.

Table 6: Payor Mix Distribution, by Applicant

Payor Mix, Percent of Gross Revenues, Year 3	Expected Payor Mix	Bristol	Continuum	Envision	Providence	Seasons	Signature	Symbol	Wesley
Medicare	83.0%	98.2%	87.5%	85.0%	81.2%	90.1%	97.0%	94.6%	91.0%
Medicaid/State	3.7%	1.0%	10.9%	10.0%	11.2%	3.0%	2.0%	4.0%	8.0%
Insurance/HMO/Other	13.3%	0.8%	1.6%	5.0%	7.2%	5.9%	1.0%	1.4%	1.0%

Potential "adequate access" issues relating to six of the applicants are discussed below. Of particular concern, as reflected in the Department's screening questions to several of the applicants, is whether an applicant is fully committed to providing hospice services to patients of all ages. The lack of such commitment may be reflected in a high Medicare percentage and/or a low Insurance/HMO/Other percentage. In addition, the low projected Medicaid percentages for some applicants raise concerns regarding their commitment to providing services to low-income persons and other underserved individuals and groups.

As Table 6 shows, Symbol expects 94.6% of its gross revenues to come from Medicare patients, 4% to come from Medicaid patients, and only 1.4% to come from "commercial" and "private pay" patients. It asserts that it "will serve patients of all ages." However, this assertion is questionable given its low projected Medicaid, commercial, and private pay percentages."

"Symbol's Admissions Criteria and Process Policy contains a provision that is very similar to the Signature provision discussed above: "the patient's ability to pay . . . is a factor that will be considered" in admission decisions. As the Department stated in its screening question to Signature, this type of provision does not satisfy the availability and accessibility requirements contained in WAC 246-310-210(2)."

"As is the case with Wesley, Symbol's charity care policy does not contain objective criteria for charity care qualification and it does not contain a charity care qualification sliding scale based on the FPG. Like Wesley, Symbol's charity care determinations appear to be made on a case-by-case basis, with no governing criteria."

Envision Hospice of Washington, LLC [source: public comment pdf21-23]
"Admissions policy
In screening, Pennant was asked to elaborate on its Admissions policy requirement that "the patient must meet the eligibility criteria for Medicare, Medicaid or private insurance benefit reimbursement."

Pennant determined it did not need to respond to the question. Rather, it pointed out that the policy has been given a pass before, so it should continue to stand. Pennant informs the Department that:

> *"Our admission policy as well as all policies that were submitted have been approved through <u>two previous CON applications that</u> <u>were awarded to us.</u>" (underlining added)*

Since the Admissions Policy is clearly for hospices, Pennant should acknowledge which other Washington hospices are part of the applicant and are so closely---related their CON's were awarded to "us" (Symbol/Pennant) and should be required to provide financial pro formas with and without the Pierce project so the Department can determine the potential financial impact of the Pierce project on these other closely---related entities.

A further Department request for information about this questioned Admissions Policy at question #30 also received a non-response. Essentially the applicant reports it does not know what its policies are since they can be inconsistent from place to place.

Pennant does not appear to recognize these screening questions are asked in order for the application to be deemed "complete." They are not matters of curiosity and must relate to review criteria. It is information the staff believes is necessary for DOH to make a determination on one or more of the review criteria.

Pennant did not respond to applicable screening questions and therefore its application is not complete.

<u>Charity care</u>
Envision has criticized the Ensign(Pennant) deficient charity care policies in every public comment it has had the opportunity to make about their past projects in Snohomish, King, Thurston and now Pierce Counties. The applicant's rebuttal statements have tended toward statements Envision takes to mean it has no legal obligation to provide any charity care.

Pennant is again unresponsive to the Department's screening questions # 31-34. Its answers to the Department's question about criteria for eligibility for charity care with information about unrelated medical criteria. It is Envision's understanding that these policies, and certainly the criteria for eligibility, must be part of the information provided to applicants for a hospice agency's charity care and, therefore, should be clear and understandable. Certainly, they should state the financial and other criteria for receipt of charity care clearly enough, so the Department can determine if they meet that test. At its response to questions #32 and 34, Pennant again says it does not know what its policies are in other locations and so does not need to respond to the question by finding out.

Again, Pennant does not appear to recognize these screening questions are asked in order for the application to be deemed "complete." They are not matters of curiosity and must relate to review criteria. It is information the staff believes is necessary for DOH to make a determination on one or more of the review criteria.

Pennant's charity care policy does not provide criteria sufficient for a potential charity care applicant to understand the basis for its decision making. Additionally, Pennant does not respond substantively to screening questions. It has not demonstrated that low income persons will have adequate access to the services it proposes to provide.

Service to persons under age 65
Symbol provides at least two different payer mixes, one in narrative and another in its pro forma financials. At its application Table 9, Pennant shows that the Symbol---Pierce agency will have no commercial, VA or TriCare payers. Note that "Self Pay" means a private person paying hospice charges from that person's own personal funds. At screening response Pennant provides a table showing payer mix including 1.2% commercial. Pennant stated it based its payer mix on those of its affiliated agencies but did not clarify which of its different payer mixes reflect those.

Breadth and depth of additional services
The hospice CON tiebreaker "iv" rewards the applicant proposing the "greatest breadth and depth" of services. The tiebreaker has thus encouraged hospice applicants to complete with each other by describing in detail the broad range of services they plan to offer beyond those simply required under the Medicare Conditions of Participation for hospice.

...Pennant stands out as the one hospice applicant that, in all of its Washington CON applications, simply describes its ability to develop tailored programs that will address area needs but, at the same time, avoids naming or committing to provision of any specific care beyond the scope required by CMS. When all other applicants provide detailed discussion of the breadth and depth of their proposed services, this is Pennant's typical non---response on the same topic:

> *"Each market presents unique populations with unique needs, as well as care--- delivery challenges. Yet, the Puget Sound Hospice---affiliates in those markets have found great success in overcoming care---delivery challenges to meet the unique needs of those varying populations. Because Pennant's model creates strong ties among affiliates, we have the resources to enable us to, among other things, share specialized programs to address the needs of a given diverse or under---served population, implement successful approaches to improving quality patient outcomes, and partner with experts in the field of hospice to receive world---class support. "*

At best, Pennant wants to wait and decide later; it does not examine the planning area's needs in sufficient depth during development of its application to name any additional services it plans to offer there. In light of the investment and commitment demonstrated by seven other applicants in Pierce County, it is important that the Department not grant Pennant a point under this tiebreaker."

Rebuttal Comment
Symbol provided the following rebuttal comments directly related to the public comments received by the department related to this sub-criterion.

Symbol Healthcare, Inc. Response: [source: Symbol's July 23, 2020, rebuttal comments, p4]
*"**Envision's Comment's on Population Services***

Envision's public comments on Puget Sound Hospice are minimal. Instead, Envision chose to use the bulk of their public comment to discuss their concerns with the other applicants and the States [sic] CN process. Envision did comment on its superiority, stating that their specific population services are superior to all other applicants including Puget Sound Hospice. Pennant Hospice agencies across the country have population services similar to all the services Envision listed in the table they provided on pp. 7 and 8 of their public comment. We intend to provide these types of population specific services as well as any others that are appropriate and needed in Pierce County if we are awarded the CN. Our model is one of local ownership, which allows the local hospice agency to integrate with their community and to find the unique services that the community needs and wants. Because Puget Sound Home Health has been in Pierce County serving a large population of patients for many years (they are currently serving an ADC of 480), we already have an intimate understanding of the community. We look forward to getting to know the community even better through our hospice services if given the opportunity."

Department Evaluation

The Admission Policy provided by the applicant describes the process Symbol would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination. While the policy does not specifically state that pediatric patients would be served at the agency, Symbol states in its screening responses, "*Puget Sound Hospice will serve patients of all ages.*"

The Admission and Charity Care policies are typically used in conjunction; therefore, the Charity Care Policy does not specifically include non-discrimination language to ensure all patients eligible for hospice services could be served by the new agency. The Charity Care Policy also provides the process to obtain charity care. The applicant also provided a Nondiscrimination Policy which further assures the department of Symbol's intention to provide access to hospice services to all the residents of Pierce County.

Concerns were raised in public comment by Providence that Symbol's Charity Care Policy does not contain objective criteria by which someone would qualify for charity care. Although this may be the case, the policy does state that a social worker would work on determining eligibility then an Executive Director or Administrator would work with an appropriate program director to determine if the charity care claim is approved. The department does not have specific criteria directly applicable to hospice agencies which dictates specific requirements of a hospice agency's charity care policy.

Also related to Symbol's policies there was criticism that the Admission Criteria and Process Policy could imply limitations to admission of indigent patients. Specifically, that the policy discusses a patient's ability pay for admission. Although Symbol did not respond to this comment, its policy is clear that ability to pay is not a condition of admission but a "*is a factor that will be considered*" and this full statement from the policy clarifies Symbol's intent "*While patients are accepted for services based on their hospice care needs, the patient's ability to pay for such services, whether through state or federal assistance programs, private insurance, or personal assets is a factor that will be considered*."

Another criticism is that Symbol did not fully answer the department's screening questions related to policies. Although it is true that Symbol's response was limited, and that a more thoughtful response could only have bolstered and clarified Symbol's proposal, the limited response is not on its own, as suggested by comments, enough to deem an application incomplete.

Symbol anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 98.6 percent of its total revenues. Although based on Symbol's affiliates historical hospice experience, several entities expressed concerns about its projected payer mix. The concerns focused on payer mix percentage consistency and basis, as well as low Medicaid, Commercial, and Self-Pay categories potentially implying limited services to patients of all ages.

To address the first concern of Envision's, that by clarifying which payer mix is correct in response to screening there is no longer a tie to its underlying assumption. Although not explicitly stated, the department can assume that the correct mix is still based on earlier stated assumptions. However, if the applicant provided a new payer mix, it would need additional detail about if the assumptions need correction as well.

Providence presented the comments on payer mix percentages portraying a potential limited commitment to all ages. However, Symbol stated in response to screening "*Puget Sound Hospice will serve patients of all ages*."

Another concern related to access was brought up by Seasons and Envision, that although Symbol expressed its intention to partner with local groups and has a policies to support noble intentions, there is no information on the manner that Symbol will reach underserved groups or (as brought up by Envision) which specific underserved populations in Pierce County the applicant plans on serving. Throughout the application materials Symbol generally discusses populations traditionally underserved by hospice, however, does not detail any specific populations in Pierce County. Its only partial response is that has affiliates in the region and has "*resources*" and "*specialized programs*" but never details either. In rebuttal to these comments, Symbol states its affiliates nationally "*have population services similar to all the services Envision listed in the table they provided on pp. 7 and 8 of their public comment*" and will continues to use a broad generalization about "*any others that are appropriate and needed in Pierce County if we are awarded the CN.*" As pointed out by Envision this will have implications for Symbol in superiority.

Based on the information provided, the department concludes that Symbol's Charity Care Policy and Admission Policy demonstrate that all residents of the service area may be accepted for services, regardless of the ability to pay. The department concludes that **this sub-criterion is met**.

Wesley Homes At Home, LLC

Wesley Homes provided copies of the following policies that are currently used by their operational agencies and would also be used by the proposed Pierce agency. [source: Application Exhibits 5&6]

- Admission Policy

- Transfer Policy
- Charity Care Policy

The admission policy and charity care policy include all required information for Certificate of Need purposes.

For its proposed Pierce County hospice agency, Wesley Homes would also be available for both Medicare and Medicaid patients. Wesley Hospice provided the projected payer mix for hospice services. [Source: Screening Response, pdf5]

Department's Table 9
Wesley Pierce County
Projected Payer Mix

Payer	Percent
Medicare and Medicare Managed Care	91%
Medicaid	8%
Private	1%
Total	**100.0%**

Though Wesley Homes did not provide specific information regarding the populations referenced under this sub-criterion, they provided the following statement:

"Admission to hospice is based upon clinical need and services are made available to all persons regardless of race, color, creed, sex, national origin, or disability. A copy of WHAH's hospice admission policy is included in Exhibit 5." [source: Application pdf18]

Public Comment
Russell Hilliard, Seasons Hospice [source: public commends pdf36, 39, 41]
"Wesley identifies its forecast as an estimated percent by patient diagnosis, with 30% attributed to Alzheimer's/dementia, an unusually high number. They state there is an unmet need for this type of patient, but fail to provide any analysis or data demonstrating that existing hospice providers are not meeting the needs of dementia patients. The mix of patients by diagnosis confirms the program will only serve residents of their affiliated retirement communities, rather than serving the entire Pierce County population."

"Wesley's methodology is primarily driven by its self-referral arrangements with its senior living communities. Residents living outside these communities will continue to experience unmet needs. Because of its limited referral sources, Wesley's forecast identifies fewer patients than Seasons."

"As stated in the application and in response to Screening Question #8, the payor mix indicates only 1% attributed to Private Pay, and nothing indicated for commercial insurance. Therefore, service to those under age 65 is limited. Although the program proposes 3% Medicaid, the age of Medicaid recipients covers both young and old. What is missing is an account for young adults and children. With only 1% private pay and no provision for commercial insurance, the pro

forma clearly supports the elderly that Wesley targets in its senior communities at the expenses of not serving the terminally ill general population."

"Wesley indicates it has a hospice nurse available 24/7, but does not explain how patients have access to this nurse outside the business hours of operation which is from 8:30 a.m. to 5:00 p.m. With no program to properly provide service 24/7, access is limited."

Providence Health & Services [source: public comments pdf13-15, 18, 19-20]
The eight applicants' payor mix figures are set forth in Table 6. These figures vary a great deal across the applicants, and, in some cases, notably Bristol, Seasons, Signature, Symbol, and Wesley, diverge significantly from the expected percentages set forth in Table 5.

Table 6: Payor Mix Distribution, by Applicant

Payor Mix, Percent of Gross Revenues, Year 3	Expected Payor Mix	Bristol	Continuum	Envision	Providence	Seasons	Signature	Symbol	Wesley
Medicare	83.0%	98.2%	87.5%	85.0%	81.2%	90.1%	97.0%	94.6%	91.0%
Medicaid/State	3.7%	1.0%	10.9%	10.0%	11.2%	3.0%	2.0%	4.0%	8.0%
Insurance/HMO/Other	13.3%	0.8%	1.6%	5.0%	7.2%	5.9%	1.0%	1.4%	1.0%

Potential "adequate access" issues relating to six of the applicants are discussed below. Of particular concern, as reflected in the Department's screening questions to several of the applicants, is whether an applicant is fully committed to providing hospice services to patients of all ages. The lack of such commitment may be reflected in a high Medicare percentage and/or a low Insurance/HMO/Other percentage. In addition, the low projected Medicaid percentages for some applicants raise concerns regarding their commitment to providing services to low-income persons and other underserved individuals and groups.

Wesley expects 91% of gross revenues to come from Medicare patients, 8% from Medicaid patients, and only 1% from "Commercial/Other." In its screening responses, Wesley states that its payor mix "is in line with data from the Program's annual hospice survey demonstrating that 87% of all hospice patients in the State are over the age of 65," and that it "captured the under 65 in our Medicaid and in the 'other category'."However, because some persons over 65 receive hospice care reimbursed by commercial and other payors, it is not necessarily the case that expecting 87% of hospice patients to be over age 65 is consistent with the assumption that Medicare patients will represent 91% of revenues."

"Wesley's charity care policy does not contain objective criteria for charity care qualification and it does not contain a charity care qualification sliding scale based on the FPG. Charity care determinations appear to be made on a case-by-case basis, with no governing criteria."

"In its application, Wesley makes clear that the primary focus of its hospice program will be to provide hospice services (1) to the residents of the Pierce County senior living facilities owned by Wesley Homes Corporation (Wesley's ultimate parent entity and owner) and (2) to the patients of Wesley's home health agency. Thus, the application states: "[O]ur residents and others that we support have increasingly opted not to accept hospice because they did not wish to change care providers. We have addressed this concern in King County by securing a [hospice] CN, and

intend to do the same in Pierce." The application further states: "Given the growing presence of Wesley communities in Pierce County, Wesley concluded that not having hospice certification would result in a disruption in care for our residents."

Wesley's principal focus is demonstrated by the sources of hospice patients identified in the utilization projections for its Pierce County hospice program. In 2023 (the program's third full year of operation), 50% of the program's 220 patients will come from (1) four Wesley Homes Corporation senior living facilities in Pierce County (70 patients) and (2) Wesley's home health agency (40 patients).

Therefore, Wesley's proposed hospice program is primarily intended to address the institutional needs of Wesley Homes Corporation and its facilities and programs, not the overall community needs of Pierce County. Accordingly, Wesley will not provide "adequate access" to "all residents
of the service area" as required by WAC 246-310-210(2)."

Envision Hospice of Washington, LLC [source: public comment part 4 pdf2-3, 4-5]
"Wesley Homes has demonstrated a very slow census growth in King and expects to continue that pattern in Pierce County."

"Wesley Homes application did not provide the required patient origin analysis showing the zip codes of residence of its King County hospice patients. As an existing agency applying to expand its services to an adjacent county, it is required to provide that information.

Wesley Homes Certificate of Need issued in 2015 explicitly requires it to serve residents of the entire county. Without the King County patient origin information, it is not possible for the Department to determine as part of this review if this condition is being met. Especially in light of Wesley Homes' emphasis on care to residents of its own South King County residential programs, it is required to demonstrate its service to the entire county but has not done so.

This lack of documentation challenges the credibility of the final line of Wesley Homes' "Revised Table 5, Pierce County Census and Assumptions, 2021---2023," found on pdf page 4 of the WH response to screening. The final Assumption of 21, 57, and 110 referrals based on "Wesley Hospice actual experience to date, other community referrals" is not credible. Wesley has not provided any historic data to support any level of "actual experience" of "community referrals" to its King County hospice. Absent a patient origin list by zip code and map to document such "actual experience," the Total Project Census WH derives from the table is not reliable and does not provide a credible basis for its projected Pierce County hospice utilization, 2021-2023.

Wesley Homes is one of eight competitors for only one new hospice in Pierce County. Yet, it has not met the requirement or taken this opportunity to demonstrate how broadly it has served King County in the five years since its 2015 approval. Without such a demonstration, the Department is obligated to find the WH application incomplete, to deny the Wesley Homes application and to grant CON approval to an agency that will serve not just Wesley Homes' residential clients but all of Pierce County."

"Service to low income persons and underserved groups…
While WHAH s policies indicate it will provide equal access to all groups, its record of limited volumes in King County --- combined with its plan to meet only a small part of Pierce County s unmet need --- indicate Wesley Homes will address very little of the unmet need of any group it serves. With a record of low volumes and a projection that meets so little of the need by persons of all ages with terminal illness, Wesley Homes does not demonstrate it will effectively address that need in Pierce County.

WH Projected Pierce ADC compared to WHAH "unmet need" estimate			
	2021	2022	2023
"Unmet need" ADC	94		114
WHAH projected ADC	13.6	23.3	36.2

Source: WH application

Service to persons under age 65
WHAH's proposed payer mix does not demonstrate an ability to offer a sufficient level of hospice services to Washington residents under age 65. WH describes its long---standing mission to serve the elderly. This mission has been an important force for good for the communities and individuals it does serve. Yet, WHAH proposes a payer mix that does not suggest it will substantially address the unmet need for hospice care among Pierce County residents under age 65. Not only does it plan to admit too few persons of any age, it projects only zero % commercial insurance. Furthermore, while its "payer mix" table shows 1%, a review of its proforma operating statement reveals that there is not any line provided for "commercial insurance."

And, while 4.4% of Medicare hospice payments go to persons under age 65 nationally, WHAH's priorities and payer mix suggest that even its Medicare and Medicaid payments will more likely pay for care for persons over age 65. WH does not demonstrate a sufficient commitment to serving terminally ill persons of any age but, in particularly, it does not demonstrate a commitment to serving those under age 65. The Department must deny the WH application on that basis."

Rebuttal Comment
Wesley provided the following rebuttal to Providence and Seasons concerns:

"Despite Providence's and Seasons' suggestions to the contrary (Providence, p. 16 of public comment, Seasons p. 29), Wesley is committed to serving the entirety of Pierce County. In developing its pro forma, Wesley assumed that initially, 75% of its patients would be from its own senior community but that this would decrease 50% by 2023. However, Wesley also assumed that in 2021 25% of its patients will be community referrals and that this percentage will increase to 50% in 2023. This assumption is very conservative given the support we have on record from providers from throughout the County." [source: rebuttal pdf7]

"As a mission driven organization, Wesley is committed to providing services to patients regardless of ability to pay. Providence (p.15) suggests that our charity care policy does not include a sliding fee scale, and this is accurate. There is no requirement in state or federal law for it to include such a scale. The reality is that our policy is more robust: when there is no other payor source and financial requirements are met, we do not charge the patient/family any fees

for hospice care. Our experience is that these situations are often so devastating that the right and only action is to provide the care without expectation of payment.

Wesley also notes for the record that the CN Program did not ask any questions in screening regarding our charity care policy except to confirm that it is the current King County application. That said, Wesley's charity care policy is fully compliant with all state and federal requirements given that it is both state licensed and Medicare certified for hospice services." [source: rebuttal pdf8]

Wesley Homes responded to some, but not all of the concerns raised by Envision:

"As Envision noted, Wesley received CN approval in July 2015 to establish a new hospice agency in King County. This agency became Medicare certified in November 2017, in large part due to the extended licensing and certification timelines at that time. As Envision is well aware, the certification process for a new agency takes time as it only recently confirmed that it is now certified in Thurston County, having received CN approval in September 2018. While Wesley will not have this same time lag in Pierce County, Wesley has conservatively assumed a projected census of 36.2 by 2023, which will meet the need for an additional agency in Pierce without negatively impacting the existing providers." [source: rebuttal pdf6-7]

Department Evaluation

The Admission Policy provided by the applicant describes the process Wesley Homes would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination. While the policy does not specifically state that pediatric patients would be served at the agency, Wesley Homes stated they would be available to all ages in their screening responses.

The Admission and Charity Care policies are typically used in conjunction, therefore, the Charity Care Policy does not specifically include non-discrimination language to ensure all patients eligible for hospice services could be served by the new agency. The Charity Care Policy provides the process to obtain charity care.

Wesley Homes anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 99% of its total revenues. Envision Hospice of Washington expressed concerns about the projected payer mix. The concerns questioned whether the percentage for commercial/other payers could be consistent with the sub-criterion.

Though the department does not have a set payer mix percentage that must be met by an applicant, it is concerning that Wesley Homes did not provide rebuttal comments assuring the department and other applicants of their intent to contract with commercial payers. The department has approved proposals with similar payer mixes, but with assurance of access to payer types that would be accessible to all residents of the planning area. The purpose of this sub-criterion is to ensure that access to services will be available to all residents of the planning area. Wesley Homes did not provide assurance that they would accept any payers other than Medicare and Medicaid. The department cannot conclude the agency would be sufficiently available and accessible to all patients in the planning area.

The department concludes that Wesley Homes **does not meet this sub-criterion**.

(3) The applicant has substantiated any of the following special needs and circumstances the proposed project is to serve.

(a) The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their services or resources, or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas.

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

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

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

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

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

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

Department Evaluation

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

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

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable structure and process of care criteria in WAC 246-310-220:**
Symbol Healthcare, Inc., dba Puget Sound Hospice

- Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.
- Continuum Care of Pierce LLC
- Envision Hospice of Washington, LLC
- Providence Health & Services-Washington dba Providence Hospice of Seattle
- Seasons Hospice & Palliative Care of Pierce County, LLC
- Signature Hospice Pierce, LLC
- Wesley Homes At Home, LLC

(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.

To evaluate this sub-criterion, the department reviews the assumptions provided by an applicant, projected revenue and expense (income) statements, and projected balance sheets. The assumptions are the foundation for the projected statements. The income statement is a financial statement that reports a company's financial performance over a specific period—either historical or projected. Projected financial performance is assessed by giving a summary of how the business expects its revenues to cover its expenses for both operating and non-operating activities. It also projects the net profit or loss incurred over a specific accounting period.[25]

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

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

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

[25] 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.

Bristol does not own or operate any healthcare facilities in Washington State. Since it is not an existing facility, it will be operated separately from any of the out-of-state hospice agencies operated by Bristol.

Bristol provided the assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice agency, the assumptions are restated below.

"*Bristol Hospice took the Department of Health 2019-2020 Hospice Numeric Need Methodology and extended the projections out to 2023 using the same assumptions. With this it took a market share of 4% of total admissions during the first year growing to 8% in the 3rd year of operations. Bristol has seen similar results in other markets and feels that this would be reasonable in fulfilling*
the unmet need.

Diagnosis	Estimated Percent
Cancer	14%
Heart Disease	19%
Alzh. Disease	11%
COPD	6%
Stroke	13%
Other	37%
Total	

Bristol Hospice operates in the state of Oregon and the patient diagnoses breakdown provided was forecasted based upon 2018 Medicare Claims & Cost Reports for this location as it would be similar. Bristol Hospice and its sister companies have seen a large array of patient diagnosis that may be encountered and has deep subject matter expertise available to manage any patient situation. Bristol Hospice is excited to put this knowledge base to work for the residents of Pierce County.

Bristol Hospice based the assumptions in the utilization forecast as follows:
• Unduplicated Patients (admissions) Bristol Hospice has taken a conservative view of past startups projecting the ADC after three years will be 58.91. This was completed by reviewing the Department of Health Need Methodology at the available admissions in the need area per the WAC246-310-290(8) and extended the projections out to 2023 using the same assumptions. With this it took a market share of 4% of total admissions during the first year, 6% during the 2nd year, and 8% in the 3rd year of operations.
• Average LOS, Bristol Hospice has assumed the same ALOS that is used in the need study for WAC246-310-290(8) for projected startup.
• Patient Days is calculated by multiplying the ADC by total days in the year.
• ADC: Bristol Hospice has calculated the ADC based upon the Unduplicated Patient admissions achieving the projected ALOS of 60.13.

Bristol Hospice feels that using this method to project utilization is conservative and will not infringe upon any of the existing providers ability to maintain market share. Bristol Hospice plans to serve the unmet need and has forecasted accordingly." [source: Application, pp12-13]

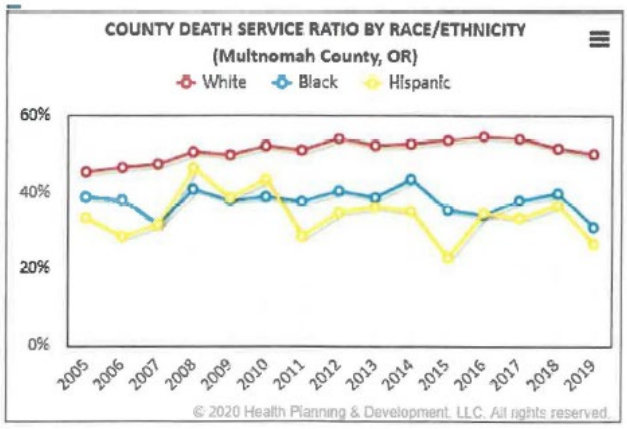
To detail the "other markets" in which Bristol has experience, and based utilization assumptions, Bristol provided the following statement and charts. [source: April 22, 2020 screening response, pdf2-3]

"*Bristol hospice has served counties that are very similar in demographics to Pierce County. From the data below you can see the variation in 2018 and 2019 are very similar. We have done two startup hospices in Oregon. One in Multnomah that was started in 2012. This program grew in the first three year to 56 ADC. One in Eugene Oregon that we started up just this year. Eugene has had stable growth to ~50 ADC. We have examples of stable startups in nearby states that show we can serve the unmet needs in Washington.*"

DEATH SERVICE RATIO BY RACE/ETHNICITY

Multnomah County, OR

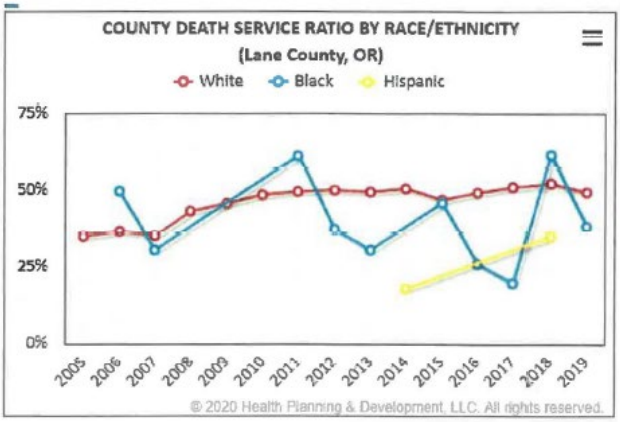
Year	All	White	Black	Hispanic
2005	45%	46%	39%	38%
2006	46%	47%	38%	28%
2007	46%	48%	32%	32%
2008	49%	51%	41%	47%
2009	49%	50%	38%	39%
2010	51%	52%	39%	44%
2011	49%	51%	38%	29%
2012	52%	54%	41%	35%
2013	51%	52%	39%	36%
2014	51%	53%	44%	35%
2015	52%	54%	35%	23%
2016	53%	55%	34%	35%
2017	52%	54%	38%	33%
2018	50%	52%	40%	37%
2019	48%	50%	31%	27%



DEATH SERVICE RATIO BY RACE/ETHNICITY

Lane County, OR

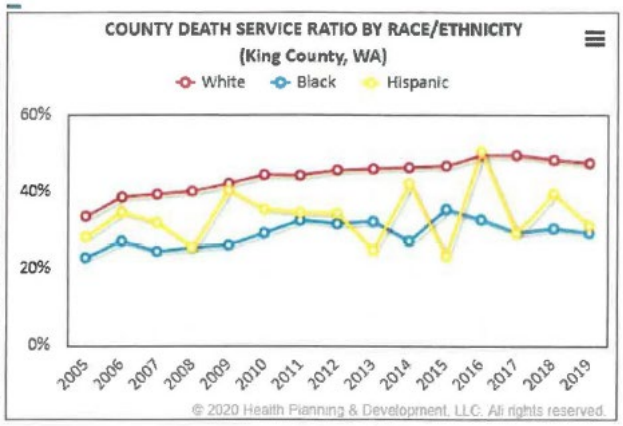
Year	All	White	Black	Hispanic
2005	35%	35%		
2006	37%	37%	50%	
2007	35%	35%	31%	
2008	43%	43%		
2009	46%	46%		
2010	49%	49%		
2011	50%	50%	62%	
2012	50%	50%	38%	
2013	50%	50%	31%	
2014	51%	51%		18%
2015	47%	47%	46%	
2016	49%	50%	26%	
2017	51%	51%	20%	
2018	52%	53%	62%	35%
2019	49%	50%	38%	



DEATH SERVICE RATIO BY RACE/ETHNICITY

King County, WA

Year	All	White	Black	Hispanic
2005	33%	34%	23%	29%
2006	37%	39%	27%	35%
2007	38%	40%	25%	32%
2008	39%	40%	26%	26%
2009	41%	42%	26%	41%
2010	43%	45%	30%	36%
2011	43%	44%	33%	35%
2012	44%	46%	32%	35%
2013	44%	46%	32%	25%
2014	44%	47%	27%	42%
2015	45%	47%	36%	24%
2016	48%	50%	33%	51%
2017	47%	50%	30%	30%
2018	46%	48%	31%	40%
2019	45%	48%	30%	31%



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

Based on the assumptions above, Bristol provided the following projections for utilization of the hospice agency. [source: Application, p12]

Department's Table 10
Bristol Pierce County
Projected Utilization

	2021 (Year 1)	**2022** (Year 2)	**2023** (Year 3)
Admissions	165.81	258.44	357.57
Percentage of Pierce Market Share	4.0%	6.0%	8.0%
Total Days	9,970	15,540	21,501
Average Length of Stay	60.13	60.13	60.13
Average Daily Census	27.32	42.58	58.91

If this project is approved, the new hospice agency would be operated under Bristol Hospice - Pierce, L.L.C. To assist in this evaluation, the department requested Bristol provide pro forma financial statements for the Pierce County hospice agency alone and Bristol Hospice, LLC as a whole, which would incorporate the proposed projects in Thurston, Snohomish, and King counties in Washington State. The financial statements provided are listed below.

- Historical Income Statements for Bristol Hospice, LLC –screening response, Attachment 9
- Historical Cash Flow Statements for Bristol Hospice, LLC – Application, Exhibit 15
- Historical Balance Sheets for Bristol Hospice, LLC – screening response, Attachment 14
- Pro forma Operating Statement Pierce County with Bristol Hospice, LLC – screening response, Attachment 3
- Pro forma Operating Statement combining Pierce, Thurston, Snohomish, King counties, and Bristol Hospice, LLC – screening response, Attachment 3

- Pro forma Operating Statement Pierce County operations alone – screening response, Attachment 13

Bristol also provided the following information and its assumptions used to project the pro forma statements see the following table.

"*Attachment 3 has a projection for the Pierce application plus the next parent as well as a consolidated projection for all applications plus the parent. This outlines that if Bristol Hospice is chosen for all counties, we have applied for we have more than enough resources to fund the startups and stabilization of serving these counties*." [source: April 22, 2020 screening response, pdf4]

"*Below is the FTE table with the Wages included - Please note that Bristol assumed between 20-25% of wages would be necessary to pay PTO, Overtime, and On Call Wages, that amount per year was noted on the On Call/PTO/Overtime line and that+ the Total Wages gets to the number for the Salaries and Wages line on the P&L*." [source: April 22, 2020 screening response, pdf24]

Financial Assumptions

Revenues -

ALL	All ppd's assumptions below are based of thousands of patients that have received services by Bristol.
Payor Mix	We estimated our payor mix based upon our Portland, OR location as this is the closest geographical area we serve. Assumptions are 98.1% Medicare, .8% insurance, 1.1% Medicaid.
Payor Rates	The rates used in the projections were taken from the CMS payment rates for Pierce County for fiscal year 2020 for GIP Routine Respite Continuous Care. We estimated a blended rate of 2018 PPD for Medicare assuming a 60 day ALOS. Of the medicare revenue 1.3% is GIP, 3.8% is Respite, 1.3% is Continuous Care and 93.6% is routine. Insurance rates In our expirience typically yields a rate equal to the Medicare rates all insurance days are estimated to be routine level of care days. The Medicaid rate in WA is also comparable to the Medicare rate and all Medicaid rates are estimated to be routine level of care days.
Charity Care	We have assumed charity care will amount to 2% of Patient days.
Room and Board	This revenue pertains to Medicaid patients residing in skilled nursing facilities ("SNF"). Instead of paying the SNF for these patients the state of WA will pay Bristol 95% of the Medicaid rate for that specific SNF. Bristol, in turn, will pay the SNF 100% of the Medicaid rate and then will bill Medicare for their hospice services. This keeps the SNF whole in terms of revenue but Bristol will show a small loss as we receive less from the state than we will pay. For example, if the SNF was being paid $100 per day by the state for a Medicaid patient and that patient signs up for hospice services the SNF will now receive $0 from the state. The state will pay Bristol $95 per day and Bristol will pay the SNF $100 per day. We estimate that between 20% - 25% of our total average daily census ("ADC") will reside in a SNF each month.
Bad Debt	We estimate 1% of our revenues will become uncollectable for bad debt.

Expenses -

Salaries and Wages	Wages are based off Buaru of Labor Statistics data for wages for Pierce County.
Payroll Taxes	Payroll Taxes are estimated to be 9.33% of wages in total.
Employee Benefits	Employee Benefits is estimated to be 11.3% of wages. This is based of historical expirience.
Workers Comp	This is estimated to be 1.8% of wages and is in line with our expirience running hospices.
Mileage	This is estimated from PPD's for each dicpline from other locations. It varies by dicipline but ranges from 3-5 dollars PPD.
Medical Supplies	Estimated at $3.59 PPD
Office Supplies	Estimated at $0.69 PPD.
Laboratory/Xray	Estimated at $.08PPD.
Pharmacy	Estimated at $6.50 per patient day ("PPD").
Medical Director Fees	Medical Director fees are estimated on a PPD of $6.00.
Equipment rental	Estimated at $6.50 PPD
Building Rent or Lease	This is based off a Lease Payment of $385 for the first year and $424 for year 2-3 per the escalation clause in the lease agreement
Depriciation and Amoritization	Based off a 36 month flat line depriciation for 30k of capital expense.
Insurance	Based off expected $1,100 dollars a month insurance policy.
Utilities	Estimated at $204 dollars a month for lease space
Contract Labor/Purchased Services	Estimated at 2.20 PPD
Drug Screen Background Checks	Estimated at $.60 PPD
On Call Technology	Estimated at $1.40 PPD
IT Systems	Estimated at $.50 PPD
Overhead Allocalton	This is the cost to oversee the company from the parent that is allocated to the business. This is estimated to be $6.50 PPD
Phone Services	Estimated at $.93 PPD
Other	Estimated at $3.93 PPD Includes Postage and other misc expenses.

[source: Application, Exhibit 11]

Following is a summary of the projected revenue and expense statement for Bristol's Pierce County proposed agency. [source: April 22, 2020 screening response, Attachment 13]

Department's Table 11
Bristol Pierce County
Revenue and Expense Statement Summary for Years 2020 through 2022

	CY 2020 (Year 1)	**CY 2021** (Year 2)	**CY 2022** (Year 3)
Net Revenue	$1,970,903	$3,062,109	$4,225,114
Total Expenses	$1,577,954	$2,573,521	$3,351,435
Net Profit / (Loss)	**$392,949**	**$488,588**	**$873,678**

In response to the department's screening, Bristol provided consolidated revenue and expense statements. Those statements are summarized below and rely on the assumption that this Pierce County project is approved, and the three applications submitted in the hospice review cycles 1 and 2 for King, Thurston, and Snohomish counties will also be approved. [source: April 22, 2020, screening response, Exhibit 3]

Department's Table 12
Bristol's Four-County Combined Statements
Revenue and Expense Statement Summary for Years 2020 through 2022

	CY 2020 (Year 1)	**CY 2021** (Year 2)	**CY 2022** (Year 3)
Net Revenue	$23,150,453	$28,707,551	$34,327,913
Total Expenses	$17,722,815	$22,010,612	$26,486,021
Net Profit / (Loss)	**$5,427,637**	**$6,696,939**	**$7,841,892**

In its screening of the Bristol application, the department requested that the applicant provide consolidated balance sheets which rely on the assumption that this Pierce County project is approved, and the three applications submitted in the hospice review cycles 1 and 2 for King, Thurston, and Snohomish counties will also be approved.[26] [source: Department's February 28, 2020, screening question #11] Bristol Hospice did not provide the projected combined balance sheet summaries as requested.

Public Comment

During the review of this project, four entities provided public comments related to this sub-criterion, restated below.

[26] Department's question #11: "*As a part of this Certificate of Need review, the department must determine that an approvable project is financially feasible – not just as a stand-alone entity in a new county, but also as an addition to existing operations. It is unclear from the application whether the proposed Pierce County hospice agency will be a stand-alone LLC from the other projects to be submitted by Bristol in this concurrent review cycle. If more than one agency will be operated under the same entity as the Pierce County agency, provide pro forma revenue and expense projections in the same format as included in Attachment A, as well as balance sheets, for the possible outcome that the applicant is approved for one or more projects it has applied for in the two hospice agency concurrent review cycles. This can be accomplished by providing, at minimum, revenue and expense statements and balance sheets for Bristol through the projection periods using the assumption that application is approved*." Footnote #1 associated with this question stated: "*This request is not a pre-determination of any of the projects submitted by the applicant; rather the request ensures a thorough and complete financial review for this Pierce County project*."

Envision Hospice of Washington, LLC [source: public comment part 2 pdf2-8]

"At page 12 of its application, Bristol provides a table it purports is an extension of the Department's Pierce hospice need projections, "out to 2023 with the same assumptions." Despite this description, Bristol's table provides no figures at all for unmet need in Pierce County. In fact, there is no apparent connection between the table's population or projected patients and the resulting Bristol projection of Admissions, Patient Days and ADC figures for 2021---2023. Bristol provided no statement of assumptions or narrative to the table to suggest how they are related. As a result, Bristol's projected market shares are disconnected from any analysis of local Pierce County need.

Bristol's table does include forecast utilization based on market shares starting at 4% in 2021 and growing to 8% in 2023, all of which rely exclusively on Bristol's "similar results in other markets." When asked in screening to discuss the "other markets" on which it based its projections Bristol's response:

- *Bristol claims two of its current service areas in Oregon are "similar in demographics" to Pierce County, Portland and Eugene. Yet Bristol provides no demographic data such as population, age, race, ethnic, or income data about any of these markets or any comparison to Pierce County so it provides no basis for that conclusion.*
- *Bristol's graphics show the Pierce County DSR is 41% while Lane and Multnomah Counties are 118% higher at 48% and 49%. (Pierce, 41% ÷ Lane & Multnomah avg. 48.5% = 18% greater DSR in Portland and Eugene than Tacoma). While Bristol provides no definition of DSR, these numbers appear to say the hospice use rate is 18% higher in those communities than in Pierce County. This suggests Bristol's sole reliance on its experience there leads it to substantially over estimate its potential for market success in Pierce County.*
- *More important, Bristol provides no information about what it did to achieve its patient volumes in Oregon or how that will compare to its plans for achieving those volumes in Washington. In a county with three longstanding hospice agencies, each of which are integrated into large regional health care systems, any new hospice must be able to articulate its plans to achieve projected volumes and related revenue.*
- *In conclusion, Bristol "feels" its projected volumes "will not infringe on any existing providers (sic) ability to maintain market share" and "feels" this would be "reasonable in fulfilling unmet need."*
- *Bristol ignores subparagraphs WAC 246---310---290 (7) and (10) that require it to take into account any adjustments to current capacity required by (7). Bristol accurately lists the three existing Pierce County providers. Yet, it provides no indication it took the requirements of (7) into account as part of any examination of recent changes to current capacity of Pierce County as part of any analysis of "unmet need" for Pierce County hospice services.*

Bristol's response falls short of the requirements of the application form and of the Department's request for additional information. Without providing specific analysis and 22 and 2023 utilization projections, Bristol has clearly not met the requirements of the Need criteria. Bristol does not demonstrate need for its project and does not provide the analysis required to support its projected volumes or resulting revenue."

"Lack of required historical financials of the applicant

Bristol did not provide the required three years of historical information for the applicant, Bristol Hospice, LLC in either the original application or its screening response. The Bristol response to screening included only a 2019 historical P&L, without balance sheets or cash flow; no historical financials were provided for 2017 or 2018.

<u>Lack of applicant pro forma financials</u>
Additionally, no proforma financials whatsoever are provided for the applicant (Bristol Hospice, LLC) in combination with the Pierce project or any other approval scenarios considering Bristol is also applying for King, Thurston and Snohomish Counties. Furthermore, the pro forma financials provided for Bristol Hospice Northwest (the next parent, not the applicant) do not include any balance sheets as required by the Department.

Without the required historical and pro forma financial information, the department is unable to determine financial feasibility of Bristol's proposed project."

"Bristol Hospice, LLC has applied for Certificates of Need in King, Thurston, Snohomish and Pierce counties. The Department is therefore asking that Bristol provide proforma revenue and expense projections as well as balance sheets for Pierce as a stand---alone as well as the combined financials requested. Bristol's response to Question 17 states: "Attachment 5 has a projection for the individual application plus the next parent as well as a consolidated projection for all applicants plus the parent.

The documents Bristol actually provided:

- *Pierce combined with Bristol Northwest: three---year proforma operating statement; no cash flow or balance sheet provided.*
- *Three---year pro forma operating statement for King, Thurston, Snohomish, Pierce combined with Bristol Northwest; no cash flow or balance sheet provided.*
- *No pro forma financials for Bristol Hospice LLC the applicant as determined by the Department and as acknowledged by Bristol in screening response at Question #1.*
- *Bristol does not provide the response requested at Question #11. It provides no balance sheets whatsoever. Without the required information, the Department will be unable to evaluate the financial feasibility of Bristol's proposal. Considering the omissions of required information, it is not possible for the Department to properly evaluate or have confidence in the projections and the financial feasibility of Bristol's proposed project.*

<u>"Other" expenses</u>
The Certificate of Need application provides a list of expense line items an applicant is required to provide as part of its forecast revenue and expense statements for its first three full years of operation. Yet, Bristol ignored this requirement and created its own very large category of "Other" expenses. In doing so, it neglected to provide assumptions or specific annual estimates for line items required by the CON application including "Payroll Taxes," "Postage," "Repairs and Maintenance" and "B &O Taxes."

<u>Lease</u>
In projecting lease expense for projected renewal periods Bristol refers to the lease's containing a 10% limit on the renewed lease cost. Yet, no such limit is discussed in the lease. Rather a "fair

market value" is to be applied upon any extension beyond year one. As a result, Bristol's projections of lease expenses after year one cannot be relied upon to determine financial feasibility.

Medical director contract and Medical Director Fees

Bristol's medical director contract shows an hourly rate of $300 but does not include a basis for projecting annual expenses for medical director fees. Bristol provides a number of different assumptions to support the Medical Director Fees line item, but none appear to connect to the dollar amount in the final version of the Bristol operating statement provided in response to second screening:

- *Bristol's staffing table shows a 2023 .19 FTE contract Medical Director. At the convention of 1 FTE equals 2080 hours per year, this would be 395 hours in 2023. At the contracted rate of $300 per hour, the 2023 medical director fees would total $118,560.*
- *Bristol's assumptions sheet in support of its expense line items shows Medical Director Fees are assumed to be $6 PPD. Bristol's workload projections at page 12 of its application estimate 15,920.38 patient days in 2023. This would result in 2023 medical director fees of $95,522.*
- *Bristol's final version of its pro forma operating statement shows medical director fees at $79,668 for 2023.*

These inconsistent assumptions and estimates leave the Department unable rely on Bristol's medical director expense projections or to determine if the Bristol project as described is financially feasible.

WA B & O Tax

None of the Bristol pro forma financials show the required line item for B&O Taxes as proforma expenses whether in the stand---alone or combined scenarios. Based on its projected Pierce gross revenues, those amounts would be approximately $24,000, $37,000, and $47,000 in the first three years of operations for Pierce. The amounts would be significantly greater for any combined scenario with other Washington entities. If B&O Taxes are located elsewhere in Bristol's application materials, that is not responsive to the Department's application requirements.

Volunteer coordinator, bereavement, QAPI staffing.

Bristol does not make provisions for a Volunteer Coordinator in its staffing assumptions. While it relates its staffing is 1 to 100 in the staff/patient ratio, it does not show the partial FTE Volunteer Coordinator. If this required function is another staff member's responsibility until there are 100 patients, Bristol's application does not provide that information.

Bristol lists key functions required by the Medicare COP's yet provides no information linking its staffing to those functions. There is no information indicating which positions will be responsible for Bereavement or QAPI.

Bristol states each agency will have outreach staff but there is not mention of outreach staff in the Bristol staffing listing.

Staffing expense

Bristol's application does not provide the required salary assumptions to support its projected salaries for each position listed. Screening Question #40 reinforced the requirement an applicant provide the salary for each position. Instead, Bristol provides an hourly wage and the total wages projected. A review of Bristol application staffing table provided with its in response to screening shows that most of Bristol's staff positions are listed at full FTE's each year. While it seems odd that a rapidly growing agency would coincidentally show round numbers of FTE's for positions that are staffed variably depending on workload projections and established staffing ratios for nursing and other clinical positions. An explanation for Bristol's result it is available in a review of the public record. The 2019 staff evaluation of Bristol's Pierce CON application quotes Bristol's unusual approach to portraying its staffing expenses. Directly quoted below is an excerpt from that evaluation and includes Bristol's explanation.

> *"Puget Sound Hospice made comments in regard to Bristol Hospice staffing ratios on pp 6-7. Bristol would like to point out that the FTEs listed are FTE's at the end of the period, not the total during the period. For example 1 FTE RN means Bristol had 1 RN FTE during 12/2019, not necessarily 1 FTE during the entire period."*

This excerpt helps explain the full FTE's shown each year in Bristol's staffing assumptions and makes clear that Bristol does not consider an FTE as 2080 hours per year. Rather, Bristol denotes "1.0 FTE" to mean a single full---time staff member occupied the position in "12/18" that is, the last month, or December of the year. Having adopted this unusual practice and not having provided an explanatory note or a staffing table with annual salaries per position that would have conformed to the application requirements, Bristol prohibits one from multiplying the hourly rates it provides per position times 2080 hours in order to discern the annual salaries of Bristol's proposed staff.

This is not responsive to the CON application requirements and leaves Bristol's 2021---2023 proforma figures for salaries and wages without accurate stated assumptions supporting them. This results in unreliable financial projections. Bristol's project does not meet the financial feasibility criteria."

"It is very likely that Bristol will not be licensed or able to see its first patient until December 2020, with the accreditation survey not likely before May 2021, and the issuance of a Medicare provider number/certification and commencement of Medicare revenues until August 2021. As an experienced national hospice provider, Bristol would be expected to plan reasonably for the development of a new agency in Pierce County and a realistic start date for licensed---only services, so it has enough patients to undergo certification, then Medicare certification and finally, the timing of its initial receipt of Medicare reimbursement.

With an unrealistic start date upon which it relies for Medicare revenues, the Bristol financial projections are not reliable, and the Department cannot determine the project is financially feasible."

Russell Hilliard, Seasons Hospice [source: public comments pdf3]
"*Bristol does not specify an average length of stay for its forecast, failing to meet this criterion."*

"Bristol does not specify a median length of stay for its forecast, failing to meet this criterion."

Providence Health & Services [source: public comments pdf21-22, 33-34]
Bristol's pro forma revenue and expense statement and supporting documents contain multiple mistakes and/or instances in which the stated assumptions are not sufficiently clear to reproduce the calculations in the projections. These include:

- *Listing an FTE for the occupational category "DNS" in Year 2 and Year 3 of operation, but omitting the salary for this position, thereby causing the FTE to not factor into the salary and benefit calculations.*
- *Presenting gross revenues that reflect a declining average charge per case through the forecast period, from $215.80 in Year 1, to $211.70 in Year 2, to $209.49 in Year 3. There is no mention of a shifting clinical diagnosis mix or payor mix, so it is unclear why this occurs.*
- *Stating that revenue calculations are based on 2018 Medicare Reimbursement Rates, but not indicating their specific values. This is problematic because the average charges in the pro forma statement are not consistent with the published rates on the CMS web site and Bristol's stated hospice care distribution.*
- *A lack of clarity regarding how "net room and board expense" is calculated. Bristol states that this calculation is based on an "estimate that between 20% - 25% of our total average dally census ('ADC') will reside in a SNF each month." However, Bristol does not state what its average net expense per SNF stay is, and, with its example, implies it is approximately $5 per month. However, dividing the expected SNF patient days based on a 20% stay rate by the Bristol room and board expense figures in the application yields average net expenses of $60.40, $43.30, and $34.90 in Year 1, Year 2, and Year 3, respectively. No information is provided as to how these numbers were calculated, or why the average net expense is declining over time.*
- *Presenting annual salary costs for the occupational category "Admin" of $123,684 in Year 1, which is less than the product of the stated hours and hourly wage of 2,080 hours per year and $63.08 per hour.*
- *Presenting annual salary costs for the category "Business/Clerical - Business Office" of $34,500 in Year 1, which is greater than the product of the stated hours of 1,040 and the hourly wage of $23.26.63*
- *A lack of clarity as to how the "On Call/PTO/Overtime" FTE costs are calculated. These numbers reflect approximately 20.58%, 24.69%, and 20.53% of wages and salaries in Year 1, Year 2, and Year 3, respectively. However, no information is provided as to how these proportions were calculated.*

In addition, with respect to its proposed program's overall financial performance, Bristol projects an operating margin of 20.5% in Year 3, the second highest margin of all eight applicants. This seems high for hospice services in a market characterized by low-income and underserved individuals and groups, and suggests that Bristol's projected expenses may be understated."

"The certificate of need application was filed by Bristol Hospice-Pierce, LLC ("Bristol"). Bristol is owned by Bristol Hospice and Homecare, LLC, which is in turn owned by Bristol

Hospice, LLC ("Bristol Hospice"). In its screening questions, the Department declared Bristol Hospice to be the applicant. However, Bristol Hospice has provided only a single historical financial document to the Department: a one-page "Income Statement" for 2019. The Department's standard policy is to require an applicant to provide complete historical financial statements (including a statement of revenues and expenses, a cash flow statement, and a balance sheet) for the most recent three- year period. Bristol Hospice has not submitted the required documents. This information is necessary to evaluate the applicant's financial strength and past performance — i.e., its ability to finance the project. Instead, in Bristol's case, the Department has been provided with a one-page document. This is wholly insufficient for the Department to perform its financial feasibility
evaluation, given that Bristol Hospice is the actual applicant."

Puget Sound Hospice [source: public comment pdf5]
"Bristol's Medical Director Contract is missing every other page and there is no contracted MD pay rate. An MD pay rate of $300 per hour is referenced, which is approximately $110 per hour more than the market rate. The State is left with no MD pay rate to work with, which means financial feasibility and cost containment cannot be determined. This application must be denied for these reasons.

Additionally, Bristol includes overhead allocations that seem to be excessive. Finally, the startup costs of $136,000 from September 2020 to January 2021 also appear excessive."

Rebuttal Comment
Bristol provided the following rebuttal comments directly related to the public comments received by the department related to this sub-criterion.

Bristol Hospice – Pierce, L.L.C. Response: [source: Bristol's July 17, 2020, rebuttal comments, pdf2-6]
"*Providence has stated that the other applicants including Bristol have been aggressive with their ADC projections. Bristol would like to point out that Providence has one of the largest single provider locations in the entire country with ADC upwards of 430 in Seattle. Being a nonprofit provider does not exempt them from taking more then stated as the unmet need or growing exponentially. Bristol has a history of serving underserved populations as provided in its application. Getting contracts with Commercial payers is always a goal for Bristol, however because of the process of obtaining those contracts and the unknown factor of being awarded commercial insurance contracts, Bristol did not want to project an unattainable amount of commercial payor revenue. For charity care we will always admit those in need, and we have budgeted what we see is typical for this expense.*

Majority of what is outlined by Providence for financial feasibility can be answered by referring to Bristol's screening response under question #40 and question #29.

In response to the statements made by Providence in regard to Bristol's financial standing Bristol would first like to point out that the 2019 P&L provided was approved by all DOH analysts (Peter Agabi, Karen Nidermayer, Randall Huyck and Jeni Kido). At the time Bristol did not have audited financials and it was agreed upon that providing the detail submitted in our screening would be sufficient for the application. Providence has alluded to poor financial standing of

Bristol Hospice. Bristol would like to note the significant financial success of 25.5M in EBITDA shown in the statement. It is important to note that Bristol is writing of the costs of its acquisitions over a 10-year period and had written off 27M during the period provided.

Symbol submitted a brief note with concerns on MD rates, overhead allocation, and startup costs. On January 28th the DOH asked that Bristol mail in hard copies of their application, within these hard copies that were mailed in there is not a scanning issue with every other page. If there is further concern with this Bristol is happy to provide another copy as a condition of being awarded the CON. The startup costs and overhead costs are very standard industry amounts. Bristol started in 2006 and has locations across 8 states, its costs are validated by years of experience and industry knowledge.

As a first note on Envisions comment Bristol would like to note that it appears Envision did not fully review Bristol's application and screening as the make note of missing documentation which as provided. Envision has stated Bristol didn't provide an organization chart, historical financials, or projected financials. This is false. Exhibit 1 of the original application is an org chart. Exhibit 14 of the original application is historical financials, attachment 9 of the screening is also historical information. Bristol would like to make specific note here that the analyst agreed attachment 9 of the screening was all the additional historical information needed during a call and all DOH analysts (Peter Agabi, Karen Nidermayer, Randall Huyck and Jeni Kido were all part of these conversations) . Projected financials were included in attachment 5 of the screening. There was no error in providing documentation and the analyst had two screenings to ensure the application had all necessary documentation.

Envision has scrutinized Bristol's demonstration of need. Coming up with projected need is not an exact science and every applicant across the different counties have had a slightly different approach. The key here is that it is reasonable in meeting the unmet need and that is what Bristol has done. What was provided was not questioned by the analyst in either screening period and was found to be acceptable.

Envision noted it feels that the project completion is unrealistic. This timeframe was discussed and reviewed with the analysts and was found to be acceptable and Bristol disagrees with Envisions comment.

Envision made a comment about "other" expenses and that certain line items are required. Bristol would like to make note on this that a specific P&L template was provided to Bristol by the DOH to use during the previous year's application cycle. This form is what is preferred by the DOH and is what Bristol used as its template. This would be the same response to the comment on B&O tax and Staffing expense.

Envision commented on Bristol's lease agreement that the 10% limit doesn't exist. It is under the option to extend rider 3.C.

Envision has commented on the medical director fees outlined. Bristol would like to note that our $6 PPD is an accurate assumption. The sum of the three years of Medical Director Fees of

$281,916.00 and divide that by the total patient days over the three-year period 47,010.54 you get a PPD of $6.00.

Envision has commented on the use of "per diem" staff. When Bristol states "per diem" staff it is not referring to staff that is hired through a staffing agency. These employees are employees of Bristol and are paid on a part time basis. Envision has made comment that Bristol overlooked a volunteer coordinator FTE. The Executive director manages volunteers while the business is scaling for efficiencies, this is very common among startups. The outreach staff Envision questioned is include the administrative staff."

Department Evaluation

Timeline for Implementation

Bristol identified a completion date for this project of January 2021. This date is based on the assumption that this evaluation will be released in October 2020 and the project would be approved to begin operations. Comments suggest that this timeline is unreasonable and unachievable. While the timeline is ambitious, is not completely unreasonable with the expectation that the applicant would begin implementation of its approval immediately after issuance of the CN. Further, Bristol's timeline is consistent with other timelines reviewed for hospice services.

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Bristol does not currently operate a hospice agency in Washington State. With no specific Washington State hospice experience, it based its projected utilization of the hospice agency on specific factors:

- Extension of the numeric methodology out to year 2023. Determined that the new hospice agency would capture a market share of 2.0% in year one, which increases to 4.0% in year two, and 6.0% in year three. The market share percentages are based on similar market shares in other markets.
- Average length of stay at 60.13 days based on the Washington State numeric methodology.
- Based on the two factors above, the three-year average daily census calculates to 27.32 in year one and increases to 42.58 in year two, and 58.91 in year three.

Pro Forma Financial Statements

The applicant provided pro forma Revenue and Expenses Statements for the Pierce County agency that allowed the department to evaluate the financial viability of the proposed hospice agency alone. Bristol also provided combined pro forma Revenue and Expense Statements for Bristol Hospice, LLC and King, Thurston, Snohomish, and Pierce counties as requested. This approach allows the department to evaluate the financial viability of the proposed Pierce hospice and other agencies that are under Washington State hospice concurrent review.

The public comments submitted during this review focus on specific line items in the pro forma financial statements. Each line item is addressed separately below.

Washington State Business and Occupation Tax (B & O)

This tax is levied in Washington State and is based on gross income, rather than net income. Public comments state that the taxes are not identified in the Pierce County or combined pro forma revenue and expense statements. A review of the statements confirm that the B & O taxes are not identified in a separate line item. Bristol's rebuttal is that it used a template provided by the department for its financial statements. The department's template is intended to be a starting point, not an exhaustive list of all applicable line items. B&O taxes do not necessarily need their own line item and may be captured in another line item.

Staffing Expense

Public comments state that the assumptions used to determine the projected salaries are not included in the application. The department notes that the specific salaries are not included in the list of assumptions; rather Bristol provided hourly wages and FTE amounts of some positions as a basis to calculate a position's annual salary. However, there are issues with this category which are: missing hourly rates for staff lines[27] and lines that do not total properly[28]. Neither of these specific errors is addressed by Bristol in rebuttal.

Lease Expense

Public comments were provided on Bristol's assumed projections for its base rent renewal increases. A review of the Lease Agreement provided as Exhibit 3, has an "*Option to Extend Rider.*" Which states that the new rent will be determined based on fair market value, as is asserted in comments. The rider does reference ten percent in the same section but as a caveat in the case the appraisers do not agree, not that the increased rent would be capped at an additional ten percent to the year one rent, as the applicant states. Instead the ten percent is meant to be used as direction for next actions in comparing the two appraisals. Bristol responded to this in rebuttal, however, is incorrect in its read of the rider.

Medical Director Contract

In screening the department asked Bristol for the complete Medical Director Agreement. Bristol responded, "*See Attachment 6 for the full version of the medical director contract*." This Attachment was again an incomplete version of this agreement. This fact was brought up in public comment, Bristol responded that it provided the department a hardcopy of its application in January of 2020 that did not have missing pages. The department does not have a record of receiving Bristol's application for Pierce County as a hardcopy.

Since Bristol did provide the requested Medical Director compensation calculation in response to screening the department attempted to match these to applicable parts of the application. See the following tables for this analysis.

[27] DNS in years two and three show 1.0 FTE, with 2080 hours, yet no hourly wage, and no yearly amount paid.
[28] "Admin" row in year one and "Business/Clerical – Business Office" in year one.

Department's Table 13
Medical Director Calculation from Assumptions
and FTE Table Screening Response, Attachment 10

Value Description [source]	Year 1	Year 2	Year 3
FTE Amount [screening, Attachment 10]	0.1	0.15	0.21
Annual Hours [screening, pdf25]	2080	2080	2080
Annual Medical Director Hours [calculated]	208	312	436.8
Medical Director Hourly Wage [screening, pdf 20]	$300	$300	$300
Medical Director Annual Salary [calculated]	$62,400	$93,600	$131,040
Medical Director Fees [screening, Attachment 13]	$59,772	$93,204	$128,940
Difference [calculated]	**$2,628**	**$396**	**$2,100**

Bristol did rebut this comment stating, "*Envision has commented on the medical director fees outlined. Bristol would like to note that our $6 PPD is an accurate assumption. The sum of the three years of Medical Director Fees of $281,916.00 and divide that by the total patient days over the three-year period 47,010.54 you get a PPD of $6.00.*" Using this calculation comes close to satisfying the basis for financial statements. However, although values are closer to matching the smallest difference of $213 is still more than a rounding error.

Department's Table 14
Medical Director Calculation from Assumptions
and Anticipated Average Daily Census from the Application

Value Description [source]	Year 1	Year 2	Year 3
Per Patient Day Medical Director Rate [screening, pdf 20]	$6.01	$6.01	$6.01
Medical Director Hourly Wage [screening, pdf 20]	$300	$300	$300
ADC [application, p 12]	27.32	42.58	58.91
Patient Days [calculated]	9,970.16	15,540.00	21,500.68
Hours for Medical Director per Patient per Month [screening, pdf 20]	0.61	0.61	0.61
Months in a Year	12	12	12
Medical Director's Annual Hours [calculated, screening formula, pdf 20]	200	312	431
Medical Director's Annual Salary [calculated, screening formula, pdf 20]	$59,985	$93,495	$129,358
Medical Director Fees [screening, Attachment 13]	$59,772	$93,204	$128,940
Difference [calculated]	**$213**	**$291**	**$418**

Importantly, not one or the other of the preceding tables needs to add up, but both should. When detailing an aspect of a project, various sections of the application, namely in this case the FTE table, Medical Director Agreement, assumptions, and financial statements should all match. As is shown in the "Difference [calculated]" row of the preceding tables this application does not manage to do so in either analysis nor any projection year. Based on this the department cannot confirm that the financial information provided accurately projects the expenses presented by the applicant.

Complete Historical Financial Statements for the Applicant

While complete financials were requested during the screening of the application, not all were provided. Several entities provided public comments stating that the financial viability of the project cannot be reviewed without complete historical statements. Bristol stated in rebuttal, that the comment is false, that it did provide all materials, that it did so with the department's guidance, and that "*the analyst had two screenings to ensure the application had all necessary documentation.*" The applicant either misunderstood technical assistance or the public comment as a complete historical financials were not provided. Further, this application did not have a second screening as is stated by the applicant.

There were additional errors pointed out in public comment related to Bristol's financial statements by several entities. However, in light of the confirmed issues discussed already, the department concludes that based on the information available, the department cannot complete the review of the immediate and long-range operating costs of Bristol's Pierce County project. **This sub-criterion is not met.**

Continuum Care of Pierce LLC

Continuum does not currently operate in Pierce County. However, it has affiliates that operate in Thurston and Snohomish counties.

Continuum provided the following assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice agency.

"*An opening date of July 1, 2021 is assumed*.

Continuum's assumptions are as follows:

- *The assumed admissions are based on a highly conservative assumption of what the Members of Continuum have experienced in opening other agencies.*
- *ALOS: The 60.13-day ALOS was based on the Washington State average contained in the published hospice methodology.*
- *Median LOS: the 20-day median LOS was based upon the Members of Continuum's actual experience in their other agencies*." [source: Application, p15]

"*The other agencies are identified on pages 2 and 3 of the application. Those with enough operating history for us to include in our assumptions included*

- *Continuum Care Hospice (Pleasanton, CA),*
- *Continuum Care North Bay (Petaluma, CA), and*
- *Continuum Care of Rhode Island (West Warwick)*.

The other agencies referenced in response to Q6 are not Washington agencies, but we have reviewed the recent CN submittals of existing Washington hospice providers. Consistently, in year 1, their ADC estimates propose to serve between 11-22% of the DOH's calculated unmet need. By the third year, they consistently propose to serve between one-third to one half of DOH's calculated unmet need. These providers include Wesley, Inspiring and Providence. Though we do not have a long history of operations in Washington, Continuum's assumptions are fully within these ranges.

Additionally, our ALOS, which was calculated by the CN Program, reflects the actual experience of Washington agencies. After considering and adjusting for the size of the CN Program defined unmet need, Continuum strongly believes that our admissions are reasonable. In support of this statement, and in addition to Snohomish County, over the past several years, Continuum affiliates have submitted CN applications in Clark and King Counties.

Each of these applications was found to meet all applicable criteria in WAC 246-310-210 (need) and WAC 246-310-220 (financial feasibility). In each application, the Program found our underlying assumption to be reasonable and consistent with applicable standards. Our assumptions in this application are nearly identical to those that the Program has previously deemed meet applicable criteria.

While the median length of stay utilized reflects Continuum's experience in other states, it is important to note that the median length of stay does not drive any statistic in our application." [source: March 31, 2020 screening response, p5]

"*As stated on page 23 of the application, for 2021 (our start-up/partial year), Continuum conservatively assumed it will care for an ADC of 10 patients, but receive revenue for only an ADC of 7. This is because there is a delay associated with survey. Approximately 5 patients (3 of which must be active at the time of survey) need to be on service before the accrediting agency will survey. And, in addition, there is another delay in securing a provider number and beginning to receive reimbursement. (See our response to Q 4, above, for additional detail).*

The 2021 data in Table 6 of the application was mis-stated. Below, Table 6 has been revised for 2021 to reflect the correct patient ADC to be served (10). The census in the pro forma financial statements for 2021 reflect the patient census (ADC = 7) for purposes of revenue, but an ADC of 10, for purposes of expenses. The revision to Table 6 (estimated Continuum admissions of 60 in 2021) results in an estimated market share of unmet or incremental admissions in 2021 of 17%; increasing to 42% by Year 4 (2024). These numbers are consistent with the assumptions provided on page 16 of the application."

Revised Table 6 (from CN application)
Utilization Forecast Key Assumptions

	2021	2022	2023	2024
Unmet Admissions Per Hospice Methodology	362	525	687	849
Average Length of Stay= 60.13				
Total Unmet Days	21,767	31,568	41,309	51,050
Total Unmet Average Daily Census	60	86.5	113	140
Estimated Continuum Market Share of Unmet Admissions	17%	40%	41%	42%
Continuum Admissions	**60**	**210**	**282**	**357**
Continuum admissions for underserved populations	**0**	**21**	**34**	**56**
Total Continuum Projected Admissions (unduplicated patients served)	**60**	**231**	**316**	**413**
Continuum Projected Patient Days	1,830	13,891	19,000	24,835
Continuum Projected ADC	10	38	52	68
Continuum Projected Median Length of Stay	20	20	20	20

Source: Applicant, numbers may not sum exactly due to rounding

[source: March 31, 2020 screening response, p4]

"*Table 7 identifies Continuum's estimated first full year of operation of patients by diagnosis*

Table 7
Estimated Hospice Patients by Diagnosis and Percent

Diagnosis	# of Admissions	Percent of Total
Cancer	84	36%
Cardiac/Heart	39	17%
Alzheimer's/Dementia	32	14%
Lung Diseases	23	10%
Other [3]	53	23%
Total	**231**	**100.0%**

Source: Applicant

The distribution of patients by diagnosis is from a combination of sources: the Members' experience with its existing operations, the federal Medicare Hospice files and a review of recent CN approved hospice applications in Washington State." [source: Application, pp15-16]

"*Annually, the Program surveys all existing hospice providers in the State. The Program then applies the survey data to the hospice need methodology in WAC 246-310-290. A copy of the methodology for Pierce County is included as Exhibit 5. The Program's forecast is for an unmet ADC of 60 in 2021. By 2024, the unmet need is projected at an unmet ADC of 140.*

Use Rate:
Continuum adopted the 'use rate' assumptions as calculated in the Program's hospice methodology (per WAC 46-310-290).

Market Share:
Given the estimated unmet need in Pierce County, combined with the number of existing agencies, Continuum conservatively assumed our market share of incremental admissions to be approximately 17% in Year 1 (less than a full year) and 40% in year 2; increasing to 42% in Year 4.

Underserved Adjustment:
An adjustment for the underserved was also assumed. Undeserved communities are not fully reflected in the CN Program's methodology (which relies on three years of historical data projected forward). Beginning in Year 2, Continuum intends to serve 21 individuals (or 9% of estimated admissions) from underserved communities that are 'outside' of the methodology. By our third full year, we estimate that approximately 14% of our total admissions will be from underserved communities not reflected in historical use data. Based on our experience in other communities similar in size and diversity to Pierce County.

Intensity of Service:
While intensity has not been defined by the CN Program, we are responding two ways; the first relates to the scope of our services. As detailed in the pro forma, we are providing routine, inpatient, general inpatient and continuous home care. We also propose to serve patients in nursing homes, assisted living, group homes and the homeless.

Secondly, we propose to have specific outreach to communities that have been historically underserved.

In addition, and while the question does not ask per se, about availability and accessibility, we understand that the CN Program staff wants Continuum to outline how its proposed application meets the requirements in WAC 246-310-210(1), which states:

> *(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. The assessment of the conformance of a project with this criterion shall include, but need not be limited to, consideration of the following:*
> *(b) In the case of health services or facilities proposed to be provided, the efficiency and appropriateness of the use of existing services and facilities similar to those proposed;*

Historically, in CN decisions, the Program itself has stated that an unmet need calculated by application of its methodology demonstrates that other agencies will not be sufficiently available

or accessible to meet the need. In one case, the Program explicitly indicated that existing agencies should not assume that they can continue to grow to address projected need.

> *PSHH's business decision to expand services at some future date is not relevant to whether existing providers are available and accessible at the time of application. Only in rare circumstances is it responsible to apply future expansion plans of existing providers when determining a community's need. None of these circumstances exist in this application. It is also unreasonable to rely solely on existing providers hiring additional staff to meet all future projected need.*

Further, the Program has historically found that intent to have Medicare and Medicaid certification is another indication of accessibility.

While our analysis suggests that existing providers have some idle capacity and are able to grow to meet a portion of the unmet need, we do believe that a new agency offering additional choice is warranted at this time. And as referenced throughout the application, Continuum proposes to establish a new hospice agency that will be specifically targeted to underserved populations in order to reduce disparities in access and use of hospice services among underserved ethnicities in Pierce County. This further justifies the approval of Continuum in the County.

The literature irrefutably establishes that hospice is preferred for managing patients at end of life and supporting their families. It reduces cost and improves quality. Therefore, we do not believe that there are 'other services' that are comparable." [source: Application, pp16-18]

"We relied most heavily on data from two of our Affiliate agencies, including: Continuum Care Hospice's Oakland Project (works with the African American Community in Oakland California) and Continuum Care of Rhode Island, where Continuum works closely with the Narragansett Tribe, a sovereign tribe recognized by the US Government, and with Western African Communities. Table 3 details that Pierce County's population is similar, as is its diversity."

Applicant's Table

Table 3
Comparison of Population and Select Diversity of Continuum Hospice Agencies

	Pierce County WA	Continuum Care Hospice (Northern CA)	Continuum Rhode Island
Total Population	904,980	698,7829	1,057,315
% Black	7.6%	6.3%	8.4%
% Native American (AI)	1.8%	0.4%	1.1%

Source: 2018 Census Population Estimates

Based on the assumptions above, Continuum provided the following projections for utilization of the hospice agency. [source: March 31, 2020 screening response, p4]

Department's Table 15
Continuum's Pierce County
Projected Utilization

	2022 (Year 1)	**2023** (Year 2)	**2024** (Year 3)
Admissions	229	316	407
Percentage of Pierce Market Share	5.3%	7.1%	9.1%
Total Days	13,891	19,000	24,835
Average Length of Stay	60.13	60.13	60.13
Average Daily Census	38	52	68

If this project is approved, the new hospice agency in Pierce County would be operated separately from any other entity, though it would purchase administrative services from Continuum Care Hospice LLC. The proposed hospice is not a subsidiary or under the control of any other entity, therefore Continuum did not provide projected financial statements for any other combinations of approvals of other potentially related hospice applications in this or the subsequent hospice review cycle.

Continuum also provided the following statement and its assumptions used to project the pro forma statements. [source: Application, p23 and Exhibit 8]
"*Our pro forma (2021, for 6 months) includes all start-up costs and all costs incurred prior to preopening and pre-certification. For example, the pre-opening lease expense (lease expenses incurred from October 2020 through December 2020) is included in the 'pre-opening' rent line item as are estimated operating expenses as well.*

There are no costs associated with the medical director agreement until July 2021. The medical director agreement confirms that the medical director agreement commences upon initiation of patient care (which is assumed to occur beginning July 2021).

The pro forma conservatively assumes an effective census of 7.0, reflecting patients from whom revenue will be received during the initial operating period. While we only anticipate being paid for an ADC of 7, we still expect to serve an actual ADC of 10, and our cost assumptions for the initial operating period continue to be based on that figure. This results in an operating loss in 2021, and as depicted in the balance sheet, we have a member contribution which more than covers the likely deficits during the initial operating period (2021)."

Applicant's Tables

Line Item	Assumption
Contractual Adjustments	Approximately 5% of total revenue.
Charity/Indigent Care	3% of total revenue
Bad Debt	2% of total revenue
Salaries and Benefits	Based on FTE and staffing. Benefits are assumed to be 20% of salaries.
Medical Director	Based on medical director contract ($4,000/month)
Contracted Services	For PT/OT/SP and dietician; assumed to be $0.39/per patient day (PPD)
Pharmacy	Assumed to be $8.59/PPD
DME	Assumed to be $7.58/PPD
Medical Supplies	Assumed to be $2.11/PPD
Other Direct Expenses	Assumed to be $10.70 per patient per month (includes ambulance, chemotherapy, imaging, lab, radiation)
General Inpatient Costs	GIP is 80% of the GIP rate, or $898.63 PPD
Inpatient Respite Costs	Pass thru cost
5% room and board expense for Medicaid patients in nursing homes receiving routine care	15% of total patient days will be eligible for room and board pass through for 2021, 20% for 2022, 25% for 2023 and 30% for 2024 will be room and board. Room and board rate assumed to be $236.34 and is based on the 2020 Pierce County average nursing home Medicaid rate. Assumes Medicaid reimburses 95% of the rate. Assume no increase in the rate
Mileage	Assumed an average of 229.43 miles (per patient per month served at the rate of $0.58/mile. Assume no increase in IRS rate.

Advertising	Assumed to be $23.70 per patient per month
Amortization	Capital cost amortization of $106,800 for 15 years
Bank Service Charges	Assumed to be $0.09 per patient per month
Payroll Services	Assumed to be $6.07 per patient per month
Background Screening	Assumed to be $13.28 per patient per month
Business licenses and permits	Assumed to be $7.64 per patient per month
Computer / Internet	Assumed to be $12.92 per patient per month
Dues/Subscriptions	Assumed to be $7.65 per patient per month
Insurance	Assumed to be $73.37 per patient per month.
Overhead allocation	In initial ½ year.15 FTE each for several key administrative staff (COO, Chief Compliance Officer, CFO, Triage) has been allocated. In Years 2-3, this is reduced to .08 FTE each. In addition, $12,000 annually has been allocated for billing, except in first half year, assumed $6,000.
Operating Costs (lease)	8.31% of total building operating costs. Assume operating expenses increase by 7% annually based on an average increase over the past three years.
Legal & Professional Services	Assumed to be $12.38 per patient per month
Office Expenses & Supplies	Assumed to be $47.01 per patient per month

Pre-opening rent	3 months of rent expense for 2020 (2,926.50/month) + operating expenses (1,080/month) for a total of 12,020.
Rent	Per lease agreement through 2024. For the partial year operation, 12 months of lease expense has been assumed.
Repairs	Assumed to be $2.06 per patient per month
Software	Assumed to be approximately $7k/month
Taxes	Assumed to be $20.83 per patient per month
Phone	Assumed to be $62.61 per patient per month
Travel	Assumed to be $12.38 per patient per month
Uniforms	Assumed to be $2.30 per patient per month

Following is a summary of the projected revenue and expense statement for Continuum's Pierce County proposed agency. [source: March 31, 2020 screening response, Attachment 3]

Department's Table 16
Continuum Pierce County
Revenue and Expense Statement Summary for Years 2022 through 2024

	CY 2022 (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Net Revenue	$2,749,447	$3,589,288	$4,691,483
Total Expenses	$2,610,650	$3,353,527	$4,300,140
Net Profit / (Loss)	**$138,797**	**$235,761**	**$391,343**

Continuum also provided the projected balance sheets for the proposed Pierce County hospice agency. The three-year summary is shown in the table below. [source: March 31, 2020 screening response, Attachment 3]

Department's Table 17
Continuum Pierce County
Balance Statement Summary for Years 2022 through 2024

ASSETS	2022	2023	2024
Current Assets	$619,870	$931,958	$1,414,001
Property and Equipment	$96,120	$89,000	$81,880
Other Assets	$2,110	$2,110	$2,110
Total Assets	**$718,100**	**$1,023,068**	**$1,497,991**

LIABILITIES	2021	2022	2023
Current Liabilities	$280,080	$349,288	$432,869
Long-Term Debt	$0	$0	$0
Equity	$438,020	$673,780	$1,065,122
Total Liabilities, Long-Term Debt, and Equity	**$718,100**	**$1,023,068**	**$1,497,991**

Continuum provided the following information regarding the operations of the proposed Pierce County agency. [source: March 31, 2020 screening response, p11]
"*Every application submitted by a Continuum Affiliate proposes a new legal entity and a separately licensed and accredited agency. There will be no satellite agencies and no other agency will be operated under the Pierce County entity. As such, we confirmed with Program staff on March 30, 2022 [sic] that balance sheets and cash flow statements, are not applicable, because approval of more than one project is immaterial*."

Continuum did not provide combined financial statements for any other entity or combination of entities, either with or without the project.

Public Comment
During the review of this project, three entities provided public comments related to this sub-criterion, restated below.

Providence Health & Services [source: [public comment pdf11, 23-24, 34-36]
"Although the applicants are in agreement as to the need for a new hospice agency in Pierce County, there are significant variations in their projections of average daily census ("ADC") for their proposed hospice programs. Each applicant's ADC projection for the third full year of operation of their programs is shown in Table 2.

Table 2: Average Daily Census Figures, by Applicant, Third Year of Operations

	Bristol	Continuum	Envision	Providence	Seasons	Signature	Symbol	Wesley
ADC, Year 3	58.9	68	60	41	57.8	45.3	96	36.2
Year 3 Year	2023	2024	2023	2023	2024	2023	2023	2023
Source	App. p. 12	Screen., p. 4	Screen., p.49	App. p. 29	Screen., p. 26	Screen., p. 53	Screen., p. 7	Screen., p. 13

"Continuum also has made a very aggressive projection: it asserts that its ADC will be 68 in Year 3. This projection appears to be based mainly upon "what the [owners] of Continuum have experienced in operating other agencies." However, Continuum has failed to identify the specific market areas upon which this experience is based. Therefore, the Department cannot evaluate whether the market areas are comparable to Pierce County in terms of (1) population size, (2) population demographics, (3) number of existing hospice providers, and (4) market share characteristics. This is an insufficient basis upon which to base such an aggressive ADC projection."

"The financial Pro Forma and supporting documents for Continuum contain multiple mistakes and/or instances in which the stated assumptions are not sufficiently clear to reproduce the projections. These include:

- *The listing of many expense category assumptions as "per patient per month." These assumed values seem to be calculated based on dividing an ALOS of 60.13 by 30.4, where 30.4 represents the average days in a month, for a "patient multiplier" of about 1.97. This leads to expense calculations that generally match those Continuum provided for Years 2022 through 2024, but not for 2021 (using either an ALOS of 60.13 or Continuum's stated 2021 ALOS of 30.5).*
- *Failing to revise the Pro Forma statement provided in the screening responses to match the salaries and benefits provided in the screening responses.*
- *Applying an average salary of $146,250 to calculate the overhead allocation in Year 0 (2021) but applying an average salary of $136,250 to calculate the same in Years 1, 2, and 3 (2022 through 2024, respectively).*
- *Not providing sufficient information for the assumptions relating to reimbursement. For reasons that are unclear, both the average charges, as calculated by charges divided by patient days, and the average daily rate, vary by year. The Pro Forma suggests this average charge changes because of longer average stays in Year 2 and Year 3, but the specific method of calculation is unclear. Furthermore, if charges are calculated assuming longer average stays in Year 2 and Year 3, then the Pro Forma, which assumes a constant ALOS for patient day projections, is not internally consistent.*

In addition to the issues identified above, Continuum relies on high utilization assumptions to drive its financial forecast. In its screening responses, Continuum anticipates losses in the second half of 2021 equal to ($450,778), then profits of $138,797, $235,760, and $391,342 in Year 1, Year 2, and Year 3, respectively. Based upon Continuum's own calculations, net operating losses are expected through the second quarter of Year 3. This suggests its high utilization assumptions may be crucial in creating a net financial gain through the first three years of operations.

We have tested the high Year 3 ADC of 68 in Table 8. However, due to the numerous errors and lack of sufficient documentation, we are not able to completely replicate the financial Pro Forma for Continuum based off its stated assumptions and utilization forecast. However, except for the salary and benefit calculations, we are able to get quite close for years 2022 through 2024 (Year 1 through Year 3). Continuum's submitted financials, together with our replication of them and an alternate model, are presented in Table 8.

Table 8: Replication of Continuum Financials with Alternative ADC Model

Financials	2021 (Yr 0)	2022 (Yr 1)	2023 (Yr 2)	2024 (Yr 3)	Period total
Net revenue					
Continuum Screening p. 28	$257,061	$2,749,447	$3,589,288	$4,691,483	
Replication; Year 3 ADC=68	$257,062	$2,749,447	$3,589,287	$4,691,482	
Alternative; Year 3 ADC=60	$257,062	$2,749,447	$3,589,287	$4,137,043	
Expenses					
Continuum Screening p. 29	$707,839	$2,610,650	$3,353,527	$4,300,140	
Replication; Year 3 ADC=68	$993,371	$2,638,788	$3,392,638	$4,352,096	
Alternative; Year 3 ADC=60	$993,371	$2,638,788	$3,392,638	$4,186,613	
Net Income					
Continuum Screening p. 29	($450,778)	$138,797	$235,761	$391,343	**$315,123**
Replication; Year 3 ADC=68	($736,310)	$110,659	$196,650	$339,387	**($89,614)**
Alternative; Year 3 ADC=60	($736,310)	$110,659	$196,650	($49,570)	**($478,571)**

Sources: Continuum Screening, p. 28-29; calculations based on Continuum forecast and assumptions, CN20-41 p. 116, 119-121.

Notes: The replication uses the Pro Forma, stated assumptions, and ADC from Continuum's screening responses and CN20-41, where ADC = 68 in Year 3. This replication presents the corrected wage and salary figures. The alternative adjusts ADC to 60 in Year 3 to reflect the Department unmet need in 2021, but otherwise is the same to the replication.

Continuum's apparent miscalculation of salaries and benefits accounts for about 92% of the difference between Continuum's stated financials and our replication in Year 0 (2021), and about 83% to 85% of the difference in Year 1, Year 2, and Year 3. Our replication, which reflects Continuum's stated salary and FTE assumptions, results in much larger losses in Year 0, and a net cumulative operational loss through the end of Year 3.

Our alternative calculation, which replicates the Continuum financials but with an ADC in Year 3 equal to 60, results in a much larger loss in Year 0, an annual operating loss in Year 3, and a large cumulative loss over Year 0 through Year 3. As hypothesized above, Continuum's high utilization assumption is crucial for driving financial feasibility in Year 3. Furthermore, even if this assumption of high utilization is met, correcting for Continuum's stated salary assumptions leads to a projected cumulative operating loss through the first three full years of operation. This raises serious questions regarding the financial feasibility of Continuum's proposed project."

"The certificate of need application was filed by Continuum Care of Pierce, LLC ("Continuum"). The sole members and owners of Continuum are Samuel Stern and Goldy Stern, who also are the owners of four other hospice-owning limited liability companies. Although Continuum takes the position that the six hospice companies owned jointly or separately by the Sterns are separate and distinct legal entities, it is clear that the companies are operated in a coordinated fashion by the owners. Thus, Continuum Care Hospice, LLC ("Continuum Care Hospice"), which is based in California, appears to play the role of the parent entity, and there is an annual "Overhead Allocation" from it to the other five hospice companies.

Continuum's Balance Sheet shows "Members' Contributions" of $750,000 over the three-year financial projection period. These "Contributions" would apparently be made by the Sterns, although the specific source is not identified by name in the application or other documentation. It does not appear that the $750,000 is repaid over the projection period. This absence of information is of concern given that a cash flow statement has not been provided. This raises concerns with respect to the reliability of Continuum's financial projections, including its ability to appropriately finance its proposed program.

Continuum's capital expenditures will be $106,800. It projects an operating loss of ($450,778)

through partial year 2021, then positive net income thereafter. Importantly, as discussed above in Section III.2, its pro forma financial statement uses aggressive ADC growth assumptions, which may not be met in the start-up years. Further, as also discussed above, its pro forma documentation contains errors in certain expense forecasts. When the pro forma statement is corrected, as shown in Table 8, it is not clear how large Continuum's operating losses might be and how they will be financed. The $750,000 "Members' Contributions" may not be sufficient to finance all of the capital expenditures, start-up costs, and potential operating losses. However, in the absence of a cash flow statement for Continuum, the Department cannot accurately determine cash flow requirements and cash flows.

The 2018 Balance Sheet for Continuum Care Hospice, which functions as the parent entity, contains line items that also raise questions. The Equity section of the Balance Sheet identifies negative Member Equity of $3.8 million, with no explanation, and Net Income of $5.7 million, for Total Equity of $1.9 million. There may have been large distributions to members that year, given the high Net Income. Thus, the residual Net Equity of Continuum Care Hospice, at least as of December 31, 2018, the latest year for which information is provided, is relatively small. Yet Continuum Care Hospice has submitted a letter of commitment to finance Continuum's capital expenditures, start-up costs, and potential operating losses. Moreover, the potential shortfall of adequate funding does not take into account the additional financial impact of the potential approval of the two other hospice applications submitted by the owners of Continuum in the 2020 hospice concurrent review cycles. Accordingly, there are significant questions regarding the adequacy of financial support for Continuum.

Moreover, the CN application filed by Continuum is one of three submitted by the owners of Continuum in the Department's 2020 hospice concurrent review cycles: the owners have filed applications to establish hospice programs in Pierce County, King County, and Kitsap County. If an entity/owner submits multiple applications in the annual hospice review cycles, it is the Department's policy and practice to require the entity/owner to submit (1) pro forma financial statements (a revenue and expense statement, a balance sheet, and a cash flow statement) for each proposed hospice program and (2) combined pro forma financial statements for all of the proposed programs. This enables the Department to evaluate what the financial impact will be if one or more of the programs is approved.

However, Continuum has taken the position that, because Continuum will be "a new legal entity and a separately licensed and accredited agency," it is not required to submit the separate and combined pro forma financial statements required under the Department's policy. Continuum claims that the Department agrees with Continuum's position, and asserts that "approval of more than one project is immaterial." This is not correct. As noted above, although Continuum argues that the six hospice companies owned by Samuel Stern and Goldy Stern are separate and distinct legal entities, it is clear that the companies are (1) commonly owned and (2) operated in a coordinated fashion, with Continuum Care Hospice playing the role of the parent operating entity, which includes an annual "Overhead Allocation." It appears the same will be true of the three new entities created by the Sterns to operate the proposed new hospice programs in Pierce, King, and Kitsap counties.

Given that it is the Department's long-established, consistently-followed policy and practice to require an entity/owner filing multiple hospice applications to submit combined pro forma statements for review, the Department cannot evaluate the financial feasibility of the Continuum Pierce County hospice program in the absence of the combined statements. Accordingly, Continuum's application must be denied."

Bristol Hospice [source: public comment pdf3-6]

"Continuum Screening asks the applicant to provide combined views of financials for CONs which the applicant applied for in Kitsap and King Counties. Continuum failed to provide this detail stating that the Pierce County operation will be a "new legal entity". Because the financial sponsor is the same for each application this is a requirement. Without proof that each scenario proves to be feasible Continuum cannot be deemed to be financially feasible.

In question #16 of its screening it fails to give proforma financial statements of the parent stating that only an overhead allocation is used. The purpose here is to prove financial stability of the sponsor and this is a requirement of the application.

In its screening under question #12 it provided an FTE table and it provided an updated P&L in its attachments. In review of the FTE/Salary detail it doesn't match up to the numbers provided in the P&L.

Staff	2021		2022		2023		2024		Amounts Provided in Screening
Administrator	1	$130,000	1	$130,000	1	$130,000	1	$130,000	$130,000
Clinical Director	1	$125,000	1	$125,000	1	$125,000	1	$125,000	$125,000
Clinical Manager	0	$0	0	$0	0	$0	1	$115,000	$115,000
RN	0.7	$72,538	3.8	$393,779	5.2	$538,855	6.8	$704,657	$103,626
HHA	0.7	$29,877	3.8	$162,192	5.2	$221,946	6.8	$290,238	$42,682
MSW	0.28	$18,928	1.52	$102,752	2.08	$140,608	2.72	$183,872	$67,600
Chaplain	0.28	$17,064	1.52	$92,635	2.08	$126,764	2.72	$165,768	$60,944
Music Therapist	0.14	$9,027	0.76	$49,005	1.04	$67,059	1.36	$87,693	$64,480
Intake	1	$50,000	1	$50,000	1	$50,000	1	$50,000	$50,000
Office Manager	0	$0	1	$70,000	1	$70,000	1	$70,000	$70,000
Team Coordinator	0	$0	0	$0	1	$50,000	1	$50,000	$50,000
Marketing	0.5	$50,000	1	$100,000	1	$100,000	1.25	$125,000	$100,000
Volunteer	1	$80,000	1	$80,000	1	$80,000	1	$80,000	$80,000
Bereavement	0	$0	0	$0	0.5	$37,500	1	$75,000	$75,000
Totals		$582,435		$1,359,362		$1,737,732		$2,252,227	
Amount for Hospice Employees on forcasted P&L		$102,068.00		$ 776,903.00		$ 1,062,633.00		$ 1,388,945.00	
Amount for Admin Employees on forcasted P&L		$217,500.00		$ 555,000.00		$ 642,500.00		$ 820,000.00	
Total on P&L		$319,568.00		$ 1,331,903.00		$ 1,705,133.00		$ 2,208,945.00	

In addition to the failure to provide the proper views needed to determine financial feasibility, Continuum has provided an understated overhead allocation on its Pro Forma Financials provided in Attachment 3 of its screening response. In Exhibit 8 of its CON application Continuum stated the assumption for its overhead allocation as the following:

In initial ½ year .15 FTE each for several key administrative staff (COO, Chief Compliance Officer, CFO, Triage) has been allocated. In Years 2-3, this is reduced to .08 FTE each. In addition, $12,000 annually has been allocated for billing, except in first half year, assumed $6, 000.

This amount is low considering the administrative staff they have listed. Additionally, Continuum has kept this rate flat year over year (other than the partial startup period) which is unrealistic

considering its Pierce County agency is projected to grow significantly requiring additional overhead allocation."

Envision Hospice of Washington, LLC [source: public comment part 2 pdf16

"Utilization forecasts

To then translate Pierce County unmet need into workload and revenues for its proposed hospice agency, Continuum based its 2021---2024 projected volumes on "what the Members of Continuum have experienced in opening other agencies." Yet, Continuum provided no numbers that permit a comparison between its Pierce projections and its "experience" at those other agencies. To which agencies and communities does it refer? Were they larger communities or smaller? How did the demographics of those communities compare to Pierce County? Did they have better access to hospice there or less? How did the hospice use rates there compare to those in Pierce County? Without that information, the nature of the Continuum "experience" relied on is unknown and irrelevant.

Basis for revenues

With no stated plan beyond platitudes regarding "outreaching" to underserved groups, Continuum's excess volume projections "outside" the methodology fall short of credibility.

Beyond its unsupported "Continuum admissions" at its Table 8, Continuum also projected extra admissions for underserved racial minority groups "outside" the results of the methodology it used for estimating 2024 unmet need and building on its experience in "other communities." However, if Continuum has based its projected Pierce admissions on its agencies in other communities that have excelled at serving racial minorities, then those agencies' admissions would also include service to the underserved. Logic suggests Continuum has already accounted for the underserved patients being cared for in its other communities and the addition of 57 more admissions in 2024 is a double counting of those patients.

Nevertheless, Continuum projects 9---14% additional admissions "outside" of its other methods but provides no basis for those figures other than "our experience in other communities similar in size and diversity." Again, Continuum does not disclose which "other communities" it refers to and provides no size or diversity figures in comparison to Pierce County's.

The table below compares Continuum's proposed 57 additional 2024 admissions to those that would actually be needed for it to bring the hospice use rates of Pierce underserved groups from those shown in its Table 4 up to the Pierce County average of hospice utilization in only three years, by 2024.

The table below analyzes data from Continuum's Table 4 and shows the shortfall of "Black" and "All minority" admissions in Pierce County if the goal is a hospice use rate that matches the Pierce County average, or "service parity." While Continuum's financial proforma has included 57 additional admissions for the groups it portrays in Table 4, the calculated shortfalls at Row 8 show it would take just 22 and 34 additional admissions to reach parity, not 57. Adjusting for population growth and the related increase in Pierce County deaths between Table 4's 2017 and Continuum's 2024 projection, Envision applied a factor of 137% to arrive at updated shortfalls of 30 and 46 additional admissions needed for "service parity."

	Continuum's 57 "underserved admissions" compared to data provided in its Table 4, Black and Combined Racial Minorities based on Continuum Table 4			
		Source	Black	All minority
Row 1	Deaths under hospice by race	From Conintuum Table 4	91	235
Row 2	Deaths outside of hospice	From Conintuum Table 4	87	190
Row 3	Total deaths	Total of Rows 1 and 2	178	425
Row 4	Pierce Total Medicare Utilization Rate	From Conintuum Table 4	63%	63%
Row 5	Minority ADMS to reach Pierce Avg. Utilization Rate	Row 4 x Row 5	113	269
Row 6	Shortfall to reach Pierce Avg. Utilization Rate	Row 5 minus Row 1	22	34
Row 7	2017 Shortfall Increased for Pierce deaths 2016-2018	Row 6 x 137%	30	46
Row 8	Continuum underserved admissions as % of Shortfall	57 ADMS ÷ Row7	193%	123%

The conclusion of the table, shown at Row 8, is that Continuum's additional 57 admissions "outside the method" are unrealistic. The 57 additional admissions are 193% of the number required to move the "Black" hospice use rate in Table 4 to the Pierce County average and 123% of what it would take to move the "All minority" use rate in Table 4 to the Pierce County average. Thus, Continuum's figure for "additional" admissions is neither credible nor realistic for at least three reasons:

- *Since Continuum relied on its other agencies' volumes --- which would have already included their patients from underserved groups --- in setting its Pierce County 2021---2024 volumes, its 57 additional admissions for the underserved are double counting those.*
- *Envision's analysis of Continuum's Table 4 shows the 57 admissions are not realistic. It demonstrates that Continuum would, by itself and without participation of the other three hospices in Pierce County, bring the minority hospice use rate substantially above the County average use rate. And it would accomplish that in only three years.*
- *Lack of trust in the healthcare system is a commonly---noted source of minority group members' reluctance to use hospice services in place of seeking curative treatment. The extraordinary minority death rates from COVID---19 have intensified the awareness of these disparities in healthcare. This heightened awareness will certainly reinforce the skepticism of minority group members when a health care provider suggests they curtail curative treatment in order to enter hospice care. Achieving "service parity" in hospice use is a worthy goal but expectations and efforts toward it need to be sensitive to countervailing trends."*

"B & O Taxes

Envision is unable to find B&O taxes anywhere on the Continuum proforma financials. At 1.8% per year of "Total Revenue," this omission results in an understatement of Continuum annual expenses by approximately $4,627, $49,490, $64,647 and $84,447 for years 2021-2024 and has a corresponding negative effect on Continuum's bottom line.

	2021	2022	2023	2024
Total Revenue	$257,061	$2,749,447	$3,589,288	$4,691,483
B&O Tax @ 1.8%	$4,627	$49,490	$64,607	$84,447

Medical director contract

Applicants can choose between providing a copy of a completed medical director contract or a signed agreement between the parties agreeing to execute the terms of that contract.

Continuum provides neither. Continuum's medical director agreement is not signed by both parties. Its only signed document simply agrees on the start date of the as yet unsigned agreement. As a result, Continuum has not provided a complete application and the Department cannot confirm the accuracy of Continuum's expenses or determine the financial feasibility of the project.

Conclusion: In order to determine that the capital or operating costs of the proposed project can be met those costs must be compared to the applicant's projected revenues. Such clarity is not available in the Continuum application or related material"

Rebuttal Comment

Continuum provided the following rebuttal comments directly related to the public comments received by the department related to this sub-criterion.

Continuum Care of Pierce LLC Response: [source: Continuum's August 1, 2020, rebuttal comments pp2-4]

"▪ ***Incorrect statements regarding Continuum:***

Competing applicants wrongly suggest that the applicant in the Continuum matter is not the correct applicant and erroneously claim that sufficient financial information for the "parent" and other agencies has not been provided. The fact is there is no confusion about the identity of the applicant here. Continuum Care of Pierce LLC has correctly indicated that it is the applicant, together with its two members, Samuel Stern and Goldy Stern; that the LLC members own and operate other hospice agencies, each of which was fully identified in the application; and that the applicant is affiliated with those other agencies, including Continuum Care Hospice LLC to which it provides payments for allocated overhead and management activities. Historical financial statements for each of the other agencies owned by the applicant's members since opening for the agencies that have been operating for a period long enough to have historical financials were provided in the application. The financing source for this project, reserves from Continuum Care Hospice LLC, were confirmed to be available per a letter from that company's CFO (Screening Response, Attachment 4).

▪ ***Continuum's market share and ADC is reasonable based on the numeric need in the planning area and Continuum's commitment to, and assumptions related to, outreach to the underserved, which are also well-documented and reasonable.***

Continuum's market share of the total unmet need in the planning area by the third full year of operation is 42%. In Tables 2 and 3 of our screening response, Continuum detailed the assumptions related to our market share and our unique outreach to the underserved to demonstrate the reasonableness of our assumptions. In its initial decision on a Continuum project (Snohomish 2017), the Department own analysis noted the compelling arguments we made about underserved populations. As in Pierce, these arguments were based on actual data collected by CMS.

▪ ***Continuum conforms with all financial feasibility criteria in WAC 246-310-220:***

Despite competing applicant statements to the contrary, the record confirms that Continuum fully complies with all financial feasibility requirements. Specifically, the record demonstrates the availability of capital, an exact match between the lease and pro forma, consistency between the staffing assumptions and pro forma.

Bristol and Providence suggest that Continuum's staffing table is not consistent with the pro forma financial. The differences between Bristol and Providence's calculations and Continuum's pro forma are simply due to rounding. The pro forma is correct.

Finally, Envision argues that Continuum excluded B&O taxes. Continuum included B & O taxes in the line item "contractual allowances". In hindsight, we should have made them a separate line time in the budget, but because they are calculated from total revenue (as is contractual allowance) we included them in that line item. Table 1 compares the contractual allowance line item (as a percentage) to each of the other applicants and to Envision' s 2018 Pierce County submittal.

Table 1
Contractual Allowances as a Percentage of Total Revenue
2020 Pierce County Hospice Applicants

Applicant	Contractual Allowance as a % of gross revenue	Contractual Allowance - Year 1	Contractual Allowance - Year 2	Contractual Allowance - Year 3	Contractual Allowance - Year 4
Bristol 2020	0%				Not Provided
Symbol 2020	0%	749	54,966	91,739	136,063
Envision 2020	2%	47,697	71,546	95,394	Not Provided
Seasons 2020	17%	363,624	748,350	898,190	Not Provided
Wesley 2020	1% -Assumed to be Sequestration	18,483	31,003	47,552	Not Provided
Continuum 2020	5%	14,281	152,747	199,405	260,638
Providence 2020	24%	10,279,289	10,334,424	13,232,180	13,857,998.21
Signature 2020	2% -Assumed to be Sequestration	16,651.78	45,162.91	67,254.94	Not Provided

Continuum estimates our sequestration actual contractual allowance to be 2%, leaving a surplus of $109,000 in 2024 to fund both City and State B&O taxes (which we conservatively estimated at 3.0%), as well as other to-be determined taxes that are based on total revenue."

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Continuum based its projected utilization of the hospice agency on specific factors:

- Admissions and median length of stay at 20 days are based on applicant's actual experience with other agencies[29] and review of recent CN submittals of existing Washington hospice providers[30].
- Average annual length of stay at 60.13 days.

[29] The other agencies are ones in California and Rhode Island.
[30] These existing hospice providers are listed as "*Wesley, Inspiring and Providence*"

- Percentages of Pierce County's unmet market share of approximately 17% in Year 1, 40% in Year 2, and 42% in Year 4.
- Additional patients from the underserved population, beginning in Year 2 with 9% and 14% in Year 3.

In public comment Providence criticized Continuum's estimated ADC relative to other applicants of this review, however its table compares applicants across different years. Continuum's anticipated ADC assumption is based on a percent of the department's calculation for unmet need for Pierce County by year. Since applicant's first full year varies, it is an apples to oranges type of analysis in Continuum's case.

In its initial review the department was unable to replicate the applicant's Table 6 "*Utilization Forecast Key Assumptions*" from page 15 of the application. When this was questioned in screening the applicant provided a Revised Table 6. Although some errors in year 2021 were changed, there were persisting errors in year 2024 when attempting to match the table's values with assumptions listed on page 17 of the application. The assumption is restated here.
"*Underserved Adjustment:*
An adjustment for the underserved was also assumed. Undeserved communities are not fully reflected in the CN Program's methodology (which relies on three years of historical data projected forward). Beginning in Year 2, Continuum intends to serve 21 individuals (or 9% of estimated admissions) from underserved communities that are 'outside' of the methodology. By our third full year, we estimate that approximately 14% of our total admissions will be from underserved communities not reflected in historical use data. Based on our experience in other communities similar in size and diversity to Pierce County."

Department's Table 18
Continuum's Utilization Forecast Key Assumptions Table Analysis

	Year 2024 **Revised Table 6**	Year 2024 **Department Calculation**
Unmet Admissions for Pierce County per the Hospice Methodology	849	849
Average Length of Stay	60.13	60.13
Total Unmet Days for Pierce County	51,050	51,050
Total Unmet ADC for Pierce County	140	139.86
Continuum's Estimated Market Share of Unmet Admissions	42%	42%
Continuum's Admissions	357	357
Continuum's Admissions for Underserved Populations [application, p17]	**14%**	**16%**
Continuum's Admits for Underserved Population	**56**	**50**
Total Continuum admits (no duplicates)	**413**	**407**
Continuum Projected Patient Days	**24,835**	**24,443**
Continuum Projected ADC	**68**	**67**

The department was again unable to confirm year 2024 using Continuum's stated assumptions on market share and underserved population adjustment. The table does have a footer noting that

"*numbers may not sum exactly due to rounding"* however the inconsistency is not dismissible based on this caveat. And although the applicant's projections are not off my much, these are used as the basis for the majority of the pro forma financial statements. Even small revisions to a foundational assumption can exponentially impact the applicant's revenues, expenses, and anticipated income.

Pro Forma Financial Statements

There are numerous other errors in financial statements pointed out in public comment by multiple entities. Errors related to: specific category assumptions, missing required line items, consistency of calculations across application materials, overall profitability issues, and linking utilization assumptions to pro forma statements. That said, without a basis to confirm utilization assumptions the department is unable to confirm that any of the pro forma financials are reliable.

Related to this assumption, as pointed out by Envision in public comment, the experience of Continuum's affiliates is the basis for its: market share admissions and for its additional underserved adjustment. Continuum based several aspects of this project on the same experience, including its ability to reach and serve these populations. Continuum's theory relies on this underserved population being not counted in the department's need methodology. Envision contends that if using its affiliates' experience as the basis for projected market share, as stated by Continuum, this would already include the underserved. Then continues to point out specific additional barriers to providing these populations hospice services which were not fully addressed by Continuum. Public commenters also criticized line items from Continuum's balance sheets, the impact of other applications submitted by Continuum affiliates, and basis for the additional "*Underserved Adjustment*".

Continuum did provide responses in rebuttal referencing its application and screening response. However, the issue within its Utilization Forecast Key Assumptions is unchanged.

Based on the multiple criticisms raised and the assumptions uncorrected in screening, department cannot confirm that the financial information provided accurately projects the revenues and expenses presented by the applicant. As a result, the department cannot complete the review of the immediate and long-range operating costs of Continuum's Pierce County project. **This sub-criterion is not met.**

Envision Hospice of Washington, LLC

Envision is an existing hospice agency in Washington State approved to serve Medicare and Medicaid patients who reside in Thurston, Snohomish, or King counties. Additionally, it provides home health services to patients that reside in Thurston, Snohomish, King, or Pierce counties.

If approved, Envision plans to co-locate its operational functions with its affiliated home health agency, with offices in Tacoma, within Pierce County. [source: Application, p10]

Envision provided the following assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice agency. [source: Application, pp27-28]
"*A table displaying the requested forecasts is provided below.*

It is important to note that Envision is providing a conservative projection of Pierce County volume through its first three years of operation. While the Department projects an ADC of 60 unmet need in 2021, Envision paces its growth assumption to reach service at that level two years later, by 2023.
While this is more rapid growth than Envision has typically projected in a new planning area, a number of factors support this forecast:

1. *The large size of the Pierce population compared to most Washington counties results in much more rapid growth in absolute hospice demand than in smaller counties. For example, the Department's Hospice Need Method shows Pierce unmet need growing at nearly 30ADC per year for each year of its projections.*
2. *Envision's large existing home health agency in Pierce County already has a substantial referral base and provider relationships there. This will support more rapid growth in Pierce County than in counties where those relationships take time to develop.*
3. *Envision's strong history of home health services in Pierce County has established its reputation with both providers and with community members. Thus, the Envision brand name will support both patient willingness to consider Envision hospice care and will also substantially aid in staff recruitment.*
4. *Before the Envision Hospice in Pierce County is established, its King County hospice will already have built referral relationships among the large regional hospitals who discharge a substantial number of Pierce County residents from King County inpatient units.*
5. *Forty percent of Envision's Pierce home health patients have veteran status. Envision's existing referral relationships with organizations serving veterans will fast-track Envision's hospice outreach to Pierce County veterans.*
6. *Envision Hospice of Washington LLC has already built the parent office of its Washington hospice agency. This means the office, the infrastructure, the staff and the accreditation for its first hospice are all in place. While new agencies will take months to build this base (the lag time for Envision's accreditation first visit was six months from the time requested), Envision began this process in 2018 and already has it in place. This will allow Envision's Pierce County hospice to immediately request Medicare certification for the new service area and to start seeing hospice patients in January 2020.*

Based on its Utah experience and that in Thurston County, Washington, and its understanding of the opportunities it will pursue in Pierce County, the table below estimates the multiple sources of admissions the Envision Hospice in Pierce County can expect."

Projected Admissions and Sources
Envision Hospice/Pierce County

Annual average workload measures	**2021**	**2022**	**2023**
Projected average daily census for financial profoma	30	45	60
Annual admissions at 60 ALOS	183	274	365
Average admissions per month	15	22	30
Hospice Referrals per month by source	**2021**	**2022**	**2023**
Envision Home Health referrals of its terminal patients	3	4	5
Home health & home care agencies referring terminal patients	1	2	3
Hospitals discharging terminal patients	3	4	5
Assisted living & adult family homes residents electing hospice	2	3	4
Nursing home residents electing hospice	0	1	2
Patient and family self-referral from internet search	2	2	3
Physicians referring terminal patients	4	6	8
TOTAL	**15**	**12**	**30**

[source: Application, p28]

"*The table below shows the national average for 2016 published by the National Hospice and Palliative Care Organization.*

Diagnosis	Percent
Cancer	28
Heart/Cardiac/Circulatory	19
Dementia	16
Lung/Respiratory	11
Stroke/Coma	9
Other	17
Total	**100%**

This forecast was based on the 2016 national average diagnostic mix published by the National Hospice and Palliative Care Organization. Envision based its forecast on this national average breakdown of patient diagnoses because it is premature to forecast a different mix until Envision becomes more familiar with the unmet needs in this specific service area." [source: Application, p29]

Based on the listed assumptions, Envision provided the following projections for utilization of the hospice agency. [source: Application, p28]

Department's Table 19
Envision Pierce County
Projected Utilization

	CY 2021 (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Admissions	183	274	365
Percentage of Pierce Market Share	4.4%	6.4%	8.2%
Total Days	11,004	16,476	21,947
Average Length of Stay	60.13	60.13	60.13
Average Daily Census	30.15	45.14	59.97

If this project is approved, the new hospice agency would be operated under Envision Hospice of Washington, LLC. To assist in this evaluation, the applicant provided a pro forma financial statement for several combinations of this project, with and without existing operations of its affiliates, and another pending hospice project. The pro forma statements provided are listed below.

- Pierce County alone;
- Kitsap County alone;
- Existing operations alone;
- Existing operations with Pierce County; and
- Existing operations with Pierce and Kitsap counties.

Envision also provided the following information and its assumptions used to project the pro forma statements see the following table.

Replacement of pp 41-42 of Pierce Hospice Application

Proforma Operating Statement, Envision Hospice, Pierce County
Assumptions for calculating line items

Revenue	
Medicaid	includes Healthy Options
Commercial/Other	Comm.,BHP,VA,TriCare, CHAMPUS
Deductions from Revenue	
Contractual Allowances	2% of gross revenue
Bad Debt	1% of gross revenue
Adj. For Charity Care	2% after Contractual and Bad Debt
Patient Care Costs	
Salaries and Benefits:	
Payroll Taxes & Benefits	30% of Salaries
Contract Labor:	
Physical Therapy	$ 0.09 per DOC
Occupational Therapy	$ 0.03 per DOC
Speech/Language	$ 0.02 per DOC
Dietary Counseling	$ 0.02 per DOC
Other Line Items	
Physician Consulting Fees	1% of net revenue
Pharmacy/IV's	$ 4.78 DOC
DME Costs	$ 4.60 DOC
Medical Supplies	$ 1.66 DOC
Lab Costs	$ 0.10 DOC
Chemotherapy	$ 0.10 DOC
Radiation Therapy	$ 0.10 DOC
Imaging Services	$ 0.08 DOC
Ambulance Costs	$ 0.35 DOC
General Inpatient Care Costs	$ 825.00 facility contract rate per general inpatient care day
Inpatient Respite Care Costs	$ 385.00 facility contract rate per inpatient respite care day
Net SNF Medicaid Costs	DOC x $12 x 5%, 10%, 15%
Mileage	$ 2.89 DOC
Administrative Costs	
Payroll Taxes & Benefits	30% of Administrative Salaries
B&O Taxes	1.8% of gross revenue
Mileage	$139 per ADC (Historical)
Advertising	$2,000/month
Travel - admin	$20,000/year first year and $10,000 therafter
Legal & Professional	$1,000/month
Consulting Fees	$250/month
Software Costs	$1,000/month
Computer @ Software Maintenance	$833/month
Office rent	$1,463/Month (See Allocation Table)
Repairs/Maintenance	$150/month
Cleaning	$50/month
Insurance	$250/month
Office Supplies	$250/month
Equipment Rental	$2,000/year
Postage	$50/month
Telephones/Pagers	$1200/month
Purchased Services/Utilities	$500/month
Books & References Materials	$100/month
Printing	$125/month
Licenses & Certification	Per Renewal Fee table
Education and Training	$24,000/year incl. palliative care, cultural competence, volunteer program
Dues and Subscriptions	$200/month
Corporate Allocation	5% Of Net Rev., includes Payroll, Billing, IT, HR Etc.

[source: May 27, 2020 screening response, Attachment D]

"*Description of selected line item expenses*

- *'Physician consulting fees' These fees are not paid to the medical director but include reimbursement for such physician services as: CMS-permitted payments to the hospice patient's primary care physician; for palliative care for pre-hospice patients; and for specialty consultations to the IDT in areas such as neurology for dementia patients, infectious disease, pulmonology, nephrology, etc.*
- *'General inpatient costs' include the amounts paid to inpatient facilities for each day one of Envision's hospice patients is cared for under the CMS daily rate for inpatient care, termed 'General Inpatient Care' (GIP). GIP is one of the four daily rates under which hospice care is reimbursed by Medicare.*
- *'Legal and professional costs' include accounting and auditing fees, attorney fees, etc.*
- *'Consulting fees' include cost reporting, systems analysis and planning, benchmarking services for financial and quality measures, etc.*
- *Services and costs provided under the 'corporate allocation costs' cover overhead expenses such as payer contracting, billing, human resources, benefits management, and employee recruitment, etc."*

Following is a summary of the projected revenue and expense statement for Envision's Pierce County proposed agency. [source: April 30, 2020 screening response, Appendix S-3]

Department's Table 20
Envision Pierce County
Revenue and Expense Statement Summary for Years 2021 through 2023

	CY 2021 (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Net Revenue	$2,267,048	$3,400,572	$4,534,096
Total Expenses	$2,003,690	$2,913,614	$3,841,198
Net Profit / (Loss)	**$263,358**	**$486,958**	**$692,898**

Envision also provided the combined projected revenue and expense statement for Envision's existing operations, with its pending Kitsap County proposal, and its Pierce County proposed agency. [source: April 30, 2020 screening response, Appendix S-7]

Department's Table 21
Envision Existing Operations, Kitsap, and Pierce Counties
Revenue and Expense Statement Summary for Years 2021 through 2023

	CY 2021 (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Net Revenue	$14,501,794	$19,399,371	$23,863,969
Total Expenses	$12,435,867	$15,666,993	$19,089,198
Net Profit / (Loss)	**$2,065,927**	**$3,732,378**	**$4,774,771**

Following is a summary of the projected balance statement for Envision's Pierce County proposed agency. [source: April 30, 2020 screening response, Appendix S-3]

Department's Table 22
Envision Pierce County
Balance Statement Summary for Years 2021 through 2023

ASSETS	2021	2022	2023
Current Assets	$360,760	$892,695	$1,631,926
Property and Equipment	$5,771	$4,543	$3,314
Other Assets	$0	$0	$0
Total Assets	**$366,531**	**$897,238**	**$1,635,240**

LIABILITIES	2021	2022	2023
Current Liabilities	$104,402	$149,379	$195,712
Long-Term Debt	$0	$0	$0
Equity	$262,129	$747,859	$1,439,528
Total Liabilities, Long-Term Debt, and Equity	**$366,531**	**$897,238**	**$1,635,240**

Envision also provided the combined projected balance statement for Envision's existing operations, with its pending Kitsap County proposal, and its Pierce County proposed agency. [source: April 30, 2020 screening response, Appendix S-7]

Department's Table 23
Envision Existing Operations, Kitsap, and Pierce Counties
Balance Statement Summary for Years 2021 through 2023

ASSETS	2021	2022	2023
Current Assets	$4,036,441	$6,137,764	$8,585,024
Property and Equipment	$44,997	$33,212	$22,264
Other Assets	$0	$0	$0
Total Assets	**$4,081,438**	**$6,170,976**	**$8,607,288**

LIABILITIES	2021	2022	2023
Current Liabilities	$628,223	$797,168	$969,657
Long-Term Debt	$0	$0	$0
Equity	$3,453,215	$5,373,807	$7,637,631
Total Liabilities, Long-Term Debt, and Equity	**$4,081,438**	**$6,170,975**	**$8,607,288**

Public Comment
Russell Hilliard, Seasons Hospice [source: public commend pdf23, 24, 25]
"Envision states it will employ Rebecca J. March, DO, as the Medical Director, but does not provide any proof of employment or agreement in place. Dr. March's Curriculum Vitae indicates

she currently provides treatment for patients at West Olympia Internal Medicine in Olympia Washington, is Medical Director for Puget Sound HealthCare, a facility in Olympia, WA, and supports clinical research trials at Capital Clinical Research Center in Olympia, WA. Furthermore, the Medical Director job description is not signed by Dr. March. Therefore, with no proof of employment or contract, Envision fails to meet this criterion.

Furthermore, in response to Screening Question 15, Envision states that the proposed Medical Director for its Pierce County location will be the same person that currently serves Envision Hospice of Washington's home office in Thurston County and two additional practice locations in King and Snohomish Counties. It goes on explain that "Envision will add additional Hospice Physicians to meet client needs." However, no employment agreements or contracts are in place to ensure physician coverage for all four counties. Therefore, Envision fails to meet this criterion."

"Envision proposes to locate the new hospice program within the office space leased by Envision Home Health of Washington at 1818 South Union Avenue, Suite 1A, Tacoma, WA 98405. However, there is no lease or sublease for the applicant, Envision Hospice of Washington, LLC. Although Envision attempt to overcome this omissions in providing an unsigned Draft Memorandum of Understanding Between Envision Home Health of Washington, LLC and Envision Hospice of Washington, LLC, the current lease clearly prohibits use of the property for anything other than for "medical home health office" as shown in the excerpt below.

THIS LEASE AGREEMENT (the "Lease") is entered into and effective as of this 16 day of March, 2018, between VNJ Enterprises, LLC. ("Landlord"), and Envision Home Health of Washington, LLC. (Tenant"). Landlord and Tenant agree as follows:

g. Permitted Use. The Premises shall be used only for medical home health office and for no other purpose without the prior written consent of Landlord (the "Permitted Use").

Therefore, Envision fails to meet this criterion."

"Envision fails to provide a step by step forecast for its proposed utilization. Rather, the Washington Department of Health need methodology is provided as an exhibit. No use rate, market share or other assumptions specific to the project are provided."

Providence Health & Services [source: public comment pdf9-10, 25-26, 36-38]
"Although the applicants are in agreement as to the need for a new hospice agency in Pierce County, there are significant variations in their projections of average daily census ("ADC") for their proposed hospice programs. Each applicant's ADC projection for the third full year of operation of their programs is shown in Table 2.

Table 2: Average Daily Census Figures, by Applicant, Third Year of Operations

	Bristol	Continuum	Envision	Providence	Seasons	Signature	Symbol	Wesley
ADC, Year 3	58.9	68	60	41	57.8	45.3	96	36.2
Year 3 Year	2023	2024	2023	2023	2024	2023	2023	2023
Source	App. p. 12	Screen., p. 4	Screen., p.49	App. p. 29	Screen., p. 26	Screen., p. 53	Screen., p. 7	Screen., p. 13

"Envision (Year 3 ADC of 60), Bristol (Year 3 ADC of 58.91), and Seasons (Year 3 ADC of 58) also project high ADCs in their third year of operation. All three of these applicants reference, among other things, their experience in other market areas in other states as a basis for their high ADC projections. However, none of them have provided specific evidence as to how the Pierce County market area is comparable to the other market areas. This reliance upon experience in other markets highlights an important common characteristic of Envision, Bristol, and Seasons (and of Symbol and Continuum as well): they are all for-profit, multistate hospice operators who are pursuing ambitious growth strategies. Therefore, it is not surprising that they are projecting high ADCs, since high patient day volumes are necessary to support their business model."

"Review of Envision's Pro Forma yielded two minor mistakes. The first mistake relates to the calculation of inpatient respite costs in its expense statement. Envision lists expenses related to inpatient respite care equal to $42,158, $63,236, and $84,315 in Year 1, Year 2, and Year 3, respectively. However, the calculation of these numbers reflects the use of General Inpatient days, not Inpatient Respite days. Rather, these values should equal $21,079, $31,618, and $42,158, respectively. The second error relates to the facility license renewal fees. The facility license renewal fees are listed by Envision to equal $3,283 in Year 1, $2,383 in Year 2, and $0 in Year 3. These license fees, for a hospice agency with FTEs between 16 and 50, equal $2,383 and must be renewed every 24 months. Envision appears to have incorrectly entered the license fee in Year 1, and the renewal fee should be moved to Year 3. Correction of these mistakes for Envision leads to slightly lower calculated expenses, and thus slightly higher net income levels. In addition, with respect to the proposed program's overall financial performance, Envision projects an operating margin of 15.3% in Year 3, which appears to be aggressive for profitability in a market that is characterized by the needs of low-income and underserved individuals and groups."

"Envision Hospice of Washington, LLC ("Envision") is a wholly-owned subsidiary of Envision Home Health of Washington, LLC ("Envision Home Health"), which is in turn wholly owned by eight "Individual LLC Members." Envision has provided financial statements for itself and for Envision Home Health.

Envision Home Health and Envision are in the midst of a rapid expansion strategy in Washington with respect to the development of hospice agencies. In its application, Envision states that it "will pursue development of Medicare hospice in all Puget Sound region counties open to Certificate of Need applications or where purchase of an existing agency is possible." Envision was recently CN-approved to establish hospice agencies in King, Snohomish, and Thurston counties, and also has submitted a CN application to establish a hospice agency in Kitsap County. Thus, it is currently starting up three agencies and is requesting approval to establish

two more agencies, all in a very short period of time. This high level of start-up activity makes Envision's application unique among the eight applicants inasmuch as it is taking on significant risk of financial performance with its three hospice start-ups, while also proposing two additional hospice start- ups over the next year.

Based upon the 2017 through 2019 financial statements provided for Envision Home Health, Envision's parent, it appears that Envision Home Health is not a large financial operation, generating net incomes of $394,700 in 2017, $235,400 in 2018 and $348,500 in 2019. Its Balance Sheet shows that Net Assets (Equity) were only $1.1 million in 2017 and 2018, then increased slightly to $1.3 million in 2019. Its Cash Flow Statement shows a Cash Balance of only $213,700 at the end of 2019. Please see Table 12 for details relating to the historical financial statements.

Table 12: Envision Home Health of Washington, LLC, Historical and Forecast Financial Statements

	Envision Home Health of Washington, LLC ($000)						
	Actuals			Forecast			
	2017	2018	2019	2020	2021	2022	2023
Statement of Revenues and Expenses							
GrossRevenue	$ 3,485.9	$ 4,326.6	$ 4,653.4	$7,526.80	$11,333.10	$14,601.90	$17,488.30
Net Revenue	$ 3,552.2	$ 4,451.1	$ 4,850.5	$ 7,230.2	$ 10,851.9	$ 13,960.9	$ 16,709.7
Patient Care Costs	$ 1,817.6	$ 2,470.2	$ 2,912.2	$ 4,647.8	$ 6,486.3	$ 8,040.9	$ 9,602.4
Administrative Costs	$ 1,337.9	$ 17,432.9	$ 1,589.3	$ 2,221.6	$ 2,747.9	$ 3,104.3	$ 3,619.6
Total Costs	$ 3,155.5	$ 4,214.1	$ 4,501.4	$ 6,869.4	$ 9,234.3	$ 11,146.1	$ 13,221.9
EBITDA	$ 396.6	$ 237.0	$ 349.1	$ 360.7	$ 1,617.6	$ 2,815.7	$ 3,487.7
Depreciation	$ 2.0	$ 1.6	$ 0.6	$ 10.2	$ 10.2	$ 9.3	$ 8.5
Net Income (Pre-Tax)	$ 394.7	$ 235.4	$ 348.5	$ 350.5	$ 1,607.4	$ 2,806.4	$ 3,479.2
Percent Annual Change, Net Income		-40.3%	48.1%	0.6%	**358.6%**	**74.6%**	**24.0%**
Balance Sheet	Actuals			Forecast			
Assets							
Current Assets	$ 1,080.5	$ 1,204.4	$ 1,369.9	$ 1,790.4	$ 3,384.8	$ 4,505.0	$ 5,599.5
Total Property and Equipment	$ 4.7	$ 4.8	$ 4.3	43.6	$ 33.5	$ 24.1	$ 15.6
Other Asstes	$ 30.8	$ 35.4	$ 27.5				
Total Assets	$ 1,116.0	$ 1,244.6	$ 1,401.7	$ 1,834.0	$ 3,418.3	$ 4,529.1	$ 5,615.1
Total Current Liabilities	$ 99.3	$ 173.5	$ 82.9	$ 335.8	$ 462.5	$ 567.0	$ 673.7
Long term Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Shareholder Equity	$ 1,016.7	$ 1,071.1	$ 1,318.8	$ 1,498.3	$ 2,955.7	$ 3,962.1	$ 4,941.4
Total Liabilities & Equity	$ 1,116.0	$ 1,244.6	$ 1,401.7	$ 1,834.1	$ 3,418.2	$ 4,529.1	$ 5,615.1
Cash Flow Statement	Actuals			Forecast			
Net Cash From Operations	$ 227.4	$ (135.1)	$ 190.2	$ 68.6	$ 1,180.9	$ 2,443.8	$ 3,151.9
Net Cash Used in Investing		$ (1.7)					
Cash Flows from Financing Activities				$ (29.8)			
Used For:							
Dividends	$ (14.2)	$ (185.6)	$ (25.2)	$ -	$ (150.0)	$ (1,800.0)	$ (2,500.0)
Net Increase <Decrease> in Cash	$ 213.1	$ (322.4)	$ 1,645.0	$ 38.8	$ 1,030.9	$ 643.8	$ 651.9
Summary							
Cash Balance at Beginning of Period	$ 157.9	$ 371.0	$ 48.4	$ 213.7	$ 252.5	$ 1,283.5	$ 1,927.3
Cash Balance at End of Period	$ 371.0	$ 48.7	$ 213.7	$ 252.5	$ 1,283.5	$ 1,927.0	$ 2,579.2

Historical Statements, Envision Screening, Appendix S-9, pp. 21-24.
Projected Statements, Envision Application, Appendix k.

As shown by the historical figures, Envision Home Health has not experienced growth during the most recent three-year period, and it arguably does not have sufficient financial capacity to take on large projects that carry risk. In comparison with its recent history, Envision Home Health projects very rapid growth with its three current hospice agency start-ups and its two requested new hospice agencies. This raises questions as to the financial viability of Envision Hospice's proposed program, given that Envision Home Health faces significant uncertainties associated with the establishment of five new hospice agencies over a short period of time.

In this regard, Envision Home Health's projection of a 358% increase in net income over 2020-2021, followed by a further 74% increase over 2021-2022, followed by a further 24% increase over 2022-2023 is extremely optimistic. These increases are based upon projected net income of $350,500 in 2020, $1,607,400 in 2021, $2,806,400 in 2022, and $3,479,200 in 2023. Again, these are extremely optimistic projections.

In summary, Table 12 shows stable, but modest, historical actual performance by Envision Home Health, but "hockey-stick" performance over the period from 2020 through 2023. This sort of projected performance is more typical of a pure start-up entity with no actual performance to benchmark. Envision Home Health may well meet these targets and this very rapid growth rate across five new hospice agencies, but the forecast is highly uncertain, and open to question."

Rebuttal Comment

Envision provided the following rebuttal comments directly related to the public comments received by the department related to this sub-criterion.

Envision Hospice of Washington LLC Response: [source: Envision's August 3, 2020, rebuttal comments, pp3-5 and pp8-19]

"***Responses to Seasons***

Seasons states at page 24: "Envision fails to provide a step by step forecast for its proposed utilization."

Envision responds: Seasons' statement is incorrect. Because Envision is a Medicare home health provider in Pierce County, it has intimate understanding of the market and is in frequent contact with many of its potential local hospice referral sources. While its calculations are noted as accepting the DOH hospice use rates and ALOS, Envision does not need or use abstract, top down, market share assumptions that the other Pierce applicants rely on. At page 28 in its application, Envision provided its own step by step basis, built from the ground up rather than top down generalizations, for its Pierce County workload projections. That table is fully supported by Envision's page 27 narrative discussing the solid basis for those projections. In addition, Envision's calculation of the unmet Pierce need through 2023 is provided at its Appendix F. And, its projected market shares that result from its planned annual admissions were provided at Attachment E to its May 27, 2020 Supplementary Screening Response.

Responses to Providence

Providence errs in grouping Envision in with the many Pierce applicants that did not adequately analyze and provide sufficient rationale for their projected hospice volumes through the third year of operations. In three portions of its public comments quoted below, Providence misrepresents Envision's approach and position:

- *Providence states at page 10: "As Table 2 shows, five of the applicants are projecting high ADC figures in comparison with the other three applicants. These projections are not realistic given the Department's projection that the 2021 unmet ADC need in the County will be 60."*

Envision responds: Providence correctly observes in its Table 2 that some applicants project "high" figures compared to "the other three applicants," one of which is Providence. It certainly is true that Envision projects higher admissions than Providence, since, as discussed in Envision's public comments, Providence projects so few admissions compared to the Department's documented unmet need in 2021. Providence provides no rationale whatsoever for its attempt to gain Certificate of Need approval yet plans to meet only 46% of the Pierce 2021 unmet need by its third year. Furthermore, as Envision

testified in public comment, Providence's additional pediatric census is not supported by any demonstration of Pierce County unmet need.

Envision conservatively projects meeting the Department's Pierce County 2021 unmet need two years later, in 2023. Providence public comment provides no explanation whatsoever why it views Envision's projection as "high" except for its being higher than Providence's. Its charge in public comment that Envision's projection to meet Pierce unmet need two years later is "not realistic" is a purely subjective evaluation unrelated to CON review criteria, is baseless and completely unsupported by any evidence from Providence.

- *Providence states at page 7: "All three of these applicants [Envision, and two others] reference, among other things, their experience in other market areas in other states as a basis for their high ADC projections. However, none of them have provided specific evidence as to how the Pierce County market area is comparable to the other market areas."*

Envision responds: Providence's statement is not accurate. In its zeal to detract from Envision's detailed, rational and locally-based projection method, Providence erred in this charge and by putting Envision on a list where it clearly does not belong. It is certainly true, as Envision testified, that many Pierce applicants with multiple locations nationally relied unsuccessfully on their experience in other markets to justify their numerical admissions projections for Pierce County. Yet, as Envision consistently demonstrated, every applicant that made that effort failed to provide the "specific evidence" both Providence – and Envision – sought.

Importantly, Envision was not one of those and it never relied on its single Utah hospice location as a basis for its volume projections in Pierce County.

While the list of potential referral sources at Envision's application page 28 – a generic list common to any community – is partially based on Envision's Utah experience, it is possible Providence mistook this to mean Utah's volumes were used to support the admissions Envision projected for Pierce County. The only instance in which Envision referenced volume experience at its Utah location was --- in combination with its Washington experience --- to estimate hospice payer mix. In that case, there was no need to show any comparability with the Utah market Envision serves.

- *Providence states at page 8: ". . . an important common characteristic of Envision, Bristol, and Seasons (and of Symbol and Continuum as well): they are all for-profit, multistate hospice operators who are pursuing ambitious growth strategies. Therefore, it is not surprising that they are projecting high ADCs, since high patient day volumes are necessary to support their business model."*

Envision responds: In its broad brush of disdain for national multi-state hospice chains, Providence appears unable to distinguish Envision from the many Pierce applicants that fit that description. While Providence charges the for profit "business model" requires high volumes, Envision finds it ironic that, as already noted, Providence Hospice of Seattle is one of the largest hospice agencies in the country and, as DOH survey data shows, has

amassed nearly 40% market share in King County. Nevertheless, Envision is unique among Pierce applicants and, if subjective attributes such as those Providence touts (large, stable, long standing) are of value, Envision can say, based in information already in the record:

- *Envision's "business model" for success is built on professional ethical values and excellence in provision of care. Envision is owned by a group of experienced health care professionals including nursing, social work, physical therapy, and occupational therapy.*
- *Envision is closely held and does not rely on anonymous investors with profit demands. It is funded solely by its LLC members and directly managed daily by a chief operating officer/MSW and CFO who are both members.*
- *Envision operates in just one other market, metropolitan Salt Lake City. It operated home health there for over a decade before expanding home health to the Puget Sound region.*
- *Through professional connections in the Seattle area, Envision's therapist members came to understand the home health and hospice access problems in the Puget Sound region and determined to explore ways to address it.*
- *Envision's new hospice In Washington is one agency, bringing Envision's "national" count to two. It is rolling out its provision of care to three of the region's counties at a measured pace. Envision has persevered through four years of CON applications to provide hospice in Washington counties that had not had CON openings for up to thirty years. It is the Department of Health's Need Method that opens these markets to low-risk investment based on conservatively documented need rather than the aggressive market expansion Providence falsely attributes to Envision.*

Providence unfortunately applies generalizations it makes about the for profit "business model" while denigrating the values and intentions of group of health care clinicians who own and manage Envision's home health and hospice agencies in northern Utah, and now, Puget Sound region."

*"**Responses to Seasons***

1. *Seasons states at page 23: "However there is no lease or sublease for the applicant." Additionally, Seasons states, " . . . the current lease clearly prohibits use of the property for anything other than for "medical home health office . . . " and "Therefore, Envision fails to meet this criterion."*

   Envision responds: As clearly stated in its application materials, Envision Hospice of Washington, LLC is a wholly-owned subsidiary of Envision Home Health of Washington, LLC. As such, no separate contract or agreement is needed with the landlord since there is no sub-lease or assignment of the lease.

   At Screening Question #7, the Department asked Envision:
   On page 18, in response to question E, there is information on how the lease costs are planned to be distributed between Envision Home Health and Envision Hospice of Washington. Is there a document that lays out this arrangement? If so, please provide.

In a March 10, 2020 telephone conference to clarify the lease screening question, among others, Envision sought and received guidance from Department CON staff. It is important to recall that Screening Question #7 did not express any concern that the applicant did not have sufficient interest in the site. It simply asked if there were a document other than the Certificate of Need application wherein the two parties recorded the intent to share space and rent. In that call, Envision suggested --- and staff agreed --- a written agreement between the parties would serve that purpose. Following on that advice, Envision provided a draft intercompany memorandum describing the projected internal allocation of space and costs. Envision has clearly demonstrated it has sufficient interest in the site. Season's stated concern is unfounded.

Envision further responds: Seasons also raises the question of permitted use, stating that the Envision lease "prohibits use of the property for anything other than for 'medical home health office.'" First, the term "medical home health office" is a generic term and not a legal term of art. Furthermore, hospice offices are treated the same as home health agency offices under Washington law. The Washington Department of Health licenses hospices under the same category as home health agencies; both are licensed under the same section of the Washington Administrative Code as "In-Home Services Agencies." implying otherwise does not change the fact that all services coordinated from the proposed hospice office are to be rendered in the home whether they be curative or palliative and certainly fall under a generic term of medical home health. If, to satisfy Season's concern, and the Department prefers as condition to CON approval, Envision agrees to document that it already completely meets the requirement in question.

Responses to Providence

1. *Providence states at page 18: Envision [and others] provide[s] financial projections that rely on unrealistically high utilization projections with respect to either average daily census or average length of stay.*

   Envision responds: As already discussed in Envision's response at pages 2-4 above, Envision's financials are based on rational workload projections. Envision's utilization projections are only "high" in comparison to Providence's inadequate response to Pierce County unmet need as Envision has already testified in public comment.

2. *Providence states at page 18-22: In in relation to seven applicant's mistakes in expenses or revenues, "In some cases these issues are minor and do not meaningfully affect the financial projections." Providence further states "Review of Envision's Pro Forma yielded two minor mistakes." "The first mistake relates to the calculation of inpatient respite costs . . the calculation of these numbers reflects the use of General Inpatient days, not Inpatient Respite days."*

   Envision Responds: First, it is unclear why Providence mistook this as an error related to General Inpatient Days, but it was not. Perhaps it was because 1.0% of patient days was the correct factor used by Envision as the percent of total patient days that would be GIP days, both for Revenue and Expense.

Second, in response to the error Providence identified: In its Pierce financial assumptions, Envision stated its assumption that 0.5% of each year's total hospice patient days will be Inpatient Respite days.

a. *At Revenues, Envision made the correct calculation, multiplying .5% of its annual patient days times the CMS 2020 Inpatient Respite Care rate for Pierce County.*

b. *However, at Expenses, Envision inadvertently used a formula that multiplied 1.0% of annual patient days times the correct 2020 Inpatient Respite Care rate for Pierce County when it meant to use 0.5% of annual patient days. Envision's formula error based the annual dollar amount of expenses on 1.0%, twice as many days of Respite Care as the 0.5% assumption. This resulted in a doubling of the annual line item expense for Respite Care expenses.*

Of this error, Envision points out:

- *Envision agrees with Providence's finding the Envision mistake was "minor" and "not meaningful" in its effect on Envision financials.*
- *The error is one of a small miscalculation in an optional level of detail provided by Envision. And, Envision's error is one of overstating expenses and thus understating gross and net revenue, so it does not detract from the project's financial feasibility or the application's reliability.*

3. *Providence states at page 22: "The second error relates to the facility license renewal fees. The facility license renewal fees are listed by Envision to equal $3,283 in Year 1, $2,383 in Year 2, and $0 in Year 3. These license fees, for a hospice agency with FTEs between 16 and 50, equal $2,383 and must be renewed every 24 months. Envision appears to have incorrectly entered the license fee in Year 1, and the renewal fee should be moved to Year*

   Envision responds: Envision was asked in screening question #27 to correct an error in its licensing fees. In discussion with CON analysts, the correct approach for the Pierce application was determined to the be one Providence now disagrees with. Envision stands by the advice of the Department and its projected licensing fees.

WAC 246-335-990 Fees. (1) Initial license. An applicant shall submit to the department an initial twelve-month license fee of three thousand two hundred eighty-three dollars for each service category (home care, home health, hospice) for persons not currently licensed to provide in-home services in Washington state.

(2) Adding new service categories to existing license. A licensee shall submit to the department an initial twelve-month license fee of three thousand two hundred eighty-three dollars for each new service category (home care, home health, hospice, hospice care center) for licensees not currently licensed in that category to provide in-home services in Washington state.

(3) Renewal license. A licensee shall submit to the department a twenty-four month renewal fee for home care, home health and hospice agencies, based on the number of full-time equivalents (FTEs), which is a measurement based on a forty hour week and is applicable to paid agency personnel or contractors, according to Table 1 of this section. The department will assume a minimum of 1 FTE for each approved service area per service category. The licensee shall submit to the department a twenty-four month renewal fee for hospice care centers, based on the number of beds, according to Table 1 of this section:

(a) For licenses with a single service category:

Table 1 - Renewal Fees

# of FTEs	Home Care	Home Health	Hospice	# of Beds	Hospice Care Center
5 or less	$1,530.00	$3,283.00	$1,642.00	5 or less	$1,642.00
6 to 15	$1,783.00	$4,618.00	$1,856.00	6 to 10	$2,190.00
16 to 50	$1,916.00	$5,256.00	$2,383.00	11 to 15	$3,283.00
51 to 100	$2,244.00	$6,623.00	$4,120.00	16 to 20	$4,378.00
101 or more	$2,408.00	$6,820.00	$4,335.00		

Based on the WAC, the first 12---month license fee (Year 1) is not based on FTE's and is $3,283 and the next 24 months fee (beginning in Year 2) is $2,383. This is based on FTEs of
20.36 in Year 2 according to Envision's staffing table submitted in response to screening. Providence acknowledges those are the amounts shown in Year 1 and Year 2 of Envision's projections, therefore Providence's finding of a discrepancy is not correct.

4. *Providence concludes at page 42: Envision, along with six other applicants present "significant issues" regarding their satisfying the financial feasibility criteria."*

Envision responds:
While Providence identified one "minor" error in Envision's financials, Envision's financials are, nevertheless, "reliable" per its discussion above. This is in contrast to Providence's five complete omissions that leave its financials unreliable and the Department unable to determine the financial feasibility of its project, including:

1. *In its public comments regarding each of the seven other Pierce applications, Envision identified the many required financial statements those applicants omitted, including Providence's lack of required financial projections for the applicant, with*

and without the project, regardless whether the applicant is Providence/St. Joseph or Providence Health and Services.

2. *Providence did not connect its lease values to its financial projections, including:*
   - *It used unstated assumptions in a complex and failed effort to link annual rents in the lease to projected rental expenses and*
   - *It completely omitted all "Additional Rent" required by the Providence lease to reimburse the landlord for property taxes and other of his annual expenses.*
3. *Providence assumed no FTE or funding for a medical director in its first partial operating year*
4. *No B&O taxes were included in Providence expenses.*
5. *Envision's public comments on Room and Board expense showed that Providence was one of three applicants that omitted it.*

All five of these Providence omissions are already detailed in Envision's public comments. The table below simply compares Envision's over statement in Respite Care expense with a summary of three of Providence understatements of expenses as already discussed in Envision's public comment. Envision's "minor" error contrasts substantially with Providence's substantive omissions of three readily quantifiable expense categories and the resulting overstatement of Providence's net margin.

Table 1: Summary of Providence Understatements & Envision Overstatement in Expenses, 2021-2023

Providence omission of required Pierce application items and expenses

		2021	2022	2023	Type of Error
Row 1	**WA B&O taxes**	$22,745	$45,489	$58,283	Understatement of expense
Row 2	**Additional Rent**	$8,019	$16,038	$20,549	Understatement of expense
Row 3	**Medicaid R&B**	1.65% x gross revenue	1.47% x gross revenue	1.44% x gross revenue	Understatement of expense

Envision overstatement of Pierce hospice expenses

		2021	2022	2023	Type of Error
Row 4	**Respite Care error**	$21,079	$31,618	$42,158	Overstatement of expense
Row 5	**Facility license fees**	$ ---	$ ---	$ ---	Overstatement of expenses

Notes to Table 1: *This table shows the relative scale of Envision's single, "minor" overstatement of 2021-2023 expenses compared to the three understatements of PHOS expenses as estimated in Envision's public comment. Envision believes it is significant that its own error occurred in its provision of more detailed revenue calculations than the Department requires. In contrast and, as Envision pointed out in its public comment, the Providence understatements all represent major substantive omissions from its*

application that leave the PHOS Pierce County financial pro forma unreliable and prevent the Department's determining it meets the financial feasibility criteria.

Row 1: Envision's public comment at pages 34-35 discussed Providence's omission of Washington B & O tax and included these estimates of Providence's taxes based on the then current rate of 1.8% of gross revenue. At the time Pierce applications were due, the relevant rate was 1.8%. In March 2020, the relevant rate was modified to 1.75%.

Row 2: At pages 28-33 of its public comment, Envision discussed Providence's not having connected the language and requirements of the PHOS Tukwila office lease to the occupancy expenses shown in either the PHOS pro forma financials as a whole or for the Pierce portion of PHOS. With regard to the PHOS "Additional Rent" omission specifically, Envision estimated the amounts of "Additional Rent" required by the language of the Providence Health and Services lease and the portion of it applicable to PHOS and to Pierce County projected expenses, 2021-2023. For the "Additional Rent" detail, please see Envision's

- *discussion and $ estimate of PHOS' and Pierce County's portion of the lease's required Additional Rent at pages 32-33,*
- *the separate Envision table estimating the property tax portion of the Providence "additional rent" at Appendix PC-2.*
- *Tables 1-5 in Envision's Appendix PC-2, where Envision's estimate of PHOS' missing "Additional Rent" is shown.*

Row 3: At pages 27 of its public comment, Envision explained the Room and Board pass through and resulting expense. It provided a table that showed the gross revenues of all Pierce applicants and the Room and Board expenses included by five Pierce applicants but not included by the other three. Of those that omitted that expense, Providence was one. For the five that provided their Room and Board expense, Envision's table relies on the existing record and shows the average percentage of gross revenues of the five, for Years 1-3, was 1.65%, 1.47% and 1.44%. To stay within rebuttal guidelines, the Row 3 amounts are not calculated in Table 1 above.

Row 4: Row 4 shows the Envision error whereby it inadvertently doubled its Respite Care expenses. The formula in the relevant cell of its pro forma Expenses used 1.0% of total patient days as Envision's assumed number of Respite Care days instead of the 0.5% Envision stated assumption. The amounts in Row 4 show the annual over statement of expenses that resulted.

Row 5: Row 5's value is zero. Envision did not make the error in estimating Pierce licensing fees that Providence asserted it did. Row 5 is included so Table 1 can serve as a single display of both Envision and Providence's findings about each other's over- or -under-statements of Pierce hospice expenses.

In conclusion regarding Envision's overstatement of Inpatient Respite Expenses, it agrees with Providence that Envision's "minor mistake" was an inadvertent calculation error that doubled Respite Care expenses in the Pierce County proforma, a correction of which improves Envision's financial return and bolsters feasibility by the equivalent

amount of the error. And, while Envision erred in its calculation, it did so while providing a level of detail and due diligence uncharacteristic of the Pierce applicants.

Envision's "minor" error needs to be taken in the correct context of the due diligence and financial reliability shown in a review of the six financial scenarios the Department required Envision to provide. As a percent of its Expenses, the Envision error was only 0.19%, 0.23% and 0.25% in Years 2021-2023. And, in contrast to the other applicants, it also provided, not only its pro forma operating statements of revenues and expenses, but also the required cash flows and balance sheets. The "minor" error Providence cites is not significant enough to detract from the reliability of Envision's financial projections.

5. *Providence states at page 34: [Envision] "arguably does not have sufficient financial capacity to take on large projects that carry risk." Additionally, Providence states: Envision "faces significant uncertainties associated with the establishment of five new hospice agencies over a short period of time.*

   Envision responds: Providence uses many loaded phrases in its vain attempt to detract from Envision's very reasonable financials. It misses the fact that Envision's hospice agency development in the region has already been funded and substantially completed. Yet, beyond its alarmist language, Providence provides no evidence or specific issues it believes creates unnecessary risk for Envision's projections. "Risk" is a matter of "potential harm or injury" and Providence has not identified for the Department a single concern that Envision cannot readily address as untrue, vague or both:

   - *In relation to Envision's projected volumes, Providence finds neither understated expenses nor overstated revenues. (Note the "minor" Respite Care error was an overstatement of expenses, a correction of which improves Envision's operating margin.)*

   - *Providence does not find missing historical or projected financial statements required by CON review. Its charge of unreliability ignores the attention to detail and due diligence reflected in Envision's fully responding to the Department's request to clearly state assumptions and to generate six separate and integrated financial projections.*

   - *Providence challenges none of the very conservative workloads and resulting revenues Envision projected in Thurston, Snohomish and King County CON applications to demonstrate the unquestionable financial feasibility of those.*

   - *For its own unstated reasons, Providence does not accept the conservative Pierce County ADC Envision adopts. Envision's volume projections reach the 2021 Pierce County unmet ADC need two years later, in 2023. By then, Envision estimates based on DOH assumptions that unmet need will be 113 ADC.[2] It addresses none of Envision's discussion at page 27-28 of its application explaining why it projects more than the minimum 35ADC by Year 3 as it typically has done.*

- *Providence does not admit that Envision and Providence are in very is similar circumstances: Due to economies of scale, with its investment in agency infrastructure already made and office space in King and Snohomish already in place, like Providence, Envision only needs to gradually ramp up staff in new counties as the demand generated by substantial and DOH documented potential volume and unmet need requires it.*

- *Providence ignores Envision's comfort level operating in a very large metropolitan market with seventy hospice competitors and without Washington's Certificate of Need barrier to entry of new hospice agencies. Providence does not appreciate the CON protections from which it benefits, allowing it to hold nearly 40% market share in King County. And it does not acknowledge that Envision's risk is substantially mitigated --- the same protection Providence enjoys – by those same regulatory protections in Envision's five new and/or proposed hospice planning areas.*

- *Providence appears to have missed key factors:*
  - *Envision has already spent the funds required to start up its single hospice agency, with its home office in Thurston County and currently adding staff in King and Snohomish Counties.*
  - *Envision's pro forma financials show that the expenses of adding Pierce and Kitsap Counties are fully covered by free cash flow from Envision Home Health's current operations.*
- *Envision's "risk" profile for its new venture in Pierce County is low, based on the classic two by two matrix that plots "business risk" for a company in a new venture. In that archetypal model, with one axis representing "new product" and the other axis "new market," Envision 's Pierce venture falls into the lowest risk quadrant: (1) It is already in the Pierce market providing home health services and limited hospice and (2) it is bringing to this familiar market a service – hospice --- n which it has thirteen years of demonstrated hospice success. This success includes provision to the Department copies of its historical financials and also its <u>zero deficiency</u> hospice survey. So, neither the market nor the product are new and Envision's business risk is, therefore, low.*

6. *<u>Providence states at page 34</u>: "Envision Home Health has not experienced growth during the most recent three-year period, and it arguably does not have sufficient financial capacity to take on large projects that carry risk . . . "*
   <u>And further states:</u> "Envision Home Health's projection of a 358% increase in net income over 2020-2021, followed by a further 75% increase over 2021-2022, followed by a further 24% increase over 2022-2023 is extremely optimistic." . . . "In summary, Table 12 shows stable, but modest, historical actual performance by Envision Home Health, but "hockey-stick" performance over the period from 2020 through 2023 . . . . "This sort of projected performance is more typical of a pure start-up entity with no actual performance to benchmark".

Envision responds: *Providence mis-interprets Envision's financial data and creates a red herring by focusing on Envision's percentage increase in net income. The real focus should be on Envision's growing revenues and its net income margin.*

As a result of "growth" --- that is, increasing home health patient volumes --- in King and Pierce Counties, Envision Home Health of Washington's financials show historical revenues growing from 3.55m in 2017 to 4.58m in 2019. This reflects approximately 29% growth in the period. This may be small by Providence standards but is in line with Envision's expectations and projections as per its forecasts in prior CON applications.

It is important to recognize that Envision's historical financial results already include absorption of all the infrastructure expenses --- from preparation of the CON applications and through to Medicare certification – for implementation of the hospice CON's granted in 2018 and 2019 for Envision Hospice of Washington. These expenses used part of Envision's revenues. This leads Providence to see lack of growth during that period when it should instead see the 2019 investment in the new hospice agency that temporarily slowed the growth in Envision's earnings.

Though Providence questions Envision's financial capacity to launch the previously granted CONs along with Pierce and Kitsap, the actual performance of positive net income since those approvals shows that Envision has already successfully started operations and covered the costs for the three hospice CONs it has been granted. With Medicare certification already achieved for all three counties, the commencement of additional operations involves gradual additions of staff commensurate with demand as predicted and certainly does not become a burden as implied by Providence.

In Providence's Table 12, "Revenues" are projected to grow as the previously granted hospice approvals are implemented, but that growth rate declines from 49% in 2020 to 20% in 2023 as would be expected while a new location is maturing. "Turning the corner" from zero hospice revenues to absorption of all the initial hospice development costs by home health revenues is already accounted for in 2019 and 2020 expenses that dampened home health net margin. The relative growth in revenues Providence misinterprets actually takes place at a declining rate, which is the exact opposite of Providence's purported "hockey stick" performance. The following table (using the same numbers from Providence's Table 12) shows the relevant growth rates:

Envision Home Health of Washington, Revenues and Annual Growth Rate, 2020-2023

	2020	***2021***	***2022***	***2023***
Net Revenue ($)	*7,230,191*	*10,851,870*	*13,960,876*	*16,709,686*
% Change Prior Year	*49%*	*50%*	*29%*	*20%*

In fact, Envision has projected a conservative net income margin growing from 5% in 2021 to approximately 20% overall in 2023, as economies of scale are realized from the consolidated operations of the multiple county hospices and home health operations. Yes,

going from 5% to 20% EBITDA margin is an increase, but it is well within profitability margins desired to keep a company healthy and also supporting Envision's high quality and investment in special programs. At no time is the projected revenue growth or the projected net income growth out of line with the previously approved applications or desirable industry performance.

Additionally, the members of Envision Home Health of Washington, LLC, the owner of Envision Hospice of Washington, LLC have over thirteen years of hospice experience in very competitive markets. As a reminder, the application includes a letter from Chase Bank showing over $700k in funds and the board has committed to provide any necessary funding for any approval scenarios, though the current operations are more than adequate to fund ongoing operations and any expansions

7. *Providence states at page 22: "In addition, with respect to the proposed program's overall financial performance, Envision projects an operating margin of 15.3% in Year 3, which appears to be aggressive for profitability in a market that is characterized by the needs of low-income and underserved individuals and groups."*

   Envision responds: Providence is concerned with Envision's "aggressive" projected margin. Envision makes two points:

   - *Providence does not explain its characterization of Pierce County hospice market in particular as "characterized by the needs of low income and underserved individuals and groups." Perhaps it simply refers to all hospice markets being made up primarily of older women and, as demonstrated by the Department and by Envision's application, a number of substantially underserved individuals and groups. If Providence were to demonstrate real concern for the market as it describes it, more than 0.34% of its gross revenues would be included in its financial projections for charity care.*
   - *Envision believes that, other than the 35ADC guideline in year three, Department does not currently have criteria and standards regarding hospice financial metrics, including profitability. The Medicare Payment Advisory Commission – MedPac – provides excellent national information about hospice financing, utilization, and operating norms the Department may find a useful resource. In light of its ready availability to the public, Envision believes it can provide useful MedPac information in this rebuttal statement but recognizes it may fall outside permitted guidelines. With that reservation in mind, Envision quotes from MedPac 2020 Hospice, Table 12-15 that shows the national average for-profit hospice Medicare margin in 2017, the latest year available, was 20.2%.*"

"***Responses to Seasons***

Seasons states at page 22: "Envision states it will employ Rebeca J. March, DO as the Medical director, but does not provide any proof of employment or agreement in place." Seasons further states, "However, no employment agreements or contract are in place to ensure physician coverage for all four counties."

<u>Envision responds:</u> Seasons confuses the CON application's requests for information with the CON review criteria. While Seasons correctly references item I. L of the CON application, it proceeds to misread it, apply it incorrectly to Envision's application and then charges that "Envision fails to meet this criterion."

- *As Envision states clearly in all its application materials, its Pierce County hospice medical director will be employed directly and not by contract. The plain language of the information request at I.L.: "If services are contracted, please provide a copy of the contract." Envision is not required to provide a medical director contract, despite Season's claim.*
- *Hospice Certificate of Need reviews require an applicant to identify a specific person who will fulfill the hospice medical director role. In response to screening question #15, Envision clearly stated its plan to employ Dr. March as Pierce medical director:*

  > *The medical director for Envision Hospice of Washington, Rebecca March, DO, serves as medical director for its three existing hospices and will also serve in that role for the proposed Pierce and Kitsap County "practice location(s)." The Envision medical director will not share the job title but will share the responsibilities of the medical director position with "hospice physicians" to which she may delegate responsibilities as necessary and appropriate.*

- *In Seasons' detailed recounting of Dr. March's work history, it managed to skip the line showing Dr. March's then current employment as Hospice Physician for Envision Hospice of Washington LLC.*

- *During implementation of its Thurston, King and Snohomish hospice projects, the physician serving as hospice medical director had a change in personal circumstances and was no longer able to serve in the medical director capacity under contract with Envision. In filing its Quarterly Progress Report for the Thurston project, Envision asked CON staff how to show its change to employing Rebecca March DO as Envision Hospice medical director. It was advised to note the change it in its Quarterly Progress Report. Envision followed this advice and subsequently received the sign off on its Thurston hospice project completion on May 6, 2020.*

- *Seasons certainly must be aware of the Medicare Conditions of Participation requiring a hospice to have only one medical director. Envision explained that requirement at its response to screening question #15. Envision's single medical director has been identified as Dr. March and Seasons has not provided any rationale why Envision might need to produce "employment agreements or contracts" as part of the Pierce hospice application process. Envision's three existing operations have all been licensed, accredited, certified, demonstrating their conformance to the hospice Conditions of Participation and Pierce will become part of that same organization.*"

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Envision based its projected utilization of the hospice agency on specific factors:

- Average annual length of stay at 60.13 days.
- Estimated number of admissions for Pierce County for the years 2021 through 2023.

Pro Forma Financial Statements

The applicant provided pro forma financial statements, including its revenue and expense statements, balance sheets, and cash flow statements, which allowed the department to evaluate the financial viability of the proposed hospice agency alone. Given that the agency would be operated under the parent corporation, Envision Hospice of Washington, LLC, the applicant also provided financial statements that show combined operations. Further, Envision also submitted a Certificate of Need application for Kitsap County in addition to this Pierce County project. To ensure a thorough financial review of the applicant, the department requested pro forma statements for the agency as a whole. These statements rely on the assumption that all submitted applications under the 2019 review cycle will be approved.

Providence criticized Envision's projected ADC as not substantiated and necessary to generate revenue and prove profitable. However, Envision did substantiate its projections with more than just affiliate experience. It included in its application a detailed list of factors in the planning area that support the forecast[31] and an analysis of anticipated referrals with corresponding anticipated admissions.[32] Additionally, Envision provided rebuttal on the topic, correctly noting that Envision's projections are high only relative to some of the other applicants in this review, but rather are conservative relative to the projected need in the county. In further review of the facts, the department finds that Envision's ADC of 60 in year three is 8.2% of the anticipated need in Pierce County, and since it is also substantiated is reasonable.

Providence also brought up in comments that Envision's projections and financial performance rely on a market that is "*characterized by the needs of low-income and underserved individuals and groups.*" Envision responded to this assertion by correctly by stating that "*other than the 35ADC guideline in year three, Department does not currently have criteria and standards regarding hospice financial metrics, including profitability.*"

Another criticism is that Envision "*is taking on significant risk of financial performance with its three hospice start-ups, while also proposing two additional hospice start-ups over the next year.*" and that the organization "*arguably does not have sufficient financial capacity to take on large projects that carry risk.*" The department notes that although an applicant's financial feasibility is a primary element of the review it chooses to use objective criteria and black and white financial statements to assess financial feasibility. Envision rebuts this claim stating that these generalizations are not appliable to its business model. Further, that its financials are reasonable, its approved agencies have "*already been funded and substantially completed.*", that Providence's analysis of

[31] Application, pages 27 and 28
[32] Application, page 28

Envision's growth is flawed, that using a business risk assessment tool[33] finds its risk level for the Pierce project to be low, and that Envision has documented savings to ensure the necessary funding for both Kitsap and Pierce projects.

Providence continues to critique this applicant in stating that initial and renewal fees listed pro forma financial statements listed as "*Licenses & Certificates*" are incorrect, however, the department believes that Providence is not referencing the correct amounts and timelines in the in-home services regulations.[34]

Also related to financial statements, Providence correctly points out that Envision's calculation for the line item "*Patient Care Cost - Inpatient Respite Care Costs*" is not correctly calculated. Envision rebuts this comment by stating that Providence is correct that the calculation was flawed, but that it agrees with Providence's characterization of the flaw as "*minor*" and "*not meaningful*". Envision makes several arguments related to this error. The first, that the error originates in a level of detail provided, but not required by the department. The next argument is that the error is should be viewed in context of the applicant's whole application, and effort to provide all requested materials. Another, that once corrected only increases the project's projected income. In its last argument Envision calculates the percent change to expenses the error generated.

The applicant is correct that it fully cooperated with the department in providing requested materials. The additional detail (with the error) that Envision claims is not required by the department is in this project a supporting assumption that generated an expense line item. Although it is true the department does not request this specific itemization, it does require assumptions that are used to generate financial statements. Although this line item alone amounts to a small adjustment to total expenses, and this is an expense line item and may only cause the proposal to appear more profitable, the error is enough to cause the department to doubt as to the credibility of the pro forma financial statements as a whole.

Lease

The hospice agency's office would be co-located in Tacoma within Pierce County, with its affiliate. Envision provided a copy of the lease agreement for the space. Documentation provided substantiate that all lease costs and are identified in the pro forma revenue and expense statement.

Seasons commented that Envision will not be able to use its proposed office space due to two issues. The first being there is no sublease to the applicant. Envision provided in response to screening a draft memorandum of understanding demonstrating its intention to share the space with its affiliate and share the costs associated with the lease.

The second lease issue raised by Seasons is related to a provision in Envision's lease agreement limiting the spaces' use. The section of the lease is restarted here, "***Permitted Use**. The Premises shall be used only for medical home health office and for no other purpose without the prior written consent of Landlord (the 'Permitted Use').*" From the perspective of a landlord the office function of a home health or hospice agency are indistinguishable. It is reasonable and likely that the landlord would consent to a written request from the applicant, asking to permit use of the space to include

[33] A tool which assess the business' familiarity with the market and product
[34] WAC 246-310-335-990

hospice. If this applicant is approved the department will add a condition requesting such consent prior to Envision providing services. Envision also rebutted this comment noting that within the department's regulations both home health and hospice agencies are licensed under the same section of the Washington Administrative Code[35]. Inferring that in the context of the lease "*medical home health office*" would include a hospice agency.

Medical Director

The applicant states that the medical director is to be compensated at $205,000 annually, with additional staff to assist with the job duties as the combined operations' average daily census grows. Documents provided substantiate this rate, and are identified in the pro forma revenue and expense statement.

Seasons provided public comment questioning the validity of an unsigned job description for the proposed agency's medical director. In rebuttal Envision correctly notes that its Medical Director if not proposed to be contracted as is specifically asked for in the CN application form. Additionally, Seasons criticizes Envision for not providing information on its planned hospice physicians. Since at the completion of the project only one Medical Director is needed[36] Envision appropriately only provided credential and agreement information for one.

Based on the information provided, public comments, and rebuttal, department cannot confirm that the financial information provided accurately projects the revenues and expenses presented by the applicant. As a result, the department cannot complete the review of the immediate and long-range operating costs of Envision's Pierce County project. **This sub-criterion is not met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence currently operates serving King County. The proposed expansion into Pierce County would also operate out of the King County office.

Providence provided the assumptions used to determine the projected number of patients and visits for the proposed Pierce County operations. The assumptions are restated below and include the basis for the Pierce volumes, the existing agency volumes, and the total. [source: Application pdf30-31]

The Project (Pierce County Forecast, "Project")

- *Given the high unmet need [Average Daily Census (ADC) of 60] projected by 2021 in Pierce County, the Project-related utilization is projected to reach capacity (41 ADC) by the third full year of operation (2023). A moderate ramp-up is assumed in prior years. An ADC of 5 pediatric patients is included in our overall ADC of 41.*
- *Patient days are calculated by multiplying the ADC by 365.*
- *Average length of stay (ALOS) is equal to the Washington statewide average (60.13).*
- *The number of unduplicated hospice patients served per year is calculated as total hospice days in that year divided by the ALOS per patient.*

[35] Washington Administrative Code 246310-335, in-home services agencies

[36] Envision states that it will employ an additional hospice physician for every 36 ADC. Year one projections are for 30.15 ADC.

- *Median LOS is estimated to be the same percentage of ALOS as it was in YTD2019 for Providence Hospice of Seattle (31.9%).*

Without the Project (Existing Operations, "Without")

- *The number of unduplicated hospice patients served per year is calculated as total hospice days in that year divided by the ALOS per patient.*
- *Patient days are based on 2% year-over-year increase rounded to the nearest whole number.*
- *ALOS is equal to the 2019 actuals (62.7).*
- *Median LOS is estimated to be the same percentage of ALOS as it was in YTD2019 (31.9%).*

With the Project (Existing Operations + the Project, "With")

- *Patient days and patient counts are the sum totals of the Project and Without forecasts.*
- *ALOS is calculated by dividing with patient days by with patient counts.*
- *Median LOS is estimated to be the same percentage of ALOS as it was in YTD2019 for Providence Hospice of Seattle (31.9%).*
- *ADC is calculated by dividing with patient days by 365.*

Based on the assumptions above, Providence provided the following projections for utilization of the hospice agency. [source: Application, pdf29]

Department's Table 24
Providence Pierce County
Projected Utilization

	CY 2021 (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Admissions	97	194	249
Total Days	5,840	11,680	14,965
Average Length of Stay	60.2	60.2	60.1
Average Daily Census	16.0	32.0	41.0

Providence provided their financial assumptions, below:

A	B	C	Replace with
Category/Item	General Assumptions (Forecasted Years 2020-2023)	Assumptions for THE Pierce County Project (If Different)	Additional Notes
Admissions (unduplicated patients)			
Averaged Daily Census (ADC)	Calculated as visits per day		
Days of Care (DOC)	2% annual growth based on conservative internal benchmark of growth	Estimated to meet/exceed ADC of 35 by year 2023 to represent one full agency (forecasted at 41 for full year 2023)	
GROSS PATIENT REVENUE (GPR)			
Medicare Fee for Service	Gross Patient Revenue (GRP) is volume based using 2019 YTD actuals. It is calculated as actual 2019 YTD GSR divided by 2019 YTD Hospice days X projected hospice days in each future year. This calculation is applied to each payer category.		
Medicare Managed Care			
Medicaid			
Medicaid Managed Care			
Commercial			
Other			Other GPR includes other government payors and Tricare
Self Pay			
TOTAL CONTRACTUAL ALLOWANCES	Revenue deductions are volume based and calculated as 2019 YTD actual deductions/ 2019 YTD actual hospice days X projected hospice days in each future year. This calculation is applied to each payer category.		
Bad Debt	0.73% of total GSR based on 2019 YTD actual experience		
Charity Care	0.34% of total GSR based on 2019 YTD actual experience		
Other Operating Revenue	$2.72 / visit - based on 2019 YTD actual levels	No assumed additional Other Operating Revenue for Pierce County	

A	B	C	D
Category/Item	General Assumptions (Forecasted Years 2020-2023)	Assumptions for THE Pierce County Project (If Different)	Additional Notes
SALARIES & BENEFITS			
Registered Nurse (RN)	Total FTE count based on average number of FTEs needed to support hospice days volume and 2019 YTD actual average hourly wage rates; Salaries are calculated as FTEs by discipline (based on 2019 YTD actual staffing mix) X average hourly wage rate by discipline X 2,080 hours (full-time equivalent annual hours)		
LPN			
Hospice Aide			
Administrative and Clerical			Includes Administrative, Business, and Clerical FTEs
Chaplain/Clergy			
Occupational Therapist (OT)			
Social Worker (MSW)			
Management/Supervisor			
Medical Director			
Other			Other Salaries are associated with various needed roles including pharmacists, bereavement counselors, trainers, and triage staff.
Agency	Calculated based on 2019 YTD actual average hourly rate of $46.61 x 2,080 full-time hours x estimated agency FTE need each year (FTE assumption 2.6, 2.7, 2.8, and 2.9 for 2020, 2021, 2022, and 2023, respectively)	Agency FTE assumptions for 2020 - 2023 are 0, 0.1, 0.2, and 0.2, respectively based on 2019 YTD actual levels needed to cover hospice days	Agency represents contract labor, including massage and music therapists, physical therapists, and dieticians.
Employee Benefits	29% of total employed comp (excludes contract labor) based on 2019 YTD actual level and in-line with historical levels		Agency (contract labor) is excluded from the employee benefits calculation

A	B	C	D
Category/Item	General Assumptions (Forecasted Years 2020-2023)	Assumptions for THE Pierce County Project (If Different)	Additional Notes
PROFESSIONAL FEES			
Legal and Professional	$0.67 / visit based on historical average (2016-2019)	Includes Legal Fees for start up costs of $2,720 (see detail)	
TOTAL PROFESSIONAL FEES			
SUPPLIES			
Medical Supplies	$12.27 / visit based on historical average (2016-2019)	Includes start up costs of $220 (see detail)	
Non Medical Supplies	$0.17 / visit based on historical average (2016-2019)		
Pharmacy Supplies	$6.87 / visit based on 2019 YTD actual (new level)		
Office Supplies	$0.18 / visit based on historical average (2016-2019)	Includes start up costs of $200 (see detail)	
Other Supplies	$0.02 / visit based on historical average (2016-2019)		Includes minor housekeeping supplies, food supplies, etc.
TOTAL SUPPLIES			
PURCHASED SERVICES			
Print and Publications	$0.17 / visit based on 2019 YTD actual	Includes start up costs of $1,125 (see detail)	
Advertising and Marketing	$0.02 / visit based on 2019 YTD actual	Includes start up costs of $750 (see detail)	
Telephone and Wireless	$0.87 / visit based on 2019 YTD actual		
Translation Services	$0.29 / visit based on 2019 YTD actual		
Maintenance Services	$0.01 / visit based on 2019 YTD actual		
Other Purchased Services	$26.91 / visit based on 2019 YTD actual	Includes Epic set-up costs of $16,000 (see detail)	Includes utilities and other purchased healthcare services suchs as records management, securit, answering services, internal catering, etc.
TOTAL PURCHASED SERVICES			

A	B	C	D
Category/Item	General Assumptions (Forecasted Years 2020-2023)	Assumptions for THE Pierce County Project (If Different)	Additional Notes
OTHER EXPENSES			
Mileage	$2.51 / visit based on 2019 YTD actual		
Travel	$0.38 / visit based on 2019 YTD actual		
Training & Education	$0.3 / visit based on 2019 YTD actual		
Equipment (PC, Printers, etc.)	$0.17 / visit based on 2019 YTD actual	Includes start up costs of $2,000 (see detail)	
Dues and Memberships	$0.03 / visit based on 2019 YTD actual		
Lease Expense	Based on rates included in First Amendment of Lease Agreement for Suite 250 + allocation from other Suites to account for shared services utilized		
Equipment Lease	$0.47 / visit based on 2019 YTD actual		
Licensing	$0.05 / visit based on 2019 YTD actual	Includes start up costs of $640 (see detail); on-going $120/Clinician (assumed 6, 10, and 12 licenses paid for in 2021, 2022, and 2023, respectively)	
Other Miscellaneous Expenses	$0.58 / visit based on 2019 YTD actual		Includes taxes, postage, and minor recruitment expenses.
Depreciation	Estimated decline year-over-year by 54% from previous year as assets are almost completely depreciated.		
Allocated System Expense	Estimated at 7% of Net Operating Revenue (NOR) based on Internal standard		

Following is a summary of the projected revenue and expense statement for Providence's Pierce County proposed agency. [Source: Screening Response Exhibit 19]

Department's Table 25
Providence Pierce County
Revenue and Expense Statement for Partial Year 2020 through 2023

	CY 2020 (partial year)	**CY 2021** (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Net Revenue	$59,719	$1,263,588	$2,527,172	$3,237,938
Total Expenses	$169,424	$1,113,073	$2,221,473	$2,852,639
Net Profit / (Loss)	**($109,705)**	**$150,515**	**$305,699**	**$385,299**

In addition, Providence provided a summary of combined operations:

Department's Table 26
Providence Pierce County
Revenue and Expense Statement for Partial Year 2020 through 2023

	CY 2020 (partial year)	**CY 2021** (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Net Revenue	$41,360,986	$43,390,816	$45,497,010	$47,067,256
Total Expenses	$36,213,274	$37,881,775	$39,734,642	$41,116,068
Net Profit / (Loss)	**$5,147,712**	**$5,509,041**	**$5,762,368**	**$5,951,188**

Below is a summary of the projected balance sheets for Providence Hospice of Seattle. [Source: Application Exhibit 18]

Department's Table 27
Providence Pierce County
Balance Sheet for Year 2020 through 2023

ASSETS	**2020**	**2021**	**2022**	**2023**
Current Assets	$14,285,743	$14,992,043	$15,724,979	$16,270,405
Property and Equipment	$3,759,419	$3,758,314	$3,757,806	$3,757,572
Other Assets	$0	$0	$0	$
Total Assets	**$18,045,162**	**$18,750,357**	**$19,482,785**	**$20,027,977**

LIABILITIES	**2020**	**2021**	**2022**	**2023**
Current Liabilities	$3,292,919	$3,444,085	$3,612,728	$3,738,381
Long-Term Debt	$0	$0	$0	$0
Equity	$14,752,243	$15,306,727	$15,870,057	$16,289,597
Total Liabilities, Long-Term Debt, and Equity	**$18,045,162**	**$18,750,357**	**$19,482,785**	**$20,027,977**

Public Comment

Puget Sound Hospice [source: public comment pdf5]

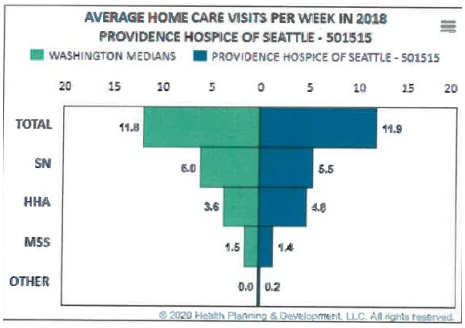
"Providence's pro forma lacks much of the information that other applicants include, such as Levels of Care payment rates and percentages. Without this information the State cannot analyze Providence's pro forma thoroughly."

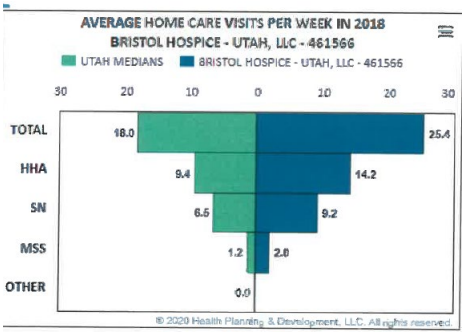
Russell Hilliard, Seasons Hospice [source: public comment pdf62]

"The applicant provides unaudited cash flow statements in Exhibit 20 of CN #20-43 application. Although start-up operating costs associated with the project as expected to come from operating activities, Providence Hospice of Seattle showed negative net cash of -$7,496,462 in 2017, requiring an infusion of cash. The company generally does not maintain a cash balance. Therefore, at the very least, the applicant should have a letter from the CFO of Providence St. Joseph Health agreeing to provide funding for any operating deficits during the start-up period."

Bristol Hospice [source: public comment pdf5-7]

"Providence is a major provider in the Seattle area they show an ADC upwards of 500, they have shown for its planned Pierce location that they plan to scale up to 41 patients over the three-year period. With there current base in the community and their current size it is very unlikely that the numbers provided would be accurate and that there would be minimal impact on the current providers in the area. Having large providers that dominate the market share through their affiliated post-acute care settings is a disservice to the community and allows for a more relaxed less competitive space which results in less timely care and less overall patient care. As an example, we have provided the Medicare data on average visits per week for Providence Seattle and Washington and Bristol Hospice and Utah.





As you can see, the visits patients are receiving by Providence are right at the averages for the state and the state as a whole has less because of the dominate players such as Providence setting the bar on patient care. For this reason, Providence should not be selected to be awarded a CON."

Envision Hospice of Washington, LLC [source: public comment part 2 pdf26-27]

The applicant to expand PHOS to serve Pierce County provides a clear set of calculations and tables to forecast potential hospice volumes in Pierce County through 2023, reaching 4,470 that year. Nevertheless, it provides no discussion of the "unmet need" to which its project is apparently meant to respond. While the project rationale explains PHOS wishes to serve patients in Pierce County, the application does not determine current capacity in order to estimate the magnitude of need for additional hospice services. While the application relies on the 2019 Hospice Need Method that shows need for one additional agency in 2021, no assumptions or methodology are used to demonstrate need for the PHOS expansion during years 2022 and 2023.

The same approach is taken to the application's discussion of pediatric hospice need. The application does provide estimates of Pierce County pediatric deaths yet, without any stated

assumption about the of pediatric use rate for hospice, and no stated assumption about pediatric ALOS, it adopts an entirely unsupported pediatric ADC of 5. Not only does the application not explain how it arrives at 5 ADC or how many pediatric patients that reflects, it provides no information at all about the current supply of Pierce County hospice services for children as a basis for determining if there is any unmet need.

In summary, the PHOS application does not demonstrate need for its project in 2022 or 2023.

Utilization projections.
Providence projects a very low patient census through the first three full years of its hospice expansion into Pierce County. While it accepts the Department's finding of 2021 need for one additional agency in Pierce County, the application does not discuss the 2019 Hospice Need Method's calculation that the Pierce County unmet need is substantially more than the minimum 35ADC required by CON standards to support a single new agency in the planning area. In fact, the Department finds unmet need equivalent to 60 ADC, or 1.7 agencies, in the Pierce expansion's Year 1. Nevertheless, the first full year ADC projected for the Providence Pierce expansion is only 16, just 27% of the 2021 need of 60ADC projected by the Department.

The Providence application, at Table 11, continues with extraordinarily low volume projections. In year three, it only reaches an ADC of 36, with an additional 5 ADC for pediatrics, for a total of 41 ADC. Setting the curious pediatric ADC aside for now, the remaining 36ADC is still only 60% of the 2021 unmet need. Furthermore, based on Hospice Need Method's use rates, provided population projections and treatment of existing capacity, Envision projects an unmet need of 113 ADC in 2023. Yet, PHOS---Pierce is projected to reach only 32% of that.

Envision does not find Providence's volume projections credible:
- *Providence Hospice of Seattle is one of the largest hospice agencies in the country. It doesn't provide any rationale for taking --- or accepting --- such a limited role in Pierce County.*
- *The application provides a map showing a vast geography of Providence--- St Joseph hospice agencies in Washington but with a void at Pierce County that Providence states it wants to fill.*
- *PHOS has the infrastructure, the capability and the staff to move quickly and to have a major impact in Pierce County.*

Envision can only assume the applicant has adopted a strategy not to alarm its potential competitors or perhaps hopes to surpass the other applicants in a CON review "tiebreaker" regarding market share or impact on existing providers. Certainly, groups concerned about the lack of religious diversity in Washington healthcare might be disarmed by its proposing such a minor role in Pierce County.

Nevertheless, Envision must take the applicant at its word. Such a modest proposal, planning to serve a very small number of people compared to the documented unmet need, is simply not responsive to the needs of the planning area. Envision has provided a list of all the things that hospice does and that patients without hospice go without. Providence, by hoping to initiate such a minimal effort in Pierce County, essentially lets those needs go unmet when other applicants are more than willing to step in and meet them. The Department, too, must consider the magnitude of need compared to

Providence's inadequate response to it and not grant the first Certificate of Need in decades to a Providence proposal that does not meet community need.

Room and Board, Net Revenue

Each hospice that has Medicaid patients who are residents of nursing homes will have a form of revenue termed "Room and Board." The hospice bills Medicaid for 100% of a such a hospice patient's Room and Board but is only paid 95% of that by Medicaid. Nevertheless, the hospice then pays the nursing home the 100% of the Room and Board the nursing home would have received if it had billed Medicaid itself. (This is commonly called the Room and Board "pass through.") This leaves the hospice agency with a 5% loss, or expense. The Certificate of Need application form does not specify how this negative revenue, or expense, should be portrayed in an applicant's financials so the terms and format shown in applications vary.

Of the eight Pierce hospice applicants, five showed their projected Net Room and Board and Room and Board table below shows, for each applicant: the term it used for the Room and Board revenue line item; the agency's gross revenue, its net Room and Board revenue; and the assumption the applicant stated in support of the Room and Board values it provided for the three full years of operations.

- *The table shows that Bristol, Symbol, Envision, Wesley Homes and Continuum each provided their assumptions and net Room and Board revenues.*
- *On the other hand, Seasons, Providence and Signature did not include this material negative revenue assumption in their projected financials.*

The most recent CMS data available, for 2017, shows that 17% of PHOS total patient days were "Site of Service Days, Long Term Care Facility." (This does not include skilled nursing days.) And 26% of PHOS patient days were those of "Dual Beneficiaries." Thus, it is quite unlikely Providence has no Room and Board "pass through" expense. This data is readily available from CMS at Post-Acute Care and Hospice PUF 2017.

In conclusion, Providence --- and Signature and Seasons --- are overstating their revenues by not accounting for the negative consequences of the Room and Board "pass through" of 5%.

Room and Board	Year 1	Year 2	Year 3	Assumptions		
Bristol	2,151,621	3,290,169	4,504,241			
Net R&B	-120,431	-134,576	-149,839	20-25% in facilities (from app)		
Symbol	2,748,286	4,586,932	6,803,134			
Room & Board	-6,370	-10,631	-15,768	.45 ppd based on Pennant averages (screening response)		
Envision	2,384,860	3,577,290	4,769,720			
Net R&B	-6,570	-19,710	-39,420	$12 x DOC 5%, 10%, 15% in facilities (response)		
Seasons	2,120,511	4,364,079	5,237,887			
				Unable to find any comments		
Wesley	1,254,830	2,102,198	3,250,769			
R&B income	239,258	398,763	638,020	assume ADC of 3, ADC of 5 in 2022 and ADC of 8 in 2023		
R&B Expense	251,850	419,750	671,600	13.6	23.3	36.2
Net R&B	-12,592	-20,987	-33,580	22.06%	21.46%	22.10%
Continuum	2,902,194	3,788,692	4,952,120			
5% R&B Expense	-32,831	-56,131	-88,041	20%, 25%, 30% in facilities		
Providence	1,717,718	3,435,437	4,401,654			
				Unable to find comments		
Signature	860,949	2,335,063	3,477,290	Gross Revenues Incorrect		
				Unable to find comments		

Lease payments

The description of the lease costs for Providence Hospice of Seattle are flawed and unrelated to the values in the Providence lease. The application fails to accurately describe the lease costs for PHOS, either with the project or without the project. In Screening Question # 8., PHOS was asked to "Please connect the values in the lease to those in the pro forma. If the agency or Pierce portion thereof are only responsible for a pro rata share of one or more suites, please explain and include the calculations. This should be completed for both the existing operations pro forma and the Pierce project alone."

In its screening response, the applicant did not "connect the values in the lease to those in the proforma" or "explain and include the calculations" as requested.

Line drawings and square feet

The problems with the description of lease and projection of PHOS occupancy costs began with the applicant's response to Project Description, Question F. The initial physical description and occupancy costs of the PHOS expansion to Pierce County did not meet the requirements of the CON application. No figures for either net or gross square footage for the Pierce project were provided. The physical project was shown in the line drawing as contained within Suite 250.

The space allocated to the Pierce project was not quantified but shown on the drawing as a diagram outlining "unused cubes" in PHOS Suite 250 of Riverfront Technical Park.

In response to screening, the applicant substantially revised the footprint for the project. Since PHOS historical and projected lease costs are over twice that of Suite 250's Base Rent, the applicant erroneously sought to expand the footprint of both the King County hospice and, along with it, the Pierce hospice project so the Base Rent for more floor area in the lease could somehow be connected to the $2.77 ppd stated as the lease cost assumed in its pro forma.

PHOS Footprint per Line Drawings and Net and Gross Square Feet of Project, Original application and Drawings required based on screening response

Required Elements of Project Description, Question F	Original application	Drawings of current and proposed "department and services" required, based on screening response
single line drawings, approximately to scale, of current locations which identify current department and services; and	Suite 250	Not provided; locations of support "services" are not shown
single line drawings, approximately to scale, of proposed locations which identify proposed services and departments	Diagram of "unused cubes" in Suite 250	Suite 250, narrative, no drawing Suite 210 not provided Suite 220 not provided Suite 230 not provided
total net and gross square feet of project	Not provided	Not provided

Original application error

The original application's cost of occupancy for PHOS was assumed to be $2.77 per patient day of Pierce projected hospice patient days. This was an error on the applicant's part since rents are considered "fixed" expenses, that is, the cost of a lease does not rise in proportion to, nor is it driven by, the number of patient days a hospice provides. The applicant had arrived at its stated assumption of $2.77 ppd by dividing the Providence historical total 2019 lease expense by its 2019 patient days. Since the total lease was already being paid by the King hospice operation at the calculated rate of $2.77, the addition of Pierce patient days at $2.77 ppd to the total lease expense

resulted in an incorrect lease amount for the combination of King and Pierce lease expenses together.

Lease: Response to screening
Department staff apparently noticed the error and the applicant was asked in screening to connect the values in the lease to the amounts in the pro forma financials and to provide the related calculations. It failed to do so.

As explained above, the applicant had erred by overestimating the PHOS lease payments at an assumption of $2.77 per patient days even though lease amounts were fixed per year while the patient days rose each year. In order to stay with its $2.77 ppd assumption, the applicant needed to introduce a new growth factor, one that aligned its assumptions so as to get back to its $2.77 ppd assumption. To do so, it fabricated a scenario by which it revised its project footprint to expand its Pierce project beyond the Pierce cubes and the PHOS Suite 250. It proceeded to add three additional suites and their Base Rents and then claimed that PHOS pays a percentage of the rent for those three adjacent suites in the building where overhead---related functions might credibly be located. By further introducing an annual increase in that percentage share PHOS pays for those overhead functions, it was able to restore the math, arriving back at its original assumption of $2.77 ppd.

While the applicant was able to then claim its original $2.77 ppd was still correct, it created other problems with the new and opaque scenario:

1) *If the allocation of overhead relates to the floor area in which those support functions are housed, then the new scheme allocates more square footage to those support departments than to the hospice department itself.*
2) *The new scheme shows that the PHOS share of occupancy cost of its overhead support departments is greater than for the hospice department itself.*
3) *The lease specifies the monthly Base Rent for each of Suites 210, 220 and 230 in separate tables, not in combination. But the new PHOS scheme combines the monthly cost of all three "overhead" suites together yet never provides any basis on which it determines the portion of each suite's floor area that houses an overhead function attributable to PHOS support.*
4) *While the new scheme proposes allocating an annually increasing percentage, from 38.8774% to 42.0378%, of the three suites combined Base Rent to PHOS, there is no basis for the 38.8774% in 2020 or the other percentages in 2021---2023. By adding unknown portions of the square footages or lease costs of the three suites together, it skips a step, providing no assumptions justifying what portion of each suite's differing rent should be allocated to PHOS. For example, if part of Suite 220 is "billing," by what metric is the occupancy cost of billing attributed to PHOS? Is it square feet?" Is it numbers of cubes?" Is it FTE's as a percent of the FTE's in the space? Is it salaries of the billing FTES that work for PHOS? These values are not connected with any apparent calculations. If there is a rationale (other than a "solve for" calculation in Excel) for the "Allocation %" values from Table 31, and it is complex enough to go to 4 decimal points, it is nevertheless never mentioned. The Department cannot get from the different annual Base Rents for three suites to the 2020 pro forma "Lease payment" amount for PHOS, whether with or without the project, because they are not connected.*
5) *Furthermore, PHOS also increases the unsupported Table 31 "Allocation %" each year from 2020 through 2023, using varying increases each year as shown at the table below. Again, no*

assumption or credible explanation for the irregular annual increases is provided. The applicant does not even state the annual increase but claims, without any underlying rationale or other basis, they also reflect potential growth in the need for overhead space. Yet, the applicant has already provided an annual rent increase driven by the growing number of annual patient days of both King and Pierce hospices. PHOS does not provide any numerical or other rational basis for the annual growth in the "Allocation %" of overhead space costs.

6) *While the applicant's new scheme now allocates more rent to PHOS from three overhead suites than to its own Suite 250, no other salaries or utilities or any other costs of overhead services are related to any metric, whether square footage or portion of Base Rent, in any of the other three suites. While PHOS pays 5% overhead allocation to its parent, that percent did not change in the Providence expense projections when the overhead services were added to the PHOS rent calculation. Normally, corporate "overhead" allocations would include occupancy expenses for "overhead" functions rather than those being excluded for some reason and only added later.*
7) *The table below shows some of the unstated but necessary assumptions the applicant would need to provide to connect Lease values to the annual Lease expenses in the PHOS pro formas.*

	PHOS missing assumptions and calculations In allocating "overhead" suite sq. ft or rent expense to PHOS					
	Percent of Each Overhead Suite's Sq. ft. or Base Rent allocated to PHOS					
Year	Suite 210	Suite 220	Suite 230	Total "Allocation %" of three suites allocated to PHOS (a)	Numeric annual increase in "Allocation %"	Percent annual increase in "Allocation %"
2020	?	?	?	38.8774%		
2021	?	?	?	40.2883%	1.4109%	3.63%
2022	?	?	?	41.6850%	1.3967%	3.47%
2023	?	?	?	42.0378%	0.3528%	0.85%

(a) Allocation Percent" from PHOS Screening Table 30, no basis for annual increases provided

Additional Rent

At 1.12 the Providence lease defines "Additional Rent" as "amounts described in Sections 7 and 8, and all other amounts which are payable by the Tenant under this Lease, except Base Rent."
At section 7. Services and Utilities; Repairs and Maintenance, the lease describes Operating Costs to be paid monthly by the tenant including items provided by the landlord such as utilities not separately metered, including the cost of HVAC.

Section 8. "Additional Rent: Operating Costs and Real Estate Taxes" defines "Additional Rent" as Tenant's Share of Taxes and of Operating Costs as provided in section 8. Section 8 further details the nature and requirements for the tenant to pay its share of a large number of costs such as taxes, HVAC utilities costs, building security and fire alarm services, refuse collection, maintenance, bio medical waste removal, irrigation etc. The lease explains that the Landlord is obligated to provide the tenant with an annual accounting of includable costs on which the monthly obligation of the tenant is based, taking into account the "Tenant's Share" of those.

In light of the Additional Rent clearly required by the PHOS lease, Envision researched the amounts the Additional Rent might add to the total lease payment owed annually to the landlord by PHOS. On its behalf, a licensed commercial broker contacted the landlord about the space available in the

building as advertised on numerous websites and the landlord's own website. The table below shows the result of the costs quoted by the landlord:

Table 1: Riverfront Technical Park, Lease expense per Costar & landlord	
$ 14.50	per foot Base Rent
$ 6.00	per foot Additional Rent for Operating Expenses & Taxes
$ 20.50	
$ 1.15	Plus Electricity unless metered separately
$ 21.65	Total lease payment, Base Rent, Additional Rent, plus Electricity
$ 0.85	Janitorial, unless tenant pays directly
$ 22.50	Total lease payment if Janitorial included

Envision has not calculated the PHOS Base Rent per square foot since floor area is not the basis of the application's allocation of lease expense to the Pierce expansion project. Table 1 shows that if the PHOS rent is $14.50 per foot, then the "Additional Rent" of at least $6.00 per sq. ft. results in a total lease payment of $20.50 per square foot. Thus, the Additional Rent paid to the landlord to recover his operating expenses and property taxes represents another 40% above the lease costs PHOS provided at Table 31 in response to question #8 in its screening response.

Because the Providence lease includes provisions for substantial "Additional Rent" PHOS must pay to cover the landlord's "Operating Costs and Taxes," the Department requires these expenses be included in the application's "Lease" expense and cannot be included elsewhere. The Department has made clear that all elements of a lease's referenced "Operating costs and Taxes" paid as "Additional Rent" must be included in the Lease payment line item and be related to values in the lease. (Envision was denied a Snohomish hospice CON on the basis its "utilities," portion of its "additional rent" was placed in Purchased Services and not in Additional Rent.)

The Providence lease includes Sections 7 and 8 describing Operating Costs and Taxes that will be charged to each tenant based on its "Tenant's Share" of the building. According to the 2019 Lease Addendum, the Providence "Tenant Share" is 40.34% of 169,755 total building square feet. PHOS provides no history of its "Additional Rent" payments but those may well be the reason the PHOS historical Lease amounts shown are over twice those of the of "Base Rent" calculations for Suite 250.

The applicant for expansion of PHOS into Pierce County has not included the required amounts of "Additional Rent" according the language of the Providence Health and Services lease for its current Tukwila office location of PHOS cubes devoted to its Pierce expansion. To estimate the understatement of PHOS lease expense, Envision undertook the calculations at Tables 1---5, shown in Appendix PC---2. A copy of the resulting Table 5 shows Envision's estimate of the PHOS "Additional Rent" attributable to the Pierce County hospice expansion, through 2023:

Table 5: Total Additional Rent, PHOS Pierce, 2021-2023			
	2021	**2022**	**2023**
Pierce Additional Rent per Tables 3 & 4	$ 6,729	13,458	17,244
Plus Pierce Electricity from Table 4	$ 1,290	$ 2,580	$ 3,305
Total PHOS Pierce Additional Rent	**$ 8,019**	**$ 16,038**	**$ 20,549**

Additional Rent Conclusion

The applicant provides an incomplete and incorrect basis for PHOS Lease payments that is not connected to the values in the Providence lease.

- *The Department does not know now PHOS arrived at extremely precise percentage allocations of occupancy costs of three adjacent suites that may house overhead/shared services.*
- *The Department does not know which shared services are located in which suites and it does not know the metric by which some of each of the three suite's rent is allocated to PHOS.*
- *The Department does not know on what basis the PHOS share of the three overhead suites increases by 8%.*

Whatever rationale the applicant has provided for Providence Hospice of Seattle's total Lease payments and their allocation between King and Pierce Counties, its Table 31 results do not include any of the lease's required "Additional Rent" payments by PHOS and, therefore, are incorrect.

Medical Director/Physicians FTE's and Salaries and Benefits

PHOS plans to initiate hospice services in Pierce County in the fourth quarter of 2010.

Providence application, p. 16, "We anticipate that both commencement and completion of the project will occur on October 1, 2020.

Nevertheless, PHOS plans no medical director or physician staffing during the critical Pierce project start up period of orienting new staff and developing relationships with Pierce County referral sources.

A review of both the projected FTE's and projected salary and wages for the Pierce project alone, and as part of the larger PHOS, confirms there is no physician or medical director providing services to Pierce County hospice patients during the project's first three months.

Physician FTE's

- *The Pierce project shows 0.0 physician FTE's in October – December 2020. No physician services are included in the project's first quarter.*
- *PHOS King County before and after the project shows 2020 FTE's are 4.0 physicians. The King County hospice does not show any increase in physician FTE that might be attributed to addition of a Pierce County.*

Physician Salary and wages

- *A review of the proposed staffing at Exhibit 17, Expense Statement, the Pierce project shows $0 Salary and Benefits for Medical Director/Physicians for the Pierce project's first quarter of operations.*
- *And the total 2020 King hospice Medical Director/Physicians Salary and Benefits is $1,015,539 both before and after initiation of hospice care by Pierce project. This shows there is no allocation of physician salary to the Pierce project's first quarter.*

Certificate of Need reviews require the project to include necessary staffing and related salaries. Without having either of those for a medical director, the proposed Pierce agency does not meet the Hospice Conditions of Participation that require physician involvement.

If PHOS had some other arrangement for fulfilling medical director functions in Pierce County, it was obligated to describe that in its application and cannot do so in rebuttal.

B &O Taxes
Envision is unable to find B&O taxes anywhere in the Providence proforma financials. It is not exempt from B&O in light of its having provided B&O expenses in its Clark County hospice CON application in last year's hospice review cycle. At 1.8% per year of "Total Revenue," this represents a substantial omission of Providence operating expense from its pro forma operating statement and, accordingly, an overstatement of its net revenues.

Providence Pierce B&O estimate, 2020-2023

	2020	2021	2022	2023
Operating Revenue	59,717	1,263,586	2,527,172	3,237,939
B & O Taxes @ 1.8%	1,075	22,745	45,489	58,283

Rebuttal Comment
Providence provided itemized rebuttal statements, by commenter. They are restated below:

Response to Symbol's comments [source: rebuttal pdf31]

"Symbol inaccurately asserts that Providence Hospice omitted information from its pro forma financial statements.

Symbol asserts that Providence Hospice's "pro forma lacks much of the information that other applicants include, such as Levels of Care payment rates and percentages," and claims that "[w]ithout this information the State cannot analyze Providence's pro forma thoroughly."102 However, it then states: "we were unable to identify fatal flaws in Providence's application."103

We prepared our pro forma financial statements based upon our lengthy experience in providing hospice services in Washington. We perform our standard financial planning and analysis on a payor basis. The payor-based method is consistent with previously approved hospice CN applications. Therefore, the payor-based payment approach was used for this application. The "Levels of Care payment rates and percentages" mentioned by Symbol are not relevant to the Department's determination of whether our proposed program is financially feasible under WAC 246-310-220. Symbol has failed to identify any further "information" that our application allegedly "lacks." Accordingly, there is not merit to Symbol's argument." [source: rebuttal pdf31]

Response to Seasons' comments [source: rebuttal pdf28]

*"**The fact that there was a negative cash flow balance in 2017 due to a one- time accounting event does not require a financing commitment letter.***

Seasons argues that, because Providence Hospice "showed negative net cash of -$7,496,462 in 2017," a letter should be provided from the Chief Financial Officer of Providence St. Joseph Health "agreeing to provide funding for any operating deficits during the start-up period." As we discussed in the immediately preceding section, no letter of financial commitment is required. There are no capital expenditures associated with this project and our pro forma financial statements and supporting documentation demonstrate more than sufficient financial strength to support any start up costs.

With respect to Seasons' reference to a negative cash figure of $7,496,462 in 2017, a review of the cash flow statement shows that this was a one-time event, the result of "Change in Accounts Payable & Accrued Expenses." Subsequent years in the cash flow statement show net cash of $1.8 million at the end of 2018 and $9.7 million at the end of 2019. Seasons has misinterpreted Providence Hospice's financial performance and financial condition. No financing commitment letter is necessary."

"Seasons also notes that Providence Hospice provided "unaudited cash flow statements." (Ibid, p. 61, emphasis added). However, the Department's application form does not require applicants to provide audited cash flow statements. See Providence Hospice Application, p. 32, Application Section B.12: "If applicant is an existing provider of health care services, provide cash flow statements for the last three full years"

Response to Bristol's comments [source: rebuttal pdf31]

"There is no merit to Bristol's claim that Providence Hospice has underestimated its projected patient volumes.

In its public comments, Bristol argues that our actual patient volumes will exceed the volumes we have projected in our application and, therefore, our program will have a greater impact on the current hospice providers in Pierce County.101 There is no merit to this claim.

As discussed above in Section C.1.d, Providence Hospice has adopted a measured, reasonable approach to projecting patient utilization for its Pierce County hospice program, relying on the Department's Hospice Numeric Need Methodology and the Department's approval of the moderate utilization projection approach used by Providence Hospice of Oregon in its 2019 Clark County hospice CN application. In addition to projecting reasonable patient volumes, Providence Hospice will have a minimal impact on existing hospice providers given that (1) it is an existing provider in an adjacent county with well-established linkages and relationships, (2) it is most likely to promote continuity of care and the least likely to disrupt existing providers, and (3) it has the second lowest number of projected FTEs among the eight applicants. Accordingly, Bristol's concerns are not warranted."

Response to Envision's comments [source: rebuttal pdf14-]

*"**Providence Hospice has adopted a measured, reasonable approach to projecting adult and pediatric patient utilization for its Pierce County hospice program. Envision's criticism of that approach is a reflection of Envision's for- profit, expansionary business model, which requires it***

to maximize patient volumes in order to support that model, without considering the impact on existing hospice providers.

Envision asserts that Providence Hospice's patient volume projections are too conservative and that we do not "explain" our pediatric patient average daily census projection.41 Neither of these assertions has merit.

Providence Hospice has adopted a measured, reasonable approach to projecting adult and pediatric patient utilization for its proposed Pierce County program. We agree with Envision that we have "the infrastructure, the capability and the staff to move quickly and to have a major impact in Pierce County." While we are indeed uniquely well-positioned to respond to the unmet hospice need in the County, we do not believe we should abandon prudent principles of financial planning and, as Envision recommends, adopt excessively aggressive utilization projections. We constructed our projections using a methodology consistent with the methodology used by Providence Hospice of Oregon in its 2019 Clark County hospice CN application. In its Evaluation approving that application, the Department found that approach to be reasonable: "Providence based its projected utilization of the hospice agency on the results of the need methodology for Clark County and the experience from operating their Oregon agency that serves parts of Southwest Washington State. The Department concludes that Providence's utilization assumptions are reasonable."

In developing our utilization projections for Pierce County, we relied upon the same reasonable and prudent utilization approach that the Department has previously approved. Thus, our patient volume projections are based upon the Pierce County Hospice Numeric Need Methodology and our experience in King County. Again, this is a measured and reasonable approach that addresses the need for hospice services in Pierce County while, at the same time, having a minimal impact on the existing hospice providers in the County.

With respect to forecasting pediatric utilization, in our screening responses we provided an analysis of estimated pediatric deaths in Pierce County by the third full year of operation.44 We based the pediatric patient utilization projections on our long- established history of providing pediatric hospice services and pediatric palliative care in King County. Like our utilization projections for adult patients, the projections are reasonable and prudent.

Envision's criticism of our patient utilization projections is a reflection of Envision's for- profit, expansionary business model, which requires it to maximize patient volumes in order to support that model, without considering the impact on existing hospice providers. Its assertions have no merit."

*"**Providence Hospice's pro forma financial statements include the cost of the nursing home Room and Board "pass through." Envision's claim to the contrary is wrong.***

Envision mistakenly claims that Providence Hospice "overstat[ed] their revenues by not accounting for the negative consequences of the Room and Board 'pass through' of 5%."This claim is not true.

Envision recognizes that applicants have flexibility in the presentation of this financial statistic, noting that "[t]he Certificate of Need application form does not specify how this negative revenue, or expense, should be portrayed in an applicant's financials so the terms and format shown in

applications vary." Having said this, Envision then ignores the fact that the nursing homes Room and Board "pass through" may have been included in one of Providence Hospice's expense line items, and asserts, without citing any evidence, that we omitted the "pass through." As discussed below, Envision's conclusion is wrong.

Providence Hospice's pro forma financial statement accounts for the impact of nursing home Room and Board by including revenue generated under Medicaid reimbursement and the "pass through" to the nursing facility in the "Other Purchased Services" expense line item in its pro forma statement. The "Other Purchased Services" line item is comprised of several different underlying expenses, with one being nursing home purchased services, which includes the Room and Board "pass through." Therefore, Envision's claim that Providence Hospice's revenues are "overstated" is wrong. Our pro forma financial statement fully reflects the impact of the Room and Board "pass through.""

Envision incorrectly asserts that the lease costs related to Providence Hospice's office space are not accurately reflected in the pro forma financial statements. In fact, the lease costs are properly reflected in the statements, and the methodology used to calculate and internally allocate the costs was approved by the Department during a technical assistance conference.

Envision devotes a great deal of time and space to fashioning an argument that Providence Hospice's lease expenses are not properly accounted for in its pro forma financial statement. As discussed in detail below, Envision's argument has no validity.

(1) Lease Payments

Envision erroneously claims that Providence Hospice "did not 'connect the values in the lease to those in the proforma' or 'explain and include the calculations' as requested" by the Department in its screening questions. However, this claim wholly disregards our response to Screening Question #8. In short, we tie the projected lease expenses (from $765 in 2020 to $41,453 in 2023) to the same figures shown in "The Project (Pierce County Only)" financial statement. We clearly describe the lease calculation methodology, which directly links to the figures set forth in the pro forma financial statement. In addition, it is critical to note that, on March 19, 2020, we received technical assistance from Department staff on this issue, and we were advised that the methodology used by Providence Hospice to calculate and internally allocate lease expenses was reasonable and appropriate.

(2) Additional Rent

Envision also misinterprets Providence Hospice's pro forma financial statement and screening response by alleging that we have omitted "Additional Rent" from our expenses. Envision goes to great lengths to portray our lease expenses as being incomplete, but its conclusions are incorrect. In fact, "Additional Rent" is included in the allocated expense process used to calculate lease expenses. Therefore, "Additional Rent" is accounted for within the lease expenses set forth in the pro forma financial statement. Envision's argument is inaccurate.

(3) Line Drawings and Square Feet

Envision claims that "[t]he initial physical description and occupancy costs of the PHOS expansion to Pierce County did not meet the requirements of the CON application. No figures for either net or gross square footage for the Pierce project were provided." However, Providence Hospice did provide a description of the relevant space in its application:

> *Please see Exhibit 11, which contains single line drawings for the office space where hospice staff will be located.*
>
> *The total gross square feet ("GSF") and net square feet ("NSF") for the office space occupied by Providence at 2811 S 102nd St, Tukwila, WA 98168 are 68,477 square feet and 61,994 square feet, respectively. The space is comprised of Suites 210, 220, 230, and 250. Of this space, Providence Hospice of Seattle occupies Suite 250, which measures 18,079 GSF and 16,367 NSF.*

Thus, Providence Hospice did provide the square footage and relevant single line drawings for the space it will occupy.

Conclusion

Envision erroneously asserts that the lease costs related to Providence Hospice's office space are not accurately reflected in its pro forma financial statement. In fact, as discussed above, the lease costs are properly reflected in the statement. In addition, the methodology used to calculate and internally allocate the costs was approved by the Department during a technical assistance conference.

*"**Contrary to Envision's assertion, Providence Hospice will, in fact, provide medical director and physician staffing during the three-month start-up period in 2020.***

Envision criticizes Providence Hospice's staffing projections for not including additional "Medical Director/Physician" FTEs during the initial three-month period (October through December, 2020) after the opening of the Pierce County hospice program. However, Envision fails to recognize that we will be expanding our existing King County program into Pierce County. Total FTE counts, including the Medical Director/Physician FTEs, are based on the average number of FTEs needed to support hospice patient day volume. Providence Hospice has sufficient existing Medical Director/Physician FTE capacity to be able to commence services in Pierce County for the final three months of 2020 without any incremental physician FTEs being required. It should be noted that the combined pro forma financial statement fully includes the total impact of Medical Director/Physician FTEs, salaries, and benefits for Providence Hospice.

Envision claims that Providence Hospice failed to include Washington State B&O taxes as an expense in its pro forma financial statements. However, there is a simple explanation for this absence: a nonprofit hospice agency is exempt from B&O taxation under Washington law.

Envision states that it was "unable to find" an expense item for Washington State B&O taxes in Providence Hospice's pro forma financial statements, and claims that the absence of the line item "represents a substantial omission" of operating expenses. However, Envision is apparently unaware of the fact that nonprofit hospice agencies licensed under RCW Chapter 70.127 are statutorily exempt from B&O taxation. The B&O statute provides:

This chapter does not apply to amounts derived as compensation for services rendered to patients or from sales of drugs for human use pursuant to a prescription furnished as an integral part of services rendered to patients by a kidney dialysis facility operated as a nonprofit corporation, a nonprofit hospice agency licensed under chapter 70.127 RCW, and nursing homes and homes for unwed mothers operated as religious or charitable organizations, but only if no part of the net earnings received by such an institution inures, directly or indirectly, to any person other than the institution entitled to deduction hereunder.

Providence Hospice is a nonprofit hospice agency licensed under RCW Chapter 70.127.56 Therefore, it is exempt from B&O taxation under RCW 82.04.4289. Thus, Envision's claim that Providence Hospice omitted an expense line item for B&O taxes is simply wrong."

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Providence based its projected utilization of the hospice agency on the results of the need methodology for Pierce County and the experience from operating their King County agency.

The department concludes that Providence's utilization assumptions are reasonable. Contrary to the comments submitted by Envision, Providence adequately supported their volume assumptions and provided robust assumptions to support their pediatric volumes. Similarly, there is no basis for the comments accusing Providence of understating their projected volumes.

Pro Forma Financial Statements

The applicant provided pro forma financial statements, including the Revenue and Expense Statements and Balance Sheets allowed the department to evaluate the financial viability of the proposed hospice agency.

One comment regarding the underlying financial assumptions appears to have merit – Envision provided a critique of Providence's lease costs, stating that "Additional Rent" was missing from their lease calculation. Providence's rebuttal statement that this amount is captured in the allocation percentage contradicts their screening response, which identifies only calculation of base rent and the hospice agencies proportionate share of other spaces. No methodology or explanation of "other rent" as described in Section 8 of the lease was included. It is true that the department advised Providence that a step-by-step calculation of how the rent should be allocated would be acceptable – Providence's calculation of the base rent is consistent with this statement and can be substantiated. No discussion of "Additional Rent" took place. What cannot be substantiated is how the additional rent that would be applicable to all suites is accounted for. The department's initial assumption was that the items could be found under the assumptions for "maintenance services" and "other miscellaneous expenses" (which include taxes and utilities), but Providence's rebuttal contradicts this assumption. Absent reliable assumptions, the department will evaluate the pro forma no further.

Based on the information reviewed in the application, the department cannot substantiate all lease costs, and cannot conclude the immediate and long-range operating costs of this project can be met. **This sub-criterion is not met**.

Seasons Hospice & Palliative Care of Pierce County, LLC

The Seasons Hospice agency is not currently operational. If approved, it will be operated as one of many Seasons Hospice agencies throughout the nation. Seasons Hospice provided data showing the rates by diagnosis for patients using hospice services from the World Health Organization alongside national data from the National Hospice and Palliative Care Organization. With that information and the projected need in the planning area, Season's provided a 6-step method that produced the following breakdown of their projected their ADC for the first three full years of operation as well as their projected market share. [Source: Application, pdf45-49]

The applicant provided the following explanation of the steps and assumptions used:

"Step 1: Project Total Deaths

The projected total deaths for the first three calendar years of the project uses the 3-year death rate of 779.1 for Pierce County, as calculated above in Table 5, page 33, applied to future years' population using Claritas population estimates. The projected number of deaths for years 2022 through 2024, the first three calendar years of operation for Seasons Pierce County are shown in the table below.

Table 15
Pierce County Projected Deaths, 2022 – 2024
Rate/100,000 = 779.1

Forecast Year	Population	Deaths
Year 1: 1/1/2022	928,819	7,237
Year 2: 1/1/2023	940,185	7,325
Year 3: 1/1/2024	951,689	7,415

Population estimates come from Claritas, 2019 update

Step 2: Project Hospice-Appropriate Deaths by Disease

Since the State of Washington Department of Health's vital statistics data does not provide an overall age-adjusted death rate that is county-specific, nor one that is disease specific, Seasons Pierce County uses the most recent available age-adjusted death rates per 100,000 persons from WHO for the top causes of death appropriate for hospice admission for Pierce County, as provided previously in Table 1, page 27. The resulting deaths by cause of death for each of the forecast years appears below. The subtotal of deaths by cause represents 75.4% of total deaths.

Table 16
Forecast of Pierce County Deaths by Cause
Calendar Years 2021 to 2024

Cause of Death	Rate	2022	2023	2024
Cancer	183.8	1,707	1,728	1,749
Heart Disease	192.4	1,787	1,809	1,831
Alzheimer's Disease	42.4	394	399	404
Lung Disease	51.1	475	480	486
Stroke	51.5	478	484	490
Diabetes	25.6	238	241	244
Liver Disease	10.4	97	98	99
Parkinson's Disease	8.1	75	76	77
Hypertension/Renal	7.7	72	72	73
Nephritis/Kidney	6.5	60	61	62
Blood Poisoning	7.7	72	72	73
Subtotal Deaths by Cause		**5,454**	**5,521**	**5,588**
Percent of Total		75.4%	75.4%	75.4%
Pierce Population Estimates		928,819	940,185	951,689
Projected Total Deaths, Pierce	**779.1**	**7,237**	**7,325**	**7,415**

Source: World Health Organization, Age-Adjusted Death Rates by County and Top 15 Causes of Death. Population estimates come from Claritas, 2019 update.

Step 3: Distribute Deaths by Diagnosis

Step 4: Project Total Pierce County Hospice Patients Based on an Increasing Penetration Rate

Step 5: Calculate Patient Days Based on ALOS

Next, deaths are distributed by cause, consistent with those identified in the inset table (right) that identifies the 2017 national median and average lengths of stay by cause, provided from the National Hospice and Palliative Care Organization (NHPCO). Seasons Pierce County uses this average length of stay for calculating patient days in the forecast.

Days of Care by Principle Diagnosis, 2017		
Diagnosis	*Median*	*Average*
Cancer	19.0	48.0
Circulatory/Heart	30.0	81.9
Dementia	55.0	110.0
Respiratory	20.0	74.9
Stroke	24.0	82.4
Chronic Kidney	8.0	38.2
Other	19.0	70.0
Source: NHPCO		

The resulting hospice appropriate and total deaths for calendar years 2022 through 2024, the years in which Seasons Pierce County has its first three full years of operation, appears in the following table that includes the forecast of total hospice admissions and patient days for all hospice programs. The category "Other" includes Diabetes, Liver Disease, Parkinson's Disease, Hypertension/Renal, and Blood Poisoning.

With the addition of Seasons Pierce County, hospice penetration is expected to increase in proportion to the compound annual growth rate of 2017 baseline deaths (6,955) to 2024 projected deaths (7,415), or 0.9% per year, beginning with the most recent 3-year average penetration rate of 55.4%. The resulting penetration rates of 56.3% and 57.2%, respectively for forecast years 2023 and 2024 remain below the 2016 hospice penetration rate of 58.1 %. (Refer back to Table 5 on page 33.) Therefore, increases in hospice penetration are reasonable and achievable in the estimates of hospice admissions.

Table 17
Pierce County Total Projected Deaths, Unduplicated Hospice Patients, Patient Days and Average Length of Stay by Cause of Death, Calendar Years 2022 – 2024

		DEATHS			HOSPICE PATIENTS			PATIENT DAYS			
Cause of Death	Distribution	CY 2022	CY 2023	CY 2024	CY 2022	CY 2023	CY 2024	CY 2022	CY 2023	CY 2024	ALOS
Cancer	31.3%	1,707	1,728	1,749	1,255	1,291	1,328	60,235	61,984	63,766	**48.0**
Circulatory/Heart	32.8%	1,787	1,809	1,831	1,314	1,352	1,391	107,586	110,708	113,891	**81.9**
Dementia	7.2%	394	399	404	289	298	306	31,844	32,768	33,710	**110.0**
Respiratory	8.7%	475	480	486	349	359	369	26,132	26,890	27,663	**74.9**
Stroke	8.8%	478	484	490	352	362	372	28,973	29,814	30,672	**82.4**
Chronic Kidney	1.1%	60	61	62	44	46	47	1,695	1,744	1,795	**38.2**
Other	10.1%	553	559	566	406	418	430	28,437	29,262	30,104	**70.0**
Subtotal Hospice Appropriate	100.0%	**5,454**	**5,521**	**5,588**	**4,009**	**4,126**	**4,244**	**284,902**	**293,171**	**301,601**	
Total Deaths/Penetration Rate/ADC		7,237	7,325	7,415	55.4%	56.3%	57.2%	781	803	826	

Step 6: Estimate Seasons Pierce County Market Share of Patients

The forecast assumes a start-up phase with census growing year over year. Seasons Pierce County ' s forecast achieves market capture rates of approximately 3%, 6% and 7%, respectively for the 3-year forecast period, based on average start-up experience of other Seasons hospice programs nationwide , and similar to the experience in nearby Portland, OR. (See Exhibit 12.) Calculation of patient days is consistent with the national average NHPCO ALOS for the respective cause of death as described in Step 5, above. The resulting forecast for Seasons Pierce County appears below.

Table 18
Forecast of Persons Served by Seasons Pierce County, First Three Years

Disease	Year 1 Patients	Year 2 Patients	Year 3 Patients	Year 1 Days	Year 2 Days	Year 3 Days
Cancer	38	77	93	1,807	3,719	4,464
Circulatory/Heart	39	81	97	3,228	6,643	7,972
Dementia	9	18	21	955	1,966	2,360
Respiratory	10	22	26	784	1,613	1,936
Stroke	11	22	26	869	1,789	2,147
Chronic Kidney	1	3	3	51	105	126
Other	12	25	30	853	1,756	2,107
Total Patients & Days	**120**	**248**	**297**	**8,547**	**17,590**	**21,112**

Disease	Year 1 ADC	Year 2 ADC	Year 3 ADC	ALOS (3 Years)
Cancer	5.0	10.2	12.2	48.0
Circulatory/Heart	8.8	18.2	21.8	81.9
Dementia	2.6	5.4	6.5	110.0
Respiratory	2.1	4.4	5.3	74.9
Stroke	2.4	4.9	5.9	82.4
Chronic Kidney	0.1	0.3	0.3	38.2
Other	2.3	4.8	5.8	70.0
Total, Seasons Days	**23**	**48**	**58**	**71.1**

As shown above, Seasons Pierce County's projections result in an average daily census of 23 patients in year 1, 48 in year 2, and 58 in year 3 and are therefore in line with the Department's need assumptions."

Season identified that many projections are based on their experience operating in Portland, OR. The rational for doing is restated below. [source: Screening Response pdf16-17]

The Seasons Hospice & Palliative Care of Oregon, LLC is the proxy for the Seasons Pierce County pro forma for the following reasons:

- *It is within close proximity to Washington, having similar demographics and staffing needs.*
- *It is a new program, licensed in November, 2014, which provides recent start-up experience.*

Attachment 12 includes the most recent (calendar year 2017 and 2018) Operating Statements for Seasons Hospice & Palliative Care of Oregon, LLC, providing the basis for the Seasons Pierce County assumptions.

Furthermore, as stated on page 49 of CN application #20-39 and shown in Exhibit 12, all new Seasons hospice programs licensed within the past decade provide average utilization levels similar to, or exceeding that of Oregon. Therefore, to keep projections conservative, market shares resulting in a census similar to that of Oregon, is both reasonable and achievable, especially given similar demographics and available staffing. The information is summarized below.

Summary of Seasons' Recent Start-Up Experience

Program	Admissions Yr. 1	Admissions Yr. 2	Admissions Yr. 3	Patient Days Year 1	Patient Days Year 2	Patient Days Year 3	ADC Yr. 1	ADC Yr. 2	ADC Yr. 3	ALOS Yr. 3
Portland OR	165	173	214	9,052	19,028	22,464	25	52	62	105
Average All Start -Ups	168	326	422	8,889	21,907	31,196	24	60	85	74
Median All Start-Ups	174	251	372	8,976	19,967	34,520	25	55	62	90
Seasons Pierce County Estimates	120	248	297	8,547	17,590	21,112	23	48	58	71

Seasons projected utilization is restated in the Departments Table below.

Department's Table 28
Seasons Pierce County
Projected Utilization

	CY 2022 (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Admissions	120	248	297
Percentage of Pierce Market Share	3%	6%	7%
Total Days	8,547	17,590	21,112
Average Length of Stay	71.1	71.1	71.1
Average Daily Census	23	48	58

The assumptions used by Seasons Hospice to project revenue, expenses, and net income for the hospice agency for projection years 2022 through 2024 are below. For the sake of brevity, full table details from the application are not included. [Source: Season's Screening Responses, pdf48-56]

*"**Patient Care Revenues:***
Revenues are forecast on the basis of the Applicant's historical experience in other services area. Charges are set to be generally consistent with expected Medicare reimbursement by level of service.

In order to reflect patient care services rendered, charges assessed to charity care patients and to bad debts are initially recorded as private pay revenue. The allowances for charity care and bad debts are deducted from the gross revenues projected for the private pay payor group.

All payor groups are projected to access the four categories of patient care routine, continuous care, respite, and GIP in the same distribution.

Non-Operating Revenues:
Non-Operating revenues are billings for physician services outside of the Medicare hospice benefit. The amount shown is based on the experience of the Seasons-Affiliated program Seasons Hospice and Palliative Care of Oregon.

Net Patient Service Revenues:
Net Patient service revenues by payor are computed as follow:

- *Medicare: Medicare Net patient service revenues are forecast on the basis of the October 2020 Medicare rates applicable to the Applicant's proposed service area. For purposes of*

computing the blended routine care rate, it is assumed that 52 percent of the routine patient days delivered at the proposed hospice will be reimbursed at the rate applicable to days 1 – 60. The balance of the projected patient days will be reimbursed at the rate applicable to days 61 and beyond. This mix of routine days is based on the experience of SHCM with start-up programs.

- *Medicare Managed Care: It is assumed that managed care providers will negotiate and average discount of 5 percent below the published Medicare rates.*
- *Medicaid: It is assumed that net reimbursement for Medicaid patients will be approximately 10 percent lower than published rates for Medicare patients.*
- *Other Payors: Net reimbursement for other payors is projected on the basis of percentages of charges* [table omitted]

Expenses

Advertising: *Advertising costs are bases on the 2017 experience of Seasons Hospice and Palliative Care of Oregon, which was $20,196. No inflation adjustment has been made to this amount. Advertising costs are treated as fixed and do not respond to changes in clinical volume. An advertising budget of $2,000 is also included in the pre-opening expenditures of the Applicant.*

Depreciation and Amortization: *Depreciation and Amortization is computed on the basis of the capital assets to be acquired in connection with this project. Depreciation is forecast on a straight-line basis with useful lives provided by the Northwestern University Kellogg Business School.* [table omitted]

Dues and Subscriptions: *The Applicant has projected the cost of dues and subscriptions based on its experience with other start-up programs. It is assumed that this line item is not sensitive to increases in clinical volume. No inflation adjustment is made to this amount.*

Education and Training: *The budget for this line item is based upon the 2017 expenses at of Seasons Hospice and Palliative Care of Oregon for Conferences and Training, which was $1,986 and its expenses for Employee Relations which was $7,269. Conferences and Training Costs are treated as fixed costs and do not respond to changes in clinical volume. Employee Relations Costs are treated as variable.*

Based on the 23,634 patient days delivered at Seasons Hospice and Palliative Care of Oregon in 2017, the $7,269 expense for Employee Relations coverts to a per diem cost of approximately $0.31 per diem. ($7,269 / 23,634 = $0.308) [table omitted]

No inflation adjustment has been made to this amount. This budget does not reflect salary costs of professional clinical mangers who will be employed by the Applicant in connection with this project. Those costs are captioned under Salaries and Wages, Payroll Taxes and Employee benefits.

Employee Benefits: *Employee benefits are projected to equal 15 percent of salaries and wages. This percentage does not include provision for Employer FICA contributions, which are forecast under the caption of Payroll Taxes.*

Information Technology Computers: *The budget for this line item reflects the acquisition of the costs of purchasing computer hardware, cell phones, computer monitors, desk phones and applicable charges for internet connections and telecom charges. Such charges will be incurred as staffing levels require. For this reason, the largest expense is in year one. Internet and telecom charges are fixed, others are incremental.* [table omitted]

Insurance: *The insurance expense of $12,500 is based on the experience of other Seasons-affiliated organizations. This expense is not forecast to be sensitive to increases in clinical volume.*

Interest: *There is no long or short-term debt forecast in connection with this projector its operations.*

Legal and Professional: *Legal and Professional fees are based upon the $7,858 in printing costs and $8,068 in Outside services expensed at of Seasons Hospice and Palliative Care of Oregon in 2017. The outside services are treated as 100 percent fixed. 80 percent of the printing expense of $7,858 is treated as fixed – or $6,286. The balance of $1,572 is considered to be variable and computes to a per diem amount of $0.0665 per diem ($1,572 / 23,634 = $0.0665).* [table omitted]

Licenses and Fees: *Licenses and Fees include a $5,000 annual provision for state and local licenses. In addition to this amount, the following computer software and licensing fees are projected in connection with the office computer equipment to be acquired in connection with the project.* [table omitted]

These costs added to the $5,000 annual license allowance referenced above result in the projections that appear in the pro forma income and expense statement.

Medical Supplies: *Medical Supplies are forecast on the basis of the experience of Seasons Hospice and Palliative Care of Oregon in 2017. These expenses include Clinical Supplies of $40,248, DME Expense of $141,568, Pharmacy Costs of $160, 363, and Open Access of $2,208. These amounts sum to $344,387. Application of the 23,634 patient days delivered at of Seasons Hospice and Palliative Care of Oregon in 2017 results in a per diem expense of $14.57.* [table omitted]

Payroll Taxes: *Payroll Taxes are projected to equal 6.5 percent of Salaries and Wages.*

Postage: *Postage is based on an estimated per-diem expense of $0.10 per patient day of care.*

Purchased Services: *Purchased services consist of the fees paid to hospitals and nursing homes that provide inpatient services on a subcontracted basis to the Applicant's projected hospice inpatients. It is assumed that these facilities will be paid an amount to 85 percent of the Medicare GIP per diem rate.*

Rental \ Lease: *The amount shown under rental and lease expense represents the costs of leasing the office space from which the proposed hospice will conduct its operations. The lease amounts are documented in the Appendices to this application.*
The rental amount is inclusive of utilities and property taxes.

Repairs and Maintenance: *The Applicant estimates that repairs and maintenance will be relatively minor expenditures in its early years of operations, but has included a budget of $3,500 per year to cover unexpected costs of this type.*

Salaries and Wages: *Staffing levels are detailed in Tables 25 and 26 of the application, with detail for salaries and wages appearing in Workpapers 9 and 10 of the pro forma. Staffing levels are based on the projected daily census of the proposed hospice and Seasons staffing model.*
Salary expense for the pre-opening period includes provisions for pre-opening hiring of staff to permit orientation and training before clinical operations commence.

Supplies: *The Supply line item refers to general office supplies. This line item is assumed to be variable with respect to clinical volume. A provision of $1.00 per diem is forecast for this line item.*

Telephones\Pagers: *The expenses included in this line item include the Information Systems and Call Center expenses at of Seasons Hospice and Palliative Care of Oregon in 2017. These expenses totaled $51,398 and are assumed to be fixed with respect to the clinical volume changes forecast in this application.*

Service Fees: *Service Fees consist of the management fee paid by the Applicant to Seasons. This fee is fixed at $60,000 per year.*

Washington State B&O Taxes: *This tax is computed as 1.5 percent of Revenues.*

Travel (Patient Care and Other): *The expenses included in this line item include the following line items form the 2017 Income and expenses statement of Seasons Hospice and Palliative Care of Oregon.*

- *Room and Board: $18,129*
- *Other Direct Expense: $ 7,902*
- *Travel: $ 1,772*
- *Other Operating Expenses: $ 35,114*
- *Total: $ 36,886*

These costs include not only travel, but payments to Nursing Homes for resident patients as well as other operating costs. [table omitted]

Contributions to Foundation: *These amounts reflect the commitment of the Applicant to provide funding for identified special programs as discussed in the application.*

Following is a summary of the projected revenue and expense statement for Seasons' Pierce County proposed agency. [Source: Screening Response pdf25]

Department's Table 29
Seasons Pierce County
Revenue and Expense Statement for 2022-2024

	CY 2022 (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Net Revenue	$1,741,844	$3,584,773	$4,302,541

Total Expenses	$2,057,635	$2,831,507	$3,108,865
Net Profit / (Loss)	**($315,791)**	**$753,266**	**$1,193,676**

Below is a three-year summary of the projected balance sheets for Seasons' Pierce County proposed agency. [Source: Screening Response pdf33]

Department's Table 30
Seasons Pierce County
Balance Sheet for Years 2020 through 2024

ASSETS	**2020**	**2021**	**2022**	**2023**	**2024**
Current Assets	$1,963,981	$1,654,435	$1,488,884	$2,300,848	$3,519,796
Property and Equipment	$0	$86,117	$86,117	$86,117	$86,117
Other Assets*			-$9,508	-$19,016	-$28,523
Total Assets	**$1,963,981**	**$1,740,552**	**$1,565,493**	**$2,367,949**	**$3,577,390**

LIABILITIES	**2020**	**2021**	**2022**	**2023**	**2024**
Current Liabilities			$140,730	$189,919	$205,683
Long-Term Debt					
Equity	$1,963,981	$1,740,552	$1,424,763	$2,178,028	$3,371,706
Total Liabilities, Long-Term Debt, and Equity	**$1,963,981**	**$1,740,552**	**$1,565,493**	**$2,367,949**	**$3,577,390**

*less accumulated depreciation

Public Comment
Providence Health & Services [source: public comment pdf11, 25-26, 38-39]
"The Washington statewide average length of stay ("ALOS") for hospice patients is 60.13. With the exception of Seasons and Signature, all of the applicants have used the 60.13 statewide average ALOS in their utilization projections. Seasons uses an ALOS of 71 in Year 3 of its utilization projections.14 Signature uses an ALOS of 75 in Year 3 of its utilization projections. Given that the statewide average ALOS is based upon actual data, there is no reasonable basis for Seasons and Signature to use average lengths of stay that significantly exceed the statewide average ALOS. Doing so renders their utilization projections and financial projections unreliable."

"The financial Pro Forma for Seasons is generally consistent with its stated assumptions. However, it should be noted that Seasons provides two conflicting versions of its pro forma revenue and expense statement in its screening responses. The statements differ with respect to "Total Expenses" and "Net Income." It is not clear which (if either) statement is correct, which raises the issue of financial statement reliability — a key issue for the Department to evaluate.

In terms of the proposed program's overall financial performance, the Pro Forma relies on a high average length of stay ("ALOS") and significant declines in expenses per patient day over the forecast period to drive financial performance. Seasons anticipates losses in 2022, its first year of operations, equal to ($328,126), then positive net income of $846,752 in 2023, and $1,178,784 in 2024. Based on Seasons' own calculations, net operating losses are expected into the second quarter of Year 2. This large shift between Year 1 and Years 2 and 3, and the financial feasibility that follows,

relies on a large drop in costs per patient day from $240/patient day in Year 1 to $160/patient day in Year 2 to $147/patient day in Year 3. About 75% of the shift between Year 1 and Year 2 is due to lower levels of staffing per patient. Seasons anticipates expenses per patient day to fall, but long average lengths of stay are expected to persist throughout the forecast period.

We have replicated Seasons' Pro Forma based on its stated assumptions and utilization forecast within about half a percentage point difference. The remaining difference is likely a result of rounding errors. Seasons' submitted Pro Forma, its replication, and an alternative forecast, where ALOS is varied, are presented in Table 9.

Table 9: Replication of Seasons Financials with an Alternative Average Length of Stay Figure

Financials	2020	2021	2022	2023	2024	Period total
	Pre-Operations	Pre-Operations	Year 1	Year 2	Year 3	
Net revenue						
Seasons Screening p. 58, ALOS =71.1	$0	$0	$1,741,845	$3,584,773	$4,302,543	
Replication; ALOS=71.1	$0	$0	$1,740,501	$3,582,007	$4,299,223	
Alternative; ALOS=60.13	$0	$0	$2,749,447	$3,589,287	$4,137,043	
Expenses						
Seasons Screening p. 59	$36,020	$223,429	$2,069,971	$2,728,021	$3,123,759	
Replication; ALOS=71.1	$36,020	$223,527	$2,057,726	$2,831,577	$3,108,933	
Alternative; ALOS=60.13	$36,020	$223,527	$2,010,429	$2,767,691	$3,043,134	
Net Income						
Seasons Screening p. 59	($36,020)	($223,429)	($328,126)	$856,752	$1,178,784	**$1,371,706**
Replication; ALOS=71.1	($36,020)	($223,527)	($317,225)	$750,430	$1,190,290	**$1,363,949**
Alternative; ALOS=60.13	($36,020)	($223,527)	($541,052)	$171,061	$593,572	**($35,965)**

Sources: Seasons Screening, p. 58-59; calculations based on Seasons Pro Forma Schedule forecast and assumptions, Seasons Screening pp. 22-56.

Notes: The replication uses the Pro Forma, stated assumptions, and ADC from Seasons' screening responses and CN20-39, where ALOS = 71.1. Differences between Seasons' Screening p. 59, and the replication are primarily a result of Seasons' miscalculation of salaries and wages. The alternative adjusts the ALOS to 60.13, but otherwise is the same as the replication.

Replicating Seasons' financials with an ALOS of 60.13 (the Washington statewide average) results in a large annual loss in Year 1, and, when factoring in the costs incurred in 2020 and 2021, the alternative replication shows cumulative negative net income across the first three full years of operations, including pre-operations expenses. Seasons' high ALOS assumption is important for driving its financial feasibility, although it is still expected to generate positive net income in Year 3, even under the alternative model.

Finally, Seasons projects an operating margin of 27.9% in Year 3, the highest margin of all eight applicants. This is arguably a very high margin for hospice services under any scenario, but particularly so in a market characterized by the needs of low-income and underserved individuals and groups. The margin also suggests that projected expenses may be understated."

"As noted above, a key component in the Department's evaluation of the financial feasibility of a project is the overall reliability of the applicant and of the organization of which the applicant is a part, or with which it is affiliated. Thus, if there are questions about the nature of the relationship between an applicant and other related organizations, this may in turn raise questions about the financial feasibility of the project. This is the case with the Seasons application, which includes complicated, unclear organizational interrelationships.

Seasons Hospice & Palliative of Pierce County LLC ("Seasons") is the applicant. Seasons is wholly owned by a holding company, Seasons Hospice & Palliative Care of Pierce County Holdings, Inc. ("Seasons Holdings"). Seasons Holdings' stockholders are identified in the application, and appear to be either family trusts or "individual owners."

Seasons is part of a nationwide hospice organization (identified herein as "Seasons hospice group"). Seasons is one of "over 29 Seasons Hospice & Palliative Care hospice programs across the country." The application states that "each of these Seasons Hospice & Palliative Care hospice programs is its own operating entity that is legally, operationally and financially separate and distinct from the others." A key entity involved with all 29 Seasons hospice group entities is Seasons Healthcare Management, Inc. ("Seasons Management"), which "provides back-office functions to support billing and reimbursement, payroll and human resource functions, information technology services, and other general administrative services."

Seasons states that it "has $2 million to fund the hospice's capital costs, pre-opening expenses, and operating deficits in the initial year of operation," which it states has been provided by the owners of Seasons Holdings. This cash balance is confirmed by an audited financial statement for Seasons Holdings. There also is a statement of financial commitment from the chief financial officer of Seasons Holdings, which was formed in late 2019 and is not operational, given that its sole purpose is to establish and operate Seasons.

As shown in Table 9, an alternative model of Seasons' financial projections using an ALOS of 60.13 (the Washington statewide average), rather than Seasons' high projected ALOS of 71, would result in operating losses of $541,052 in Year 1 (2022). Thus, at the end of Year 1, given its capital costs and pre-operational expenses, it is possible Seasons may require the $2 million to fund operations. Further, as the alternative model in Table 10 shows, Seasons could generate a cumulative negative net income over its first three years of operation. Seasons' Balance Sheet does show, if all other assumptions hold, including an ALOS of 71, that it would remain cash positive through Year 3.136 However, if not, Seasons may not have sufficient cash to support operations.

The CN application filed by Seasons is one of two submitted by the Seasons hospice group in the Department's 2020 hospice concurrent review cycles: the group has filed applications in Pierce County and Snohomish County. If an entity/owner submits multiple applications in the annual hospice review cycles, it is the Department's policy and practice to require the entity/owner to submit (1) pro forma financial statements (a revenue and expense statement, a balance sheet, and a cash flow statement) for each proposed hospice program <u>and</u> (2) combined pro forma financial statements for <u>all</u> of the proposed programs. This enables the Department to evaluate what the financial impact will be if one or more of the programs is approved.

However, Seasons has taken the position that, because it will be "a stand-alone hospice" and because the Seasons Pierce County entity and the Seasons Snohomish County entity are "stand-alone entities," it is not required to submit the separate and combined pro forma financial statements required under the Department's policy. This is not correct. Although Seasons argues that the numerous hospice programs owned by the Seasons hospice group are separate and distinct legal entities, it is clear that the programs are (1) ultimately commonly owned by family trusts and individual owners and (2) operated in a coordinated fashion, with Seasons Management playing the

role of the parent operating entity. It appears the same will be true of the proposed new hospice programs in Pierce County and Snohomish County.

Given that it is the Department's long-established, consistently-followed policy and practice to require an entity/owner filing multiple hospice applications to submit combined pro forma statements for review, the Department cannot evaluate the financial feasibility of the Seasons Pierce County hospice program in the absence of the combined statements. Accordingly, Seasons' application must be denied."

Bristol Hospice [source: public comment pdf7-8]

"Seasons has stated that its Snohomish location would be a separate entity from its other 29 operations managed by the same management company. The ownership for each entity however has cross over and the purpose of question #15 of the screening is that the financial sponsor can prove stability through ownership of multiple entities. It is also unclear what the structure of the arrangement is between the management company and the Snohomish entity. These arrangements often allow for complete control by the management company with all revenue owned by the management company. In that case its financials should have been disclosed and combined with other entities to prove feasibility. In the case that it is seen as a stand-alone company by the DOH there would be no Public Quality data available which would disqualify Seasons. The shared service agreement could potentially be terminated at any time with 60 days' notice and all data provided within the application would no longer be a representation of the applicant.

The management agreement arrangement charges a flat rate of $60,000 per year. It is unrealistic that that amount would stay the same year over year considering the expected growth. Many of the FTE' s listed also remain the same from year 1-3 such as Medical Director and Therapy services, which would increase as census increases. It also included a flat rate year over year for telephones and pagers of $51,398 which seems excessive and would be an expense that would ramp up with size. Seasons cannot be deemed financially feasible considering they have not properly scaled their costs over time.

Seasons overall entity structure with the management agreement is questionable and lacks proof of financial feasibility and structure and process of care. Its proforma financials are not accounting for an increase of census from first to third year of operations and they have not planned for adequate medical director and therapy services. The management arrangement which holds all the data provided within the applications can be canceled at any time leaving an entity with no experience or support."

Envision Hospice of Washington, LLC [source: public comment part 3 pdf2-5]

"Revenues based on unsupported volumes

In response to its need findings, Seasons forecasts conservative yet unsupported patient volumes through 2024. Seasons' workload projections and related revenue are based in a mixture of questionable fundamentals:

1. *Seasons does not initiate Medicare hospice services until January 2022 with its third full year being 2024. It prefers to take a full year to achieve licensing, initiation of licensed only care, accreditation and Medicare certification.*

2. *Seasons projects it will admit 297 hospice patients in its third year of operation, 2024. This is only 82% of the 2021 unmet need projected by the Hospice Need Method three years earlier, in 2021. While this is a financially conservative projection by Seasons, it is not sufficiently responsive to the Pierce County unmet need for hospice care.*
3. *Seasons' Pierce County volume projections through 2024 rely on an average length of stay similar to the national average but 17% higher than Washington's statewide ALOS adopted for use in the 2019 Hospice Need Method.*
    a. *Seasons has not demonstrated that the Pierce County actual ALOS is higher than the Washington statewide ALOS that is used in the Hospice Need Method.*
    b. *Nor has it explained how its proposed Pierce County project will effectively increase the length of stay for its own patients by 17% above that statewide average.*

Washington hospice ALOS has been in the lowest ten of fifty states for over ten years. For an applicant to assume a greater ALOS in projecting its hospice volumes and financials requires it to explain how it plans to effect that change.

4. *Seasons projects annual market share in Pierce County of 3%, 6% and 7% in years 2022---2024. It bases its annual workload projections on*
    c. *average startup experience of other Seasons hospice programs and*
    d. *similarity of its expected Tacoma WA experience to its experience in Portland OR.*

Yet, Seasons provides no assumptions about the Pierce market that support the volumes and related share of the potential volume it plans to achieve. While it is true that Multnomah County and Portland are "close" to Washington geographically, Seasons provides no demographic or healthcare data whatsoever to provide a rationale why that should guide its projected hospice volumes in Pierce County.

    e. *Seasons refers to "similar demographics and staffing needs" between Portland and Tacoma but provides no data at all to support that assertion.*
    f. *The averages in Seasons' table, "Summary of Recent Start up Experience," are not useful in projecting Pierce County hospice volumes:*
        i. *The Portland 3-year ALOS of 105 that Seasons reports is two-thirds longer than the Washington statewide ALOS of 60. This reveals marked differences between the patients Seasons serves in Portland compared to the average patient and provider choices and preferences for hospice care in Tacoma.*
        ii. *The table shows the ALOS for Seasons' start---ups is 90 days. This is 50% longer than the Washington statewide ALOS of 60 used in the 2019 Hospice Need Method.*
        iii. *The table also shows Seasons' average start---up nationwide achieves 422 admissions by year three whereas it only saw half that, 214 in Portland. The 214 shown for Portland is less than Seasons projects for its third year in Pierce County.*

In its 2017 review of Olympia Behavioral Health's psychiatric hospital proposal, the Department responded to the applicants' argument that start up volumes for that project would mirror those at another of its locations:

> *The department acknowledges it is appropriate for an applicant to use its past experience in developing hospitals as a starting point for preparing projections for other new hospital proposals. However, those projections must also be adjusted based on location of the new proposed hospital and any recent changes in the*

proposed service area. Page 39, April 24, 2017 letters to Ron Escarda and Medrice Collucio

While using its Multnomah County hospice as a reference point for developing Pierce County projections, Seasons provides no description of the Portland market, its hospice use rate, the number of competitors and their market share. Just as the Department did in the OBH review, Seasons must take into consideration those differences, but it did not.

A further concern regarding the Seasons project is its limited response to the unmet need it demonstrates. The Department finds unmet ADC of 60 in 2021. While a delay is inevitable for a new agency in Washington, Seasons plans on taking a full year to launch its service and then only targets an ADC of 58 in 2024, four years after the Department's projection of a 2021 need of 60 ADC. The Department has only one Certificate of Need available for Pierce County. It should award it to an applicant that plans to address more of the need than Seasons proposes to meet.

Incorrect payment rates

Seasons projects revenues based on inaccurate Medicare rates.

- *The rates shown on pdf page 321 of the Seasons application are not current Medicare rates for Pierce County hospice payments While there are references to "average rates," Envision cannot locate assumptions on which Seasons based those averages.*
- *Workpaper 5 from Seasons' response to screening incorrectly references "Snohomish" rates.*
- *Workpaper 6 in the Seasons response to screening uses outdated 2019 Medicare rates for Pierce County.*

Lease

Seasons does not connect the amounts to be paid under the new Lease provisions to the amount of Lease payment shown in its Corrected Rents table or to its financial projections as revised in its screening response:

Seasons' February 28, 2020 Lease states clearly that Base Monthly Rent in Year 1 is $3,274.50, March 2020 through February 2021. Below is a copy of "Seasons Pierce County Rent Correction" table that calculates calendar year rent based on some assumed monthly rents during the term 2022---2024. Neither the table or any stated assumptions in Seasons' narrative provide a connection between the 2020 Base rent and the monthly rent values shown in it.

Response: **Attachment 4** includes a revised lease through January, 2025. The revised pro forma included in **Attachment 2** now reflects the following rents for the first three years of operation, in addition to pre-opening rents.

Seasons Pierce County Rent Correction

Year	Lease Term				Annual Rent
2022	11 Months @	$3,473.92	1 Month @	$3,372.74	$41,586
2023	11 Months @	$3,578.13	1 Month @	$3,473.92	$42,833
2024	11 Months @	$3,685.48	1 Month @	$3,578.13	$44,118

Envision finds a number of problems with the table, its inputs, its lack of stated assumptions, and the annual rents it portrays which are then included in Seasons' revised financials in response to screening:

1. *The Lease shows that Base Rent changes each year on March 1. This means a calendar year blend of monthly rates calls for ten months at one rate and two months at the other rate. Seasons' Rent Corrections table incorrectly uses a 11 month/1 month blend instead.*
2. *The Lease says that after March 2021, it can be extended for another 34 months at a new Base Rent to be determined then and to be based on the Fair Market Value at that time. Seasons does not state any assumption about that Fair Market Value, whether it will be higher, lower, or the same as the Year 1 Base Rent.*
3. *The Lease says that once the new Base Rent is set, it will increase by 3% annually through the extended term. In projecting these annual increases, Seasons does not show the new Base Rent to which it applies the 3% factor.*
4. *The Lease requires Seasons to pay Additional Rent at a 1.89% share of the building total:*
   - *If the property tax in future years is greater than the 2019 property tax bill or*
   - *If the landlord's operating expenses are greater than those experienced in 2020.*

   Despite this Lease language describing Additional Rent, Seasons provides no assumptions as to whether the property tax and/or operating expenses will be higher than the 2019 or 2020 base for those calculations. In fact, Seasons states without any explanation in its screening response, that the Base Rent includes the property tax and operating expenses. While it is true that the 2020 Base rent includes historical costs for property tax and operating expenses, it states clearly that increases in either will lead to increased Additional Rent the tenant must pay to the landlord.
5. *The Seasons Pierce County Rent Correction and its Workpaper 11 do not appear to reflect any of the foregoing Lease requirements. It does not appear to acknowledge or provide assumptions in order to address:*
   - *the expectation of a new Base Rent based on Fair Market Value starting in March 2021,*
   - *the annual 3% increase during the extension period,*
   - *the Additional Rent.*
6. *While Seasons states no assumptions as required so that the Department might make a connection from Lease amounts and requirements to the values in the revised Seasons proforma, it does use some new metrics in Workpaper 11, but their sources and logical relationship to a calculation of annual lease costs are unknown. These include:*
   - *Rental Rate Base per Square Foot, 2020---2024*
   - *Total Rent per Sq. Foot*
   - *Rent Expense with figures that do not match those for the same years in the Rent Correction Table.*

In light of the lack of stated assumptions, errors, omissions and unexplained calculations, the Department cannot determine the Seasons financial proforma reflects the requirements and values stated in its February 2020 lease.

Washington law requires notarization of a lease with a term longer than one year. In light of the extension provisions, if the lease was required to be notarized, it was not."

Puget Sound Hospice [source: public comment pdf7-8]
"Seasons routine hospice care rates are shown as $230 in their financial statements. This rate is inflated; the rate should be somewhere between $210 and $185 in Pierce County for 2020 depending on the percentage of patient care days for days 1-60 and days 61+. The State cannot determine financial feasibility with Seasons inflated rates. This is also reason to deny Season's application."

Rebuttal Comment
Seasons provided rebuttal to the above statements, by commenter. They are captured in a similar style, below:

Response to Providence:
"As stated on page 46 of the application for CN #20-39, Seasons Pierce County's forecast assumes the national average lengths of stay by diagnosis, sourcing the national Hospice and Palliative Care Organization (NHPCO). This is then applied to the Pierce County deaths by cause of death, providing a more precise estimate, rather than using one length of stay for all patients. Furthermore, the overall resulting length of stay of 71.1 is comparable to the 74-day average length of stay by the third year for 8 recent start-up hospice programs for various Seasons hospices that contract with Seasons Healthcare Management, having similar training, outreach, service offerings and programs as that proposed by Seasons Pierce County. Therefore, the Seasons Pierce County volumes and ALOS are based on sound assumptions and results in meeting the need in Pierce County with a project that is financially feasible." [source: rebuttal pdf22]

"The above statement [regarding ALOS] *is inaccurate. It implies that the Seasons Pierce County ALOS is not based on actual data. As stated above and on page 46 of the application for CN #20-39, Seasons Pierce County's forecast assumes the national average lengths of stay by diagnosis, sourcing the national Hospice and Palliative Care Organization (NHPCO). This is then applied to the Pierce County deaths by cause of death, providing a more precise estimate, rather than using one length of stay for all patients. Furthermore, the overall resulting length of stay of 71.1 is comparable to, but more conservative than, the 74-day average length of stay by the third year for 8 recent start-up hospice programs for various Seasons hospices that contract with Seasons Healthcare Management, having similar training, outreach, service offerings and programs as that proposed by Seasons Pierce County. Therefore, the Seasons Pierce County ALOS is based on sound assumptions and reliable data, producing a financially feasible program. The projections reflect a program that Seasons Pierce County expects to achieve in order to improve service to Pierce County residents."* [source: rebuttal pdf25-26]

"In response to Screening Question 10, Table 22, appearing on pages 57 and 58 of the application, is corrected with the missing line item, the contributions to the Seasons Hospice Foundation. That was the only change made to the table. The corrected table does not reflect the corrected financial statements provided in Attachment 2 of the Screening Response, which corrects and updates all revenues and expenses." [source: rebuttal pdf27]

"Seasons Pierce County fully explains its structure in response to Screening Question #1. The structure is less complex than that of Envision Hospice of Washington, LLC, with multiple parent

and branch offices having multiple service lines, and far less complex than the multi-state conglomerate that is Providence-St. Joseph Health System." [source: rebuttal pdf28]

Response to Bristol:

"No mention is made of Seasons Hospice & Palliative Care of Snohomish County, LLC within Seasons Hospice & Palliative Care of Pierce County, LLC's (Seasons Pierce County's) CN #20-39 application or screening responses. Additionally, Seasons Pierce County will not have a management company; rather, Seasons Pierce County will purchase certain administrative services from Seasons Healthcare Management, Inc. ("SHCM") pursuant to the Services Agreement attached as Exhibit 3 to the Seasons Pierce County application. Ultimate management authority rests with Seasons Pierce County as specifically addressed in the Services Agreement provided in Exhibit 3 of the CN #20-39 application. See excerpt below. [source: rebuttal pdf2]

> (b) Management and Control. Hospice services shall be performed solely by, or under the direct supervision of Hospice and at the sole cost and expense of Hospice. Hospice shall have complete and absolute control over its operations and the methods by which Hospice and its personnel render the professional hospice services. Hospice shall operate in accordance with, and shall require that each of its personnel comply with, all applicable regulations, including, without limitation, applicable state laws and regulations and the Medicare Conditions of Participation for Hospice Care.

Response to Envision:

"As stated on page 46 of the application for CN #20-39, Seasons Pierce County's forecast assumes the national average lengths of stay by diagnosis, sourcing the national Hospice and Palliative Care Organization (NHPCO). This is then applied to the Pierce County deaths by cause of death, providing a more precise estimate, rather than using one length of stay for all patients. Furthermore, the overall resulting length of stay of 71.1 is comparable to the 74-day average length of stay by the third year for 8 recent start-up hospice programs for various Seasons hospices that contract with SHCM having similar training, outreach, service offerings and programs as that proposed by Seasons Pierce County. The program experience covers a variety of markets, with the Portland Oregon program, serving a population similar to that of Pierce County, achieving an average length of stay of 105 days by the third year of operation. Therefore, the forecast remains conservative. The forecasted utilization and length of stay is referenced on page 49, with supporting data provided in Exhibit 12 (page 299) of the application for CN #20-39." [source: rebuttal pdf10]

"As stated in the application and above, Seasons Pierce County did not only use the Seasons Portland Hospice as a starting point for its projections, but considered the average of all recent start-up Seasons hospice programs in a variety of settings and competitive markets to test its assumptions for reasonableness. As described on pages 45-49 in its need methodology, Seasons Pierce County makes assumptions based on national benchmarks applied to the Pierce County population, further taking into consideration existing market shares and hospice penetration for existing Pierce County hospice providers." [source: rebuttal pdf12]

"Seasons Pierce County's methodology for its projections utilizes reputable state and national statistics resulting in utilization that approaches, but does not exceed the state's projected need. As stated in response to Screening Question #3, "Calendar year 2021 provides time for staff recruitment, staff training, licensure, and Medicare/Medicaid certification. This is consistent with the startups of other new hospice programs in Washington that need to apply for licensing and certification, receive a survey and receive certification numbers. For instance, Wesley Homes

Community Health Services received CN #1553 July 1, 2015, received a license in 2016 (#60276500), but was not fully certified and operational until 2017." [source: rebuttal pdf12]

"Seasons Pierce County specifies in Workpaper 5 found on page 321 of the application that "patient charges are based on Medicare per diem rates for Pierce County hospice services, with a slight increase to accommodate other payors." Assumptions for "Other Payors" is found in the revised proforma on page 49 of the Screening Response. Therefore, the rates reflect not only Medicare, but other payors as well." [source: rebuttal pdf13]

"The table provided in response to Screening Question 11 corrects the first three years of operations of the project as requested. However, the table and the revised pro forma included as Attachment 2 of the Screening Response, shows slightly higher annual lease amounts for the entire 5-Year period, commencing February 1, 2020 through December 31, 2024. The previous term commencing February 1 of each year, rather than March 1 as in the final revised lease, produces a slightly higher lease payment. Therefore, the financial statements overstate the lease expense by the equivalent of one month's 3% increase, yet result in a viable, financially feasible project." [source: rebuttal pdf13]

"The lease language assumes the first year or "base rent" of the extended term increases by 3%, as do the subsequent years continuing through December 31, 2024 which is what is shown in the corrected proforma in the Screening Response, Attachment 2." [source: rebuttal pdf14]

"As specified in section 19 of the lease found in Attachment 4 of the Screening Response, page 68, the tax and operating expense adjustments are conditional upon amounts exceeding base year levels. The lease contains no adjustment amount or basis. As stated on page 53 of the Screening Response, "the rental amount is inclusive of utilities and property taxes." This assumes no increase. Utilities and services appearing in the lease, Attachment 4 of the Screening Response, pages 62-63, are specified as being furnished by the landlord." [source: rebuttal pdf14]

"As stated in the responses above, the lease term is overstated and therefore captures the full lease amount, including the annual 3% increases through December 31, 2024. Additional rent is contingent upon the landlord's estimate "by which operating expenses are expected to increase, if any [emphasis supplied], over those incurred in the base year." (See section 19 of the lease found in Attachment 4 of the Screening Response, page 68.)" [source: rebuttal pdf14]

"Seasons Pierce County included assumptions with its revised proforma provided in Attachment 2 of the Screening Response, pages 21-56, and responded to all screening questions. The oversight in lease term results in a higher annual lease amount which therefore overstates or captures an additional 3% rent for one month each year. The $2,000,000 available cash documented in Pierce County's audited financial statements and CFO authorization letter more than cover the program's capital expenditures of $86,117 and operating deficits in year 1 of ($315,789). Any future minor variances in rents are negligible to the projected net income in years 2 and 3 of $753,267 and $1,193,677, respectively. Therefore, the project remains financially feasible." [source: rebuttal pdf14]

"The executed lease provided as Attachment 4 of the Screening Response is legal and binding. If CN #20-39 is awarded, the term extension covering the remaining years will be notarized as required by law. (See page 72 of the Screening Response for the notary page.)" [source: rebuttal pdf15]

Response to Puget Sound Hospice:
"Symbol Healthcare's assertion here confuses patient charges with contractually- determined per diem payment levels. The $230 amount to which Symbol Healthcare refers is not the amount that Seasons forecasts it will actually be paid by any third-party provider. Seasons projects that it will be paid ***$193.69*** *for routine care services for Medicare patients, an amount that is comfortably within the $185 to $210 that Symbol Healthcare sets forth in its comment. (See Workpaper 6, Part 1, Inflation adjusted Medicare Rates, on page 30 of the Screening Response.) The average projected net per diem payment amount for all payers for routine hospice care services is $183.62, an amount that is below the minimum value in the range proposed by Symbol Healthcare. This comes from the Aggregated Net Revenues, All Payors in Workpaper 6, Part 2 on page 32 of the Screening Response ($1,537,994, $3,165,241, and $3,799,008 for years 2022, 2023 & 2024) divided by the Routine Patient Days for All Payors found in Workpaper 4, page 27 of the Screening Response (8,376, 17,238 & 20,690 for years 2022, 2023 & 2024), to equal the average net per diem of $183.62. Based on these reasonable, conservative, and un-inflated reimbursement rates, the State can confidently assess the feasibility of Seasons' projections.*

Furthermore, Seasons Pierce County states in Workpaper 5 of its pro forma found on page 321 of the application for CN #20-39 that "patient charges are based on Medicare per diem rates for Pierce County hospice services, with a slight increase to accommodate other payors." Therefore, given the payor mix, rates are reasonable and the project is financially feasible." [source: rebuttal pdf7]

Department Evaluation
Utilization Assumptions
An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Seasons based its projected utilization of the hospice agency on specific factors:

- The numeric methodology showing an unmet need of an average daily census of 60 patients in Pierce County by the end of year 2021.
- Average annual length of stay at 71 days.
- Market share of 3%, 6%, and 7% in the first three years of operation.
- Estimated number of admissions for the Pierce County planning area for the years 2022 through 2024, extrapolated from WHO statistics.

Comment centered heavily on Seasons' use of an average length of stay of 71 days based on their experience in other markets, as opposed to using the Washington State average length of stay. Seasons provided information that confirms that this has been their experience in other markets. They did not, however, provide compelling information to suggest that their presence and practices in Pierce County will translate into a large-scale culture shift in hospice use. An applicant is by no means required to adopt the Washington State average, but a deviation from this average on this scale should be fully explained in the context of the market that they propose to serve. This is a significant increase and the rationale for this assumption is not entirely described or supported in the application. As a result, the department concludes that the applicant's projected number of patient days cannot be substantiated.

The department concludes that Seasons' utilization assumptions are not reasonable.

Pro Forma Financial Statements
Based on the unsubstantiated volume assumptions above, the pro forma financial statements are considered unreliable. Absent reliable pro forma financial statements, the department cannot conclude that the immediate and long-range capital and operating costs of the project can be met. **This sub-criterion is not met.**

Signature Hospice Pierce, LLC
Signature Hospice does not own or operate any healthcare facilities in Washington State, however its parent corporation, Northwest Hospice, LLC has created separate hospice corporations for the Washington State counties in which it has applied to provide services. Northwest Hospice, LLC also has separate corporations in the states of Utah, Oregon and Nebraska. [source: Application, Exhibit 3]

Signature Hospice provided the assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice agency. The assumptions are restated below. [source: Application pdf19, Screening Response Attachment 5]

"In response to the earlier question, the WA CN program surveys all existing hospice providers in the state, then applies the survey data to the hospice need methodology in WAC 246-310-290. For Pierce County, the projected unmet ADC is 60 by 2021. With the needed number of agencies being 1.70 to address this unmet ADC, we would assume that the state of Washington will approve 1-2 agencies for the Certificate of Need, ideally approving two. In addition, we would assume that the unmet need would be divided equally between these 2 agencies, resulting in an ADC of about 30 per agency selected by 2021.

However, we took a slightly different approach to our Census projections in Table 13. We based our first-year census growth on previous, similar sized Signature startups in other states. Our projected ADC for 2021 is 14, 26 for 2022, and 37 for 2023. However, our projections for the first year would properly cover about 25% of the unmet need in 2021. If the state were to approve two Certificate of Need applications, we would be on track to cover about half of the unmet need by 2022. Our projections may be conservative based on the relatively smaller population size of the service area for comparable startups; however, we did not want to get overly aggressive as rapid growth could compromise patient care.

The additional projections from Table 12 and how they were obtained is below: ALOS – Assumes the Washington State ALOS of 60.13 days
Patient Days – ALOS x Admits
Average Daily Census (ADC) – Average projected patient days / 365
Median LOS – Based on Signature Hospice Oregon agencies."

In their screening responses, the ALOS was updated. Projected utilization as reflected in the screening response is summarized below. [source: Screening Response Attachment 5]

Department's Table 31

Signature Pierce County
Projected Utilization

	CY 2021 (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Admissions	97	157	233
Total Days	5,464.2	11,105.5	16,537.9
Average Length of Stay	66	71	75
Average Daily Census	14.97	30.43	45.31

If this project is approved, the new hospice agency in Pierce County would be operated separately from both its direct owner/parent (Northwest Hospice, LLC) and its parent Avamere Group, LLC. To assist in this evaluation, the applicant provided a pro forma financial statement for the Pierce County hospice agency alone. The pro forma statements provided are below.

- Pro forma Operating Statement Pierce County only; and
- Pro forma Balance Sheet for Pierce County only.

Signature Hospice also provided its assumptions used to project the pro forma statements within the statements. [source: screening response, Attachment 5]

Gross Revenue

- *Medicare = Rate Per Day x Monthly Census x 97% x Days in Month*
- *Medicaid = Rate Per Day x Monthly Census x 2% x Days in Month*
- *Commercial = Rate Per Day x Monthly Census x 1% x Days in Month.*

Deductions from Revenue

- *Sequestration (contractual adjustments) = assumed to be 2%*
- *Charity Care = assumed to be 2%*
- *Bad Debt = assumed at 1%*

Expenses-Direct Costs

- *RN, LPN, LVN, clinical manager, hospice aides, spiritual counseling, volunteer coordinator, MSW – FTE times annual compensation*
- *Payroll Tax for RN, LPN, LVN, clinical manager, hospice aides, spiritual counseling, volunteer coordinator, MSW – assumed to be 8%*
- *Benefits for RN, LPN, LVN, clinical manager, hospice aides, spiritual counseling, volunteer coordinator, MSW – assumed to be 13%*
- *Medical Director – Contract = FTE times annual compensation*
- *Pharmacy – $8.00 / per patient day*
- *DME – $8.00 / per patient day*
- *Medical Supplies - $3.00 / per patient day*
- *Mileage – $13.00 / per patient day*
- *Other Direct Costs – 5% of total net revenue*

Expenses-Administrative Costs

- *Administrator – FTE times annual compensation*
- *Business office manager, intake, community liaison - FTE times annual compensation*

- *Salaries-Intake – FTE times annual compensation*
- *Salaries-Community Outreach Specialists – FTE times annual compensation*
- *Payroll Taxes– assumed to be 8%*
- *Benefits of Administrative – assumed to be 13%*
- *Mileage – $1.00 / per patient day*
- *Advertising – assumed to be $1,000/'month*
- *Home office allocation – assumed to be 7%* [calculated using net revenue]
- *B&O Tax – assumed to be 2%*
- *Rent Expenses – assumed to be 10% of the total rent*

While costs for other expenses were included in the statement, the formula for the costs listed below were not identified, however, the applicant provided the description of the items that were included in the costs.

- *IT and software maintenance includes tables, HCHB maintenance fees*
- *Purchased services includes contract labor, music therapy, massage therapy*
- *Supplies includes office supplies*
- *Telephone includes land line, internet, Efax*

Based on the assumption above, below is a summary of the projected Revenue and Expense Statement for the Pierce County hospice agency. [source: screening response, Attachment 5]

Following is a summary of the projected revenue and expense statement for Signature's Pierce County proposed agency. [Source: Screening Response Attachment 5

Department's Table 32
Signature Pierce County
Revenue and Expense Statement for Year 2021 through 2023

	CY 2021 (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Net Revenue	$822,773.75	$2,242,873.88	$3,335,603.12
Total Expenses	$1,017,578.00	$2,018,201.66	$2,986,614.98
Net Profit / (Loss)	**($194,804.25)**	**$224,672.21**	**$348,988.14**

Signature Hospice also provided the projected balance sheets for the proposed Pierce County hospice agency. The three-year summary is shown in the table below. [source: screening response, Attachment 8]

Department's Table 33
Signature Pierce County
Balance Sheet for Partial Year 2021 through 2023

ASSETS	**2021**	**2022**	**2023**
Current Assets	$242,673.44	$243,592.00	$680,128.99
Property and Equipment	$23,232.00	$28,432.00	28,632.00$
Other Assets	$	$	$
Total Assets	**$265,905.44**	**$272,024.00**	**$708,760.99**

LIABILITIES	**2021**	**2022**	**2023**
Current Liabilities	$110,709.70	$142,156.04	$229,904.89
Long-Term Debt	$	$	$
Equity	$155,195.75	$129,867.96	$478,856.10
Total Liabilities, Long-Term Debt, and Equity	**$265,905.44**	**$272,024.00**	**$708,760.99**

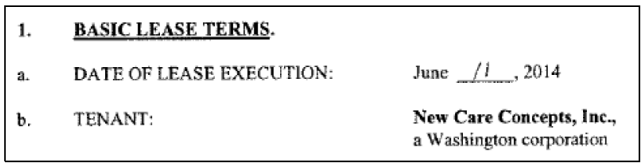
Signature Hospice provided the following information regarding the operations of the proposed Pierce County agency. [source: screening response, pdf9]
"Signature Hospice, LLC will be a stand-alone LLC from the other projects submitted in Cycle 2. It will operate as its own entity. It will have its own PTAN, license number, payroll, revenue and expenses."

Signature Hospice, LLC did not provide combined financial statements for Northwest Hospice, LLC as a whole, either with or without the project.

Public Comment
Russell Hilliard, Seasons Hospice [source: public comment pdf70, 73-74, 75]
"Dr. Floyd Sekeramayi, the proposed Medical Director identified in the Screening Response, has not executed a contract with the applicant. The draft Medical Director Agreement is between Dr. Sekeramayi and Northwest Hospice, LLC d/b/a Signature Hospice Pierce, LLC, not the applicant, Avamere Group, LLC. Furthermore, Section 4.1 of the Medical Director Agreement specifies a term

of only one year, suggesting this is a temporary position. This does not guarantee a Medical Director for the full projection period. Therefore, the applicant fails to meet this criterion."

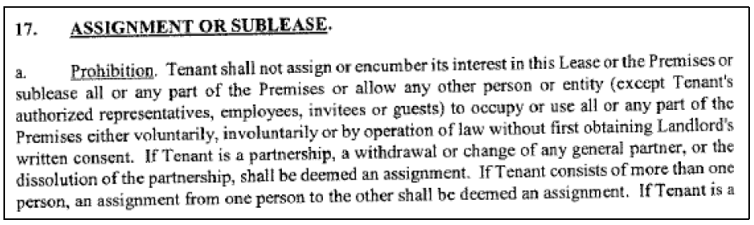
"Neither Signature Hospice Pierce, LLC nor Avamere Group, LLC have sufficient interest in the proposed site. Below is an excerpt from the lease held by New Care Concepts, Inc. New Care Concepts, Inc. has no formal agreement in place to share the space. Furthermore, the lease specifies assignment or sublease is prohibited. Therefore, this application fails to meet this criterion.



1. **BASIC LEASE TERMS.**

a. DATE OF LEASE EXECUTION: June 11, 2014

b. TENANT: **New Care Concepts, Inc.,** a Washington corporation



17. **ASSIGNMENT OR SUBLEASE.**

a. Prohibition. Tenant shall not assign or encumber its interest in this Lease or the Premises or sublease all or any part of the Premises or allow any other person or entity (except Tenant's authorized representatives, employees, invitees or guests) to occupy or use all or any part of the Premises either voluntarily, involuntarily or by operation of law without first obtaining Landlord's written consent. If Tenant is a partnership, a withdrawal or change of any general partner, or the dissolution of the partnership, shall be deemed an assignment. If Tenant consists of more than one person, an assignment from one person to the other shall be deemed an assignment. If Tenant is a

"Avamere fails to provide a step by step forecast for its proposed utilization. Rather, the Washington Department of Health need methodology is provided as an exhibit. No use rate or market share is provided. The applicant indicates that with a projected average daily census need of 1.70, the state should approve two agencies. The applicant fails to meet criteria for approval."

Puget Sound Hospice [source: public comment pdf3]
"In their screening response Revenue Details, Signature has incorrect dollar amounts for Routine Home Care days 1-60 ($211.67) and days 61+ ($167.29). The correct 2020 rate for days 1-60 is $215.36, the correct 2020 rate for days 61+ is $170.21. These differences will result in significant errors in Signature's financials. Financial feasibility and cost containment (WAC 246- 310-220, 246-310-240) cannot reasonably be analyzed by the State. This is reason enough for the State to deny Signature's application."

Providence Health & Services [source: public comment pdf11, 26-28, 39-41]
"The Washington statewide average length of stay ("ALOS") for hospice patients is 60.13. With the exception of Seasons and Signature, all of the applicants have used the 60.13 statewide average ALOS in their utilization projections. Seasons uses an ALOS of 71 in Year 3 of its utilization projections.14 Signature uses an ALOS of 75 in Year 3 of its utilization projections.15 Given that the statewide average ALOS is based upon actual data, there is no reasonable basis for Seasons and Signature to use average lengths of stay that significantly exceed the statewide average ALOS. Doing so renders their utilization projections and financial projections unreliable."

"The revised Pro Forma provided in Signature's screening responses reveals serious flaws and insufficient transparency in its assumptions. First, no information is provided as to how the expenses for the categories of Dues and Subscriptions, Education and Training, Equipment Rental, IT & Software, Legal and Professional, Licenses and Fees, Postage, Purchased Services, Utilities,

Supplies, Telephone, Travel, Repairs and Maintenance, Insurance, or Interest are calculated. In addition, Signature's stated assumptions for bad debt, contractual adjustments, advertising expenses, mileage, and multiple other expense categories do not yield amounts equal to those in its pro forma. Signature's mistakes and omissions include:

- *Identifying an ALOS of 75 in Year 3, while patient days reflect an ALOS of 71, and identifying an ALOS of 66 in Year 1, while patient days reflect an ALOS of 56.77*
- *Year 1 revenues in the pro forma appear to reflect only approximately nine months of operations, despite the fact that the program's proposed start date is January 1, 2021.*
- *Stating that contractual adjustments are 2% when they equal about 1.93% of gross revenues.*
- *Stating that bad debt equals 1% of charges, which aligns with none of the Pro Forma calculations. Bad debt in Year 2 and Year 3 appears to equal 0.5% of total charges.*
- *Bad debt is treated as both a revenue deduction ($4,886.45 in Year 3) and an operating expense ($12,500 in Year 3).*
- *Allowing advertising expenses to inexplicably double between Year 2 and Year 3.*
- *Providing salary and wage costs in its staffing detail which do not match the salary and wage costs within the list of expenses. This discrepancy affects estimates of payroll taxes and benefits, as they are calculated as a proportion of salaries.*
- *Providing no information as to how "Other Direct Costs" are calculated, or how its components, "Palliative Care, including education, materials, staff training, community outreach" and "Palliative care specific labor" are calculated. This expense category appears to be about $10 per patient day ("PPD") in Year 2 and Year 3, and about $7.50 PPD in Year 1. No information is given as to why this rate changes.*
- *Stating that mileage under Direct Costs is assumed at $13/PPD and mileage under administrative costs is assumed at $1/PPD, which do not match the amounts in the Pro Forma.*
- *Miscalculating B&O taxes, which should be 1.5% of gross receipts.*

Signature anticipates losses in Year 1 equal to ($194,804), then profits of $224,672 and $348,988 in Year 2 and Year 3, respectively. Based on Signature's own calculations, net operating losses are expected into the third quarter of Year 2, to be financed with approximately $450,000 in loans from Signature's parent organization. Correcting for the Year 1 revenue calculations yields positive income in Year 1. However, given all of the issues identified above, the reliability of Signature's Pro Forma is highly questionable. In addition, Signature, with its high ALOS of 71 in Year 2 and 75 in Year 3, the second highest of any applicant, apparently relies on long patient stays for financial feasibility.

As a result of the issues identified above, it is not possible to fully replicate the Signature Pro Forma from the information provided by Signature in its application and screening responses. As a result, many of the expense categories were held constant across the replication and alternative model calculations below. Furthermore, in cases where the stated assumptions do not match the figures in the Pro Forma, the assumptions have been adjusted to match the numbers more closely in the Signature income statement.

In our analysis, we also adjust 2021 revenues to reflect a full year of operations. Rounding differences create some error in the replication effort, but the Signature Pro Forma revenue and

expenses for Year 2 and Year 3, and the Signature expenses for Year 1 have been replicated. Signature's Pro Forma, as provided in the screening responses, a replication of the Pro Forma, and an alternative forecast model assuming an ALOS of 60.13 (the Washington statewide average), are presented in Table 10. Signature states that Year 1 begins January 1, 2021.

Table 10: Replication of Signature Financials with an Alternative Average Length of Stay Figure

Financials	2021	2022	2023	Period total
Net revenue				
Signature Screening, p. 51	$822,774	$2,242,874	$3,335,603	
Replication; Year 2 & 3 ALOS=71	$1,092,277	$2,219,956	$3,305,876	
Alternative; Year 2 & 3 ALOS=60.13	$1,092,277	$1,887,110	$2,800,615	
Expenses				
Signature Screening p. 52	$1,017,578	$2,018,202	$2,986,615	
Replication; Year 2 & 3 ALOS=71	$1,065,718	$2,086,511	$2,951,622	
Alternative; Year 2 & 3 ALOS=60.13	$1,065,718	$2,002,235	$2,823,690	
Net Income				
Signature Screening p. 52	($194,804)	$224,672	$348,988	**$378,856**
Replication; Year 2 & 3 ALOS=71	$26,559	$133,445	$354,254	**$514,258**
Alternative; Year 2 & 3 ALOS=60.13	$26,559	($115,125)	($23,075)	**($111,641)**

Sources: Signature CN20-44 and Signature Screening.

"Replicating Signature's financials with an ALOS equal to 60.13 (alternative model) results in losses in both Year 2 and Year 3, and negative net income across the first three years of operation. Thus, Signature's high ALOS assumptions are key to its purported financial viability and conformance to Subcriterion 1. Moreover, as discussed above, the financials include numerous errors, necessarily raising the issue of reliability.

In addition to the issues relating to the Pro Forma, there are a number of questions regarding its Cash Flow Statement and Balance Sheet. These will be addressed below with respect to Subcriterion 3, where the appropriateness of the applicant's project financing will be discussed."

"The certificate of need application was submitted by Signature Hospice Pierce, LLC ("Signature"). However, the Department has determined that Avamere Group, LLC ("Avamere"), Signature's ultimate parent entity and owner, is the actual applicant. Accordingly, the Department must evaluate both Signature's pro forma financial statements and Avamere's historical financial statements in order to determine whether Signature's proposed hospice program is financially feasible. Issues relating to the two sets of financial statements are discussed below.

1. Signature Pro Forma Financial Statements
In addition to the issues relating to Signature's pro forma financial statements discussed above, there are a number of issues relating to Signature's ability to satisfy subcriterion 3 and to its hospice program's overall financial feasibility. These issues are discussed below.

- *Signature anticipates a net operating loss of $194,804 in Year 1 (2021). The pro forma Balance Sheet indicates that this loss will apparently be financed through a $350,000 "Net Intercompany Draw" from Avamere in Year 1. However, there is no explanation of, or documentation provided, as to the source of Avamere's funds to provide the $350,000. The Balance Sheet also indicates that $250,000 of the "Draw" will apparently be paid back in Year 2 (2022). However,*

there is no explanation of (1) the source of the funds for the repayment or (2) to which entity the payment will be made.

- *Signature does not indicate whether the "Draw" will be subject to interest. However, the Signature Pro Forma contains interest expenses of $8,982 in Year 1, $18,255 in Year 2, and $27,185 in Year 3. All else held constant, interest expenses should decline over the term of a loan. Thus, the increasing amounts of interest over time suggest that Signature apparently intends to incur more debt on which it will pay interest. If Signature will not in fact be paying interest on additional unidentified debt, then it must explain what the increasing annual interest expense relates to, and to whom it is being paid.*

- *The Signature application is one of three submitted by Avamere in the 2020 hospice concurrent review cycles. If an entity submits multiple hospice applications in the annual review cycles, the Department requires the entity to submit (1) pro forma financial statements for each project and (2) a combined financial statement for <u>all</u> of the proposed projects. This enables the Department to evaluate what the financial impact will be if one or more of the projects are approved. However, Avamere has taken the position that the Signature Pierce County hospice program "will be a stand-alone entity from the other projects," and has failed, therefore, to submit the pro forma financial statements required by the Department, including the combined statement. Given that it is the Department's long-established policy to require applicants submitting multiple hospice applications to submit combined pro forma financial statements for review, the Department cannot evaluate the financial feasibility of the Signature Pierce County hospice program in the absence of the combined statement. Accordingly, Signature's application must be denied.*

The bad debt figures in the Signature pro forma Balance Sheet appear to be incorrect. The Signature pro forma statement shows bad debt listed twice: once as a deduction from revenue and also as an operating expense.144 The Balance Sheet Allowance for Bad Debt figures match the Year 1 (2021) bad debt deduction from revenue that appears in the pro forma statement, but the Allowance for Bad Debt figures for 2022 and 2023 do not match any of the bad debt deduction or expense figures in the pro forma statement.145 This is shown in Table 13. This is not a large error in terms of dollar amount, but, as noted above with respect to other errors by Signature, it points to a lack of reliability in Signature's financial statements and supporting documentation.

Table 13: Signature, Comparison of Bad Debt Figures, Profit & Loss Statement and Cash Flow Statement, Year 1-3

	Year 1-2021	Year 2-2022	Year 3-2023
Financial Statement-Profit & Loss. Bad debt Figures, Summed (Screening, pp.67-68)	$4,304.75+$7,500 = $11,804.75	$325.32+$11,350 = $11,675.32	$4,886.45+$12,500 = $17,386.45
Cash Flow Statement (Screening, p. 65)	$4,304.75	$325.32	$4,886.45

2. <u>Avamere Historical Financial Statements</u>

Avamere has not provided complete audited historical financial statements, as applicants usually do. Interestingly, the financial statement pages submitted by Avamere each include the following

statement at the bottom of each page: "See accompanying notes," a phrase that is typically included in audited financial statements. However, no such "notes" have been provided, and no explanation has been given for their absence. It appears that the historical financial statements provided by Avamere may consist of selected pages from the audited financial statements. The "accompanying notes" to audited financial statements often provide critical information about an entity's financial performance and overall financial condition. Without them, the Department cannot conduct a full evaluation of a project's financial feasibility.

With respect to the historical information that is available, Avamere's Balance Sheets for 2017 and 2018 show a highly leveraged company with negative Net Assets (Equity) in both 2017 ($70.42 million) and 2018 ($60.98 million). In other words, Liabilities are much greater than Assets. Further, Current Liabilities were greater than Current Assets in 2017 and were only slightly less than Current Assets in 2018, suggesting that Avamere may have to incur debt to pay for current operations. Please see Table 14 for numerical detail.

Table 14: Avamere Group, LLC, Historical Balance Sheet, 2017-2018

	2017	2018
Assets		
Current Assets	$90,107,028	$96,112,607
Property, Buildings, and Equipment	$38,231,827	$37,966,102
Other Assets		
-----Letter of Credit	$13,801,239	$14,139,031
-----Goodwill	$17,679,825	$16,067,375
-----Investment in Other Entities	4,196,906	$4,760,617
-----Other	4,141,557	$0
Total Assets	$168,158,382	$171,517,622
Liabilities		
Current Liabilities	$94,328,250	$92,039,829
Long Term Liabilities	$144,257,909	$140,458,953
Total Liabilities	$238,586,159	$232,498,782
Net Assets	($70,427,777)	($60,981,160)

Source: Signature Application, pp. 150-151.

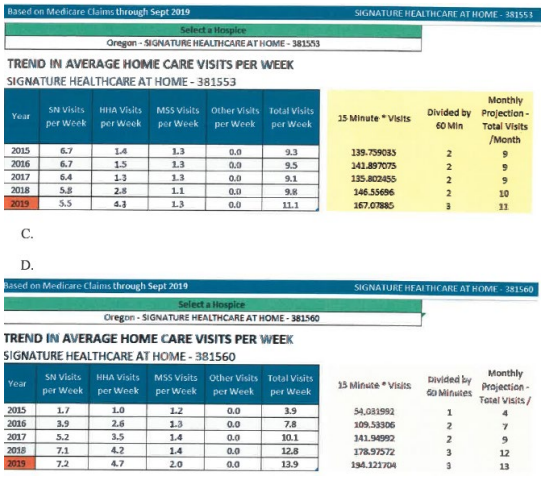
In addition, Avamere's Net Income fell from $13,944,508 in 2017 to $9,130,102 in 2018, a 34.6% decrease. This fall in Net Income has been consistent: in 2016, Avamere's Net Income was $22,005,166. Thus, its Net Income has decreased by 58.51% from 2016 to 2018. Avamere has provided no explanation for its historical performance. Moreover, in 2017 and 2018, nearly all of Avamere's Net Income was attributable to "non-operating revenue and expenses" consisting to a great extent of gains from the sale of assets and investments, which is not sustainable. Finally, Avamere's Cash Flow Statement for 2018 includes a "Contribution" of $6.5 million with no identification of the source of the "Contribution." In summary, the past financial performance and current financial condition of Avamere raise serious concerns about the financial feasibility of Signature's proposed hospice program."

Bristol Hospice [source: public comment pdf8-11]

"Questions #20 under the Financial Feasibility section of the Signature Screening asks the applicant to provide combined views of financials for CON s which the applicant applied for in cycle 2. Signature failed to provide this detail stating that the King County operation will be a stand-alone LLC. Because the financial sponsor is the same for each application this is a requirement. Without proof that each scenario proves to be feasible Signature cannot be deemed to be financially feasible.

Signature has provided a lease agreement with the lessor as New Care Concepts Inc. and assumed that it will pay 10% of this lease agreement. The lease agreement isn't made out to the applicant and there was not a sublease agreement provided. In addition, the lease agreement section 17a prohibits subleasing the space. As part of the application process a site must be identified and what Signature has provided is lacking the proper documentation.

Signature has provided a pro forma that is built off visits per patient. It doesn't state where it got its assumption of 20 visits per patient or how long it is assuming each visit to take. Medicare data shows that in both of its Oregon sites they are only doing 11-13 one-hour visits per patient per month. (see claims data and user guide below -· please note numbers are 15-minute increments). If the assumption of 20 visits a month is incorrect, which it appears to be, this would throw off their entire projections. Signature cannot be deemed financially feasible without proper assumptions on labor.



Based on Medicare Claims through Sept 2019 — SIGNATURE HEALTHCARE AT HOME - 381553

Select a Hospice: Oregon - SIGNATURE HEALTHCARE AT HOME - 381553

TREND IN AVERAGE HOME CARE VISITS PER WEEK

SIGNATURE HEALTHCARE AT HOME - 381553

Year	SN Visits per Week	HHA Visits per Week	MSS Visits per Week	Other Visits per Week	Total Visits per Week	15 Minute * Visits	Divided by 60 Min	Monthly Projection - Total Visits /Month
2015	6.7	1.4	1.3	0.0	9.3	139.759035	2	9
2016	6.7	1.5	1.3	0.0	9.5	141.897075	2	9
2017	6.4	1.3	1.3	0.0	9.1	135.802455	2	9
2018	5.8	2.8	1.1	0.0	9.8	146.55696	2	10
2019	5.5	4.3	1.3	0.0	11.1	167.07885	3	11

C.

D.

Based on Medicare Claims through Sept 2019 — SIGNATURE HEALTHCARE AT HOME - 381560

Select a Hospice: Oregon - SIGNATURE HEALTHCARE AT HOME - 381560

TREND IN AVERAGE HOME CARE VISITS PER WEEK

SIGNATURE HEALTHCARE AT HOME - 381560

Year	SN Visits per Week	HHA Visits per Week	MSS Visits per Week	Other Visits per Week	Total Visits per Week	15 Minute * Visits	Divided by 60 Minutes	Monthly Projection - Total Visits /
2015	1.7	1.0	1.2	0.0	3.9	54.031992	1	4
2016	3.9	2.6	1.3	0.0	7.8	109.53306	2	7
2017	5.2	3.5	1.4	0.0	10.1	141.94992	2	9
2018	7.1	4.2	1.4	0.0	12.8	178.97572	3	12
2019	7.2	4.7	2.0	0.0	13.9	194.123704	3	13

*Within its screening Signature provided Revised Staffing Detail in Attachment G, if you look at that attachment and try to match up the staffing costs with the updated P&L in Attachment F you will find that they do not match up. A specific example of this is the Medical Director line . The P&L doesn't align with the FTE * the $150/hour stated in the agreement.*

FTE	FTE	FTE	Notes
0.2	0.35	0.4	* FTE provided by Signature
416	728	832	Hours
$62,400.00	$109,200.00	$124,800.00	Total Pay at $150/Hour
$62,400.00	$ 87,100.00	$123,500.00	Amount listed on P&L

In addition, many of the assumptions do not add up to the numbers projected and some of the assumptions are not made clear. Payroll Tax and Benefits are stated to be 8% and 13% but Signature does not outline if this is a% of Revenue or a% of Wages. Neither add up exactly. Signature stated $13 PPD for mileage on direct employees and $1 PPD for non-direct, neither of these add up to the projections. Advertising is assumed to be $1000/month but in year three it jumps to $2,000 per month without explanation. Many of the line items are listed without an assumption at all. Signature cannot be deemed financially feasible with the lack of detail provided in its assumptions and conflicting information provided."

Envision Hospice of Washington LLC [source: public comment part 3 pdf10-

"The Department correctly requested pro forma financial statements showing consolidated forecasts and balance sheets since the applicant has 3 pending applications as well as 4 other wholly owned entities that will be affected as shown on their organization chart:

- *Signature Hospice, LLC (current application in King)*
- *Signature Hospice Bellingham, LLC (current application in Whatcom)*
- *Signature Hospice Pierce, LLC (current application in Pierce)*
- *Signature Hospice Snohomish, LLC*
- *Signature Hospice Bend, LLC*
- *Signature Hospice Omaha, LLC*
- *Signature Hospice St. George, LLC*

Signature has not provided the requested pro forma financials "for the possible outcome that the applicant is approved for one or more projects it has applied for in the two---hospice agency concurrent review cycles" and as such it is impossible for the Department to determine the financial feasibility of this project.

2022--- 2023 Need

In light of its need to project agency volumes and related revenue through 2023, Signature was also required to demonstrate the need for its project through 2023. By ending its demonstration of need at 2021, Signature did not provide the required analysis of need to which it planned to respond through its projected volumes through 2023.

At its application Table 13, Signature projects an ADC of 26.06 for 2022 and 37.23 in 2023. Yet, other than its reliance on the Department's Need Methodology through 2021, it provides no demonstration of unmet need for 2022 or 2023 or other analysis or support for its projected volumes.

Volume projections

Rather than demonstrating 2021---2023 hospice need in the planning area and explaining how it might address it with projected volumes, Signature based its volume projections and related revenue on "previous similar---sized Signature startups in other states."

In response to a screening request for more detail, Signature provided demographic data about Multnomah County where it has a hospice agency. Yet, it still provided nothing that compared the number of other agencies, the availability of hospice services, the hospice use rate, or the market shares of its affiliate there or its competitors to show why Multnomah County provided any guidance to its Pierce County volume projections. And, even more to the point, it provided no volume history for that agency to show any comparability.

Furthermore, Signature referenced, not Multnomah County, but its startups in Medford and Salem in a second response to screening on the same matter, again providing no utilization data for those agencies as a basis for its Pierce projections.

For the reasons below, the Department cannot rely on Signature's projections of volumes and related revenues to determine the project's financial feasibility:

- *As discussed in "Need" above, Signature did not provide a complete demonstration of 2021 need for its Pierce County project.*

- *Signature did not provide any demonstration of 2022 or 2023 Pierce County need for its project.*
- *It did not provide useful comparisons between Pierce County and the patterns of hospice utilization or market dynamics in Multnomah County or in Medford or Salem, Oregon.*
- *Signature provided no utilization or market share history for any of its Oregon or other agencies it claims to have looked to for guidance in setting its Pierce volume targets.*
- *It took no notice of market shares of existing Pierce agencies into account as requested in screening questions.*

In light of Signature's failure to demonstrate need for its project or provide sufficient rationale for its projected volumes and revenue, its request for CON approval should be denied.

Envision also observes that projecting conservative volumes can be wise operationally, but Signature's proposed project leaves a very large share of the Pierce hospice need underserved. Envision suggests the Department take into account the Pierce County "unmet need" that its own 2019 Hospice Need Method demonstrates and grant a Pierce County Certificate of Need to an applicant that plans to more fully address it.

Revenue
Signature's response to screening question #1 at pdf page 51 showed Total Gross Revenues of $860,949 for Year 1, 2021. That figure does not match the Total Gross Revenues of $1,148,898 for Year 1, 2021 Signature shows in the same attachment, 2 pages later. Envision has not located assumptions that would explain this discrepancy.

Unrealistic completion date January 1, 2021.
Signature describes an unreasonable sequence of events in establishing its Pierce County hospice agency. It describes receiving licensing and accreditation before recruiting staff. That sequence is not possible because accreditation depends on chart review of patient care, so the order Signature contemplates is reversed. And, Signature cannot achieve accreditation using per diem staff because CMS hospice Conditions of Participation prohibit their use. See Appendix PC-4.

Signature's January 2021 start of operations is unrealistic. When Envision began implementation of its first Washington hospice agency, it was already operating a home health agency in an adjacent county, but that had little effect on the timing of its hospice licensing in Washington and its Medicare accreditation.

- *From Envision's submission of an initial hospice license application until the State's first survey visit and issuance of the State license was over three months.*
- *Additionally, from Envision's request for an accreditation survey visit it took the accrediting agency about five months to actually complete the visit.*
- *After accreditation, it took another three months for CMS to issue a provider number.*
- *Furthermore, the initial Hospice Application packet to the State must include a copy of the In--home Services Orientation Class "certificate of completion." Applications will not be processed unless a certificate of completion has been submitted. Assuming receipt of a CON in August, the recruitment/hiring of an Administrator would need to occur in order for her or him to complete the State's In-home Services Orientation scheduled for September 2, 2020.*

It is very likely that Signature will not be licensed or able to see its first patient until December 2020 at the earliest, with the accreditation survey not likely before May 2021, and the issuance of a Medicare provider number/certification and commencement of Medicare revenues until August 2021.

As an experienced national hospice provider, Signature would be expected to plan reasonably for the development of a new agency in Pierce County. This should include a realistic start date for licensed---only services, so it has enough patients to undergo accreditation review, then Medicare certification and, finally, the timing of its initial receipt of Medicare reimbursement.

Lack of required financial information

Signature's Screening Question 20 states "It is unclear from the application whether the proposed Pierce County hospice agency will be a stand---alone LLC from the other projects to be submitted by the applicant in the 2019 hospice review cycles. If more than one agency will be operated under the same entity as the Pierce County agency, provide pro forma revenue and expense projections in the same format as included in Exhibit 13, as well as balance sheets, for the possible outcome that the applicant is approved for one or more projects it has applied for in the two hospice agency concurrent review cycles. This can be accomplished by providing, at minimum, revenue and expense statements and balance sheets through the projection periods using the assumption that this application is approved."

In response, Signature maintained the proposed status of its Pierce County operation as a stand---alone entity based on its having its own PTAN, license number, payroll, revenue and expenses. But that statement ignores these facts it also provides:

- *Its funding and cash flow are being provided by Northwest Hospice at the same time Northwest Hospice is also committing to fund three other new agencies in Washington, King, Whatcom and Snohomish. It also ignores*
- *Attachment 2 to Signature's screening response is a medical director agreement between Northwest Hospice LLC d/b/a Signature Hospice Pierce, LLC and the proposed medical director.*
- *The lease for the proposed office space is between the landlord and Northwest Hospice (via its dba Home Health Advantage per responses to screening questions #23 and #26).*

In light of the above, it is obvious that Signature's proposed hospice in Pierce County is not a "stand alone" and it is obligated to provide historical financials for Northwest Hospice plus projected financials for Northwest Hospice both with and without the Pierce, King, Whatcom and Snohomish County hospice projects. This is further required because Northwest Hospice has two owners with greater than 10% interest in its projects and that Northwest Hospice and the Pierce County hospice project are not simply subsidiaries of Avamere Group.

Notwithstanding this requirement, the Department also needs to consider the quality performance of Avamere Group hospices it controls nationally.

Lease

Signature did not provide a line drawing of its proposed office space with and without the project. It did not provide the net and gross square feet of its project.

Signature's Pierce and combined financials do not include all the rent due based on the terms of the lease it provided. In screening, Signature was asked:

> *27. The agreement does not appear to identify any additional rent, other than the base amount. If any other costs are included in addition to the base lease amount, please provide those costs and connect them to the statements provided in Exhibit 13.*

In its application Signature indicated, "we would be paying 10% of the total rent amount listed in Exhibit 8 on page 92 of the application." Yet, the amounts Signature provides do not reflect any" additional rent" or "project operating costs" to be paid to the landlord to cover future increases in the landlord's operating costs, including utilities and taxes.

Despite that, in response to Screening Question #27, Signature stated "As the new hospice agency is a related entity, all costs associated with rent are included in the rent expense line shown in Exhibit 12, which has been revised in Attachment 5." This statement appears to ignore part of the rent potentially owed to the landlord to cover the lessee's proportionate share of "project operating costs."

<u>Bad Debt in "revenues" not connected to the stated assumptions</u>
In Signature's Revenue Reductions, Bad Debt is, "Assumed to be 1%." However, the 1% assumption does not connect to the amounts provided, as shown in the following table:

Comparison of Signature Bad Debt Assumption to Amounts Shown, 2021-2023

	Total Gross Revenue	Bad Debt 1%	Shown in P&L	$ Amount of Error
2021	$860,949.26	$8,609.49	$4,304.75	$4,304.74
2022	$2,335,063.37	$23,350.63	$325.32	$23,025.31
2023	$3,477,290.32	$34,772.90	$4,886.45	$29,886.45
			Total Error	**$57,216.51**

<u>Multiple errors in medical director agreement and related expenses</u>
The Signature Pierce medical director draft agreement, the signed agreement and the projected compensation figures include a number of errors:

- *At Signature's expenses in its revised P&L, the Medical director compensation and assumed FTE's do not match.*
- *At Signature's expenses in its revised P&L, medical director compensation and hours do not reflect the terms of medical director agreement*
- *The Signature Pierce medical director agreement is not signed and is therefore shown as a draft. The parties signed an agreement to execute the terms in the draft, but that signed agreement shows Signature Bellingham as the entity having reviewed it and agreed to implement it upon approval of the Pierce CON.*
- *At Attachment 2 to Signature's Screening Response, Medical Director agreement is between Northwest Hospice LLC d/b/a Signature Hospice Pierce, LLC and the proposed medical director.*

In its screening response, Signature replaced a proposed medical director employee with a different physician and proposed a contract relationship with its medical director. See the unsigned draft medical director agreement and signed letter of agreement between Northwest Hospice and the medical director, provided as Attachment 2 to Signature's screening response.

The draft medical director agreement provided is between Northwest Hospice and the proposed medical director and is not signed. Signature also provided a one---page letter of agreement, signed by Signature and the medical director, wherein they agree to execute the terms of the draft medical director agreement on Signature's receipt of a Pierce County hospice Certificate of Need.

A mismatch exists, however, between the terms of the agreement and the costs of it as shown in Signature's pro forma financials. Signature was asked in screening:

> *If a Medical Director Contract will be established, provide a copy of the contract. For Certificate of Need purposes, draft agreements or contracts are acceptable if the draft includes the following elements:*
>
> 1. *identifies all entities associated with the agreement,*
> 2. *outlines all roles and responsibilities of all entities,*
> 3. *identifies all costs associated with the agreement,*
> 4. *includes all exhibits that are referenced in the agreement, and*
> 5. *any agreements in draft form must include a document signed by both entities committing to execute the agreement as submitted following CN approval.*

The Medical Director Agreement terms, to which the parties agreed in their signed letter, state " the medical director services described in this Agreement shall require 5-12 hours per week." and sets an hourly fee of $150. This 5 to 12---hour range would calculate to a total annual payment of between $39,000 and $93,600 but the financials show it starting at $62,400 and growing to $123,500 which is over the agreement amount.

In contrast to the amounts reflected in the agreed---upon terms, the table below shows the annual amounts provided for medical director compensation in Signature's updated revenues and expenses provided in response to screening:

Signature Medical Director, Weekly Hours and salary, Based on FTE provided			
	2021	2022	2023
Revised P&L, Medical Director FTE's	0.2	0.35	0.4
Calculated hours per week at FTE	8	14	16
Medical Director Contract terms:	5-12 hours per week @ $150		
Assumptions:	Hours per week at 1.0 FTE =	40	
	Salary at $150 x 2080 hours =	$	312,000
Signature Medical Director, FTE and Weekly Hours, Based on salary provided			
	2021	2022	2023
Revised P&L, Medical Director Salary	$ 62,400	$ 87,100	$ 123,500
Calculated FTE at salary	*0.20*	*0.28*	*0.40*
Calculated hours per week at salary	*8.00*	*11.17*	*15.83*

Unable to Connect patient days in the Assumptions Attachment E to the P&L

The total Patient Days and the Average Daily Census displayed do not match the actual result of multiplying the Admissions (unduplicated) by the ALOS. See the table below:

Signature shows:	2021	2022	2023
Admits	97	157	233
ALOS	66	71	75
Patient Days	5,464.2	11,105.5	16,637.9
ADC	14.97	30.43	45.31
Actual Admits x ALOS:			
Patient Days	97*66= 6,402	157*71= 11,147	233*75= 17,475
ADC	17.54	30.54	47.88
Error	**17.16%**	**0.37%**	**5.03%**

Annual hospice revenues are driven by localized CMS daily hospice rates multiplied times the annual number of a hospice agency's patient days. Signature's financial projections derived its annual patient days from its annual number of admissions multiplied times its ALOS. However, the table above shows Signature's projected annual patient days do not connect to its annual admissions and annual ALOS for 2021-2023. For this reason, Signature's revenues in its revised pro forma financials are incorrect and cannot be relied up to determine the financial feasibility of Signature's Pierce County proposal.

Mismatch of interest payments vs. loan obligations
Signature's Pierce pro forma revenue and expense statement shows substantial interest payments for each year 2021---2023, but the balance sheet shows no loan or other obligation in the liabilities for those years. In 2023, interest is over $27,000. At 5% simple interest, that indicates Signature is servicing over $540k in debt that is not disclosed.

Bad debt unexplained
Bad debt is listed as an offset in the revenues section of the pro forma revenues and expenses (as it should be) ---though it includes errors as discussed above --- but there is another line labeled "Bad Debt" just above the "Total Expense" line. This implies there are loans made to others that aren't performing, or other receivables that are not disclosed on the balance sheet."

Rebuttal Comment
In response to the comments above, Signature Hospice provided the following rebuttal statements. [source: rebuttal comments]

"Another topic of discussion amongst our fellow applicants' public comments was our use of a different Average Length of Stay (ALOS). The application process does not require that one must use the states ALOS to do their calculations. Based on our experience in hospice and knowledge of the delay in starts across the state of Washington, we felt that utilizing the states ALOS of 60.13 was not adequate or a proper representation of what Signature can offer. We believe that hospice service is not fully utilized in Washington State and why we used the concurrent review as an opportunity to change that data in our application, in order to convey a clearer picture of what we believe we could do. That is the assumption we made in our "projections".

We based the ALOS in the Concurrent review on previous years ALOS at our Portland Hospice agency. Similar market demographics and with 2018 the ALOS was 67.1 and in 2019 the ALOS was

73.62 days. We felt that an ALOS in 2021 of 66 days, followed by 71 days in 2021, and then 75 days in 2023 would be an accurate reflection of our services. The basis for this estimate was based on our business development approach to education and community outreach to improve hospice and palliative care knowledge and market"

Signature did not provide rebuttal to the remainder of the concerns raised in public comment

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Signature Hospice does not currently operate a hospice agency in Washington State. Neither Northwest Hospice, LLC nor Avamere Group, LLC operate hospice agencies in Washington State. Signature does operate home health agencies in Bellevue, Bellingham, and Federal Way.

With no specific Washington State hospice experience, the applicant based its projected utilization of the hospice agency on specific factors:

- Previous and similar-sized startups in other states that resulted in projected unduplicated admissions of 97 in year one; 157 in year two; and 233 in year three.
- Average length of stay in year one of 66 days, which increases to 71 in year two and 75 in year three. The increase is based on the Washington State numeric methodology's average length of stay of 60.13 days, plus the applicant's operational experience.

Public comments suggest that the applicant's projected and increasing average length of stay is not reasonable or supported in the application, which is not explained, though the figures were updated in response to screening based on unknown factors.

The statement in the public comment is correct that using the numeric methodology's statewide average length of stay is not required in an application. However, given that Signature Hospice does not own or operate any hospice agencies in Washington State, its assumptions that community outreach and education are optimistic, but may not be impossible for year one of 66 days—which calculates to a 10% increase from the statewide average. However, years two and three calculate to an 18% and 25% increase, respectively. This is a significant increase and the rationale for this assumption is not entirely described or supported in the application. As a result, the department concludes that the applicant's projected year two and three number of patients and patient days cannot be substantiated.

Pro Forma Financial Statements

The applicant provided pro forma Revenue and Expenses Statements for the Pierce County agency that allowed the department to evaluate the financial viability of the proposed hospice agency alone. The applicant asserts that its proposed Pierce County agency would be operated separately from its out-of-state hospice agencies and from its Washington State home health agencies. As a result, combined pro forma Revenue and Expense Statements were not provided.

Given the department's conclusion regarding the unsubstantiated projected number of patients and patient days in years two and three above, this evaluation will not continue to address any other issues or data in the Pierce County statement. It is noted, however, that there are addition and

calculation errors within the statement provided that were not addressed in the applicant's rebuttal documents.

In summary, based on the information available, the department cannot complete the review of the immediate and long-range operating costs of Signature Hospice's Pierce County project. **This sub-criterion is not met.**

Symbol Healthcare, Inc., dba Puget Sound Hospice

Symbol currently operates a home health agency serving the residents of Pierce County. Symbol was also was recently approved to offer hospice services to the residents of Thurston County[37] and through an affiliate, hospice services to the residents of Snohomish County[38]. Its ultimate parent, The Pennant Group, Inc. operates numerous home health, hospice, skilled nursing, and assisted living facilities in Washington.

Symbol provided the following assumptions used to determine the projected number of patients and visits for the proposed Pierce County hospice agency.

"*Table 7 details the admissions, patient days, ALOS and ADC that Puget Sound Hospice projects in Pierce County for its first three full years of operation as well as the commencement year, 2020.*"[39] [source: Application, p17]

"*Table 8 identifies Puget Sound Hospice's estimated first full year of operation estimate of patients by diagnosis. The diagnoses were determined after reviewing Washington State Department of Health, Center for Health Statistics, death certificate data, 2017. They were also determined after considering that 80% of seniors over the age of 65 in Pierce County live with chronic disease as the graph below shows.*" [source: Application, p17]

[37] CN #1824, issued on December 4, 2019 to Symbol Healthcare.
[38] CN #1826R, issued on November 15, 2019 to Glacier Peak Healthcare.
[39] The applicant replaced some of the information provided in Table 7 of the application in its screening responses.

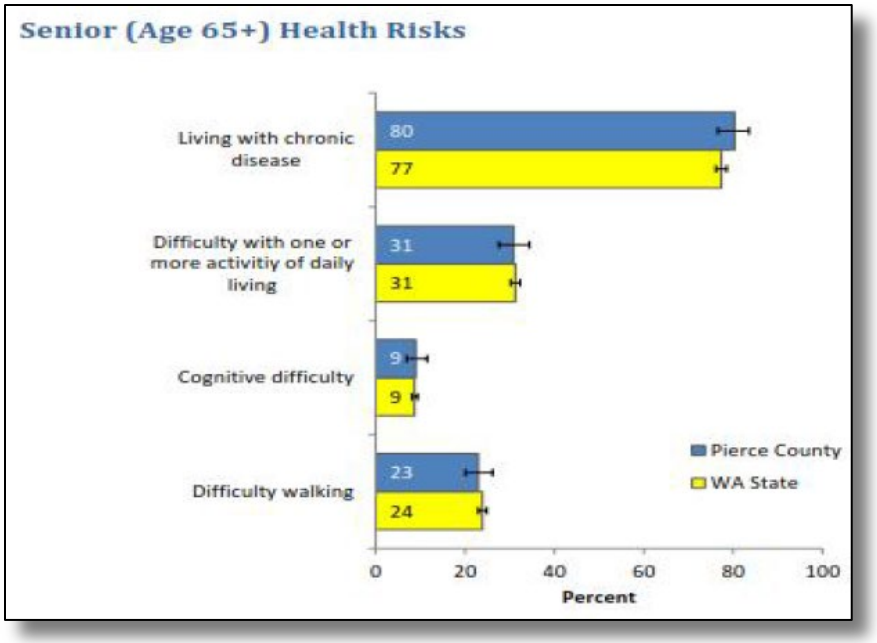


Table 8
Estimated Hospice Patients by Diagnosis and Percent

Diagnosis	Percent
Dementia	25%
Cancer	20%
Heart Disease	21%
Lung Disease	9%
Liver Disease	4%
COPD	9%
Stroke/CVA	7%
HIV	3%
Amyotrophic Lateral Sclerosis (ALS)	1%
Others (i.e. ESKD, neuro-degenerative dx)	1%
Total	**100%**

[source: Application, p18]

"*Puget Sound Hospice's assumptions related to use rate, market share and intensity of service used for planning and forecasting follow:*

- *The State's 2019-2020 Hospice Numeric Need Methodology determines use rates for hospice by age cohort (0-64 and 65+). The use rates are calculated by the State and, for this review cycle, are 27.89% for the 0-64 cohort group and 61.56% for the 65+ cohort group. These use rates are then used to project hospice patients by age cohort for 2019-2021.*
- *The numeric need methodology projects an unmet ADC of 33 in 2020 and 60 in 2021. The utilization related to this project in 2020 provided in Table 7, above, assumes a*

minimal ADC due to being late in the year. Utilization in 2021 (first full year) assumes a 'ramp-up' to reach an ADC of 38.8. The third full year is projected to reach an ADC of 111 which is 85% of the forecasted unmet ADC for 2023.

- *ALOS: Assumes the Washington State ALOS of 60.86-days. Gross Revenue by payer mix is broken out in Table 9. The provided payer mix is based on Pennant affiliated hospice trends for 2019.*
- *Patient Days: ALOS x admissions.*
- *ADC- Patient days divided by 365 days in a full year.*
- *Median LOS- Actual experience with Pennant's hospice agencies. Symbol refers to Intensity of Service as Levels of Care to reflect industry and regulatory verbiage. Table 10 lines out the percentage of each level of care in patient days. The percentages within the table reflect NHPCO historical usage levels for each level of care.*
- *Market share calculations use unmet patient days as a basis for estimation. Patient days provided by Symbol divided by total unmet patient days in a given year equals market share percent. Please see market share estimates in Table 11.*"

[source: Application, p19]

In its screening responses, Symbol provided explanations for the changes it made to its various assumptions.

"*The correct ADC is 96. An ADC of 111 was a misstatement.*" [source: April 22, 2020 screening response, pdf7]

"*Table 11 is below. We found an error in the excel formulas. The patient days served and the projected market share percentages are corrected and match Exhibit 7 in the application.*"

Table 11

Market Share In UNMET Patient Days				
Year	2020	2021	2022	2023
Unmet Patient Days -Pierce County	12054	21777	28445	35307
Symbol Patient Days Served	193	14155	21333	30010
Market Share % of Unmet Patient Days	2%	65%	75%	85%

Source: Applicant

[source: April 22, 2020 screening response, pdf7]

"*We utilized the Numeric Need Methodology 2018 version. We have reviewed the 2019-2020 version and see that the ALOS has changed to 60.13. We are relieved to see that the unmet admits has not changed for 2020 and 2021, they are still 200 for 2020 and 362 for 2021. We have made the appropriate corrections to reflect the current Need Methodology.*" [source: April 22, 2020 screening response, pdf17]

When asked for financial projections that included approval of any other hospice agencies for which it is applying, the applicant provided the following statement. [source: April 22, 2020 screening response, pdf9]
"*The Pierce Co. hospice will not be a stand-alone agency. We included the blended pro forma, projections and balance sheet for Puget Sound Home Health and Puget Sound Hospice-Thurston County, as well as Puget Sound Hospice-Pierce County in the application. There are no other projects being applied for that affect this application. Minor revisions to the pro forma, projections and balance sheet have been made, all of these are shown at Exhibit 3*."

If this project is approved, the new hospice agency in Pierce County would not be operated separately from its parent and affiliates. The department requested Symbol provide pro forma financial statements for the Pierce County hospice agency alone, along with its parent and affiliates as a whole, which incorporates existing operations. The financial statements provided in response to screening (Exhibit 3) are listed below.

- Historical Operating Statement for Puget Sound Home Health and Hospice
- Pro forma Operating Statement Puget Sound Home Health and Hospice with Pierce County
- Pro forma Operating Statement Pierce County only
- Pro forma Cash Flow Puget Sound Home Health and Hospice with Pierce County
- Pro forma Balance Sheet Puget Sound Home Health and Hospice with Pierce County

Symbol also provided its assumptions used to project the pro forma statements within the statements. The following is a list of the applicant's projections derived from its financial statements. [source: April 22, 2020 screening response, Exhibit 3]

Department's Table 34
Symbol Financial Assumptions

Line Item	***Assumption***
Routine Care Revenue	*Days of Care x Per Diem Rates*
Inpatient Respite Revenue	*Days of Care x Per Diem Rates*
Continuous Home Care Revenue	*Days of Care x Per Diem Rates: Assumes one 8 hour shift per each unmet day*
General Inpatient Revenue	*Days of Care x Per Diem Rates*
Contractual adjustments –	
Medicare Managed Care, Medicaid Managed Care, Private Pay, Third Party Insurance	*Assumed 2%*
Charity Care	*Assumed 5%*
Provisions for Bad Debt	*Assumed 1%*
Patient Care Costs	*FTE x Annual Compensation*
Contracted Patient Care	
Medical Director	*MD Rate of $190/hr per contract. Assumption of .75 hrs/ADC*
Physical Therapist	*$42.38/hr 1.5 hours/20 ADC/Month*
Occupational Therapist	*$39.26/hr 1.5 hours/20 ADC/Month*
Speech Therapist	*$35.55/hr 1.5 hours/20 ADC/Month*
Dietitian	*$33.29/hr 1.5 hours/20 ADC/Month*
Direct Patient Care Costs	
DME	*$6.04/Patient Day based on Pennant averages*

Line Item	***Assumption***
Pharmacy	*$7.09/Patient Day based on Pennant averages*
General Inpatient Costs	*$841.05/General Inpatient day of care*
Medical Supplies	*$2.59/Patient Day based on Pennant averages*
Inpatient Respite	*$192.30/Inpatient Respite day of care*
Room and Board	*$0.45/Patient Day based on Pennant averages*
Mileage	*Estimate 8 miles/day of care reimbursed at $0.45/mile based on existing local agency*
Administrative Staff by FTE	
Administrator	*FTE x Annual Compensation, represents 50% of Puget Sound Administrator*
Assistant Director of Operations	*To be hired August 2021, based on growth*
Business Office Manager, Medical Records, Scheduling	*FTE x Annual Compensation*
Intake	*FTE x Annual Compensation*
Community Liaison	*FTE x Annual Compensation*
Payroll Taxes & Benefits	*30% of Base Compensation*
Administration Costs	
Advertising	*$10,000 launch plus 1% of net revenue*
Allocated Costs	*5% Allocation to Pennant Service Center for supporting functions; Legal, HR, Accounting, IT, and Clinical support*
B & O Taxes	*1.5% of Gross Revenue*
Dues & Subscriptions	*$375/month, primarily Medbridge*
Education and Trainings	*$10,000/year, Continuing education including Clinical education and compliance*
Information Technology/Computer/ Software Maintenance	*$1,250/month*
Insurance	*Liability and Property Content*
Legal and Professional	*Included in Allocated Costs to Pennant Service Center*
Licenses and Fees	*First year Accredidation [sic] $3,100, Survey $7,500, Annual State Licensure $3,000*
Postage	*$500/month*
Purchased Services	*$1,000/month; bank fees, system access: HCHB, SHP, Workday*
Repairs and Maintenance	*$150/month*
Cleaning	*$210/month*
Office Supplies	*$250/month*
Equipment lease & maintenance	*$500/month, copier and postage machines*
Building rent or lease	*Effective 10/1/20, Lease is 4% of space, 8% in 2021, 12% in 2022, and 15% in 2023*
Lease NNN or Common Area and Maintenance charges	*Approximately $385/mn. 4% in 2020, 8% in 2021, 12% in 2022, and 15% in 2023*
Recruitment	*$5,000 startup and $250 /month following*
Telephones	*$55/FTE/Month + $250/month for landlines*
Travel	*First year $7,500 support and launch, $7,500 thereafter*

Following is a summary of the projected Revenue and Expense Statement for Symbol's Pierce County hospice agency. [source: April 22, 2020, screening response, Exhibit 3]

Department's Table 35
Symbol Pierce County
Revenue and Expense Statement Summary for Partial Year 2020 through 2023

	2020 (partial year)	**CY 2021** (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Net Revenue	$34,450	$2,528,423	$4,219,977	$6,258,883
Total Expenses	$123,712	$2,139,679	$3,465,566	$4,995,337
Net Profit / (Loss)	**($89,262)**	**$388,744**	**$754,411**	**$1,263,546**

Because Symbol's Pierce County project, if approved, would not be a stand-alone agency and would not be impacted by any pending projects, the only combined statements provided include all operational affiliates, see the following tables. [source: April 22, 2020, screening response, Exhibit 3]

Department's Table 36
Symbol's Existing Operations & Pierce Combined Statements
Revenue and Expense Statement Summary for Partial Year 2020 through 2023

	2020 (partial year)	**CY 2021** (Year 1)	**CY 2022** (Year 2)	**CY 2023** (Year 3)
Net Revenue	$10,768,440	$14,132,839	$16,804,602	$19,026,864
Total Expenses	$12,345,250	$17,172,701	$20,918,081	$24,134,253
Net Profit / (Loss)	**$1,576,810**	**$3,039,862**	**$4,113,479**	**$5,107,389**

Department's Table 37
Symbol's Existing Operations & Pierce Combined Statements
Balance Statement Summary for Projected Years 2021 through 2023

ASSETS	**2021**	**2022**	**2023**
Current Assets	$6,877,314	$7,343,028	$7,636,371
Property and Equipment	$49,146	$56,250	$71,133
Other Assets	$2,803,150	$2,795,650	$2,795,650
Total Assets	**$9,729,610**	**$10,194,928**	**$10,503,154**

LIABILITIES	**2021**	**2022**	**2023**
Current Liabilities	$746,402	$876,665	$932,784
Long-Term Debt	$63,538	$63,538	$63,538
Equity	$11,516,326	$15,629,805	$20,737,194
Total Liabilities, Long-Term Debt, and Equity	**$12,326,266**	**$16,570,008**	**$21,733,516**

Public Comment
During the review of this project, four entities provided comments related to this sub-criterion. The comments are restated below.

Providence Health & Services [source: public comment pdf9-10, 29-32, 42-43]
"Although the applicants are in agreement as to the need for a new hospice agency in Pierce County, there are significant variations in their projections of average daily census ("ADC") for their

proposed hospice programs. Each applicant's ADC projection for the third full year of operation of their programs is shown in Table 2.

Table 2: Average Daily Census Figures, by Applicant, Third Year of Operations

	Bristol	Continuum	Envision	Providence	Seasons	Signature	Symbol	Wesley
ADC, Year 3	58.9	68	60	41	57.8	45.3	96	36.2
Year 3 Year	2023	2024	2023	2023	2024	2023	2023	2023
Source	App. p. 12	Screen., p. 4	Screen., p.49	App. p. 29	Screen., p. 26	Screen., p. 53	Screen., p. 7	Screen., p. 13

"Symbol has made the most aggressive projection: it asserts that its ADC will be 96 in Year 3. This projection is based upon (1) extrapolation of the Department's need calculation to 2023 and (2) an assumption of 85% market share capture of 2023 "unmet ADC" and of "unmet patient days. Symbol has provided no explanation of the basis for its extremely high market share assumptions."

"The financial Pro Forma for Symbol contains multiple mistakes and/or vague assumptions and is not consistent with statements elsewhere in Symbol's application and screening responses. These issues include:

- *In Table 4A of its application, Symbol states the 2021 projected population for persons age 0 to 64 is 769,198, when it should be 769,918. This mistake leads to miscalculated growth rates, projected populations, and projected patient days for persons aged 0 to 64.*
- *Symbol updated its patient day forecast in its screening responses to a 2023 (Year 3) figure of 30,010 patient days, which equals an ADC of 82.2. However, in the Pro Forma submitted in its screening responses, Signature uses an ADC of 96 in Year 3.*
- *A stated assumption of $10,000 per year for Education and Training, or about $834/month, which does not match the amounts shown for 2020 and 2021.*
- *A lack of clarity regarding the calculation of insurance costs. These costs are not consistent between 2020 and 2021. Specifically, insurance is assumed to cost about $67/month in 2020, but $100/month over the period 2021 to 2023.*
- *An incorrect calculation of expenses related to purchased services in 2020. The assumption states $1,000 per month, but total over 3 months is given at $2,000.*
- *An incorrect calculation of expenses related to office supplies in 2020. The assumption states $250 per month, but the total over 3 months is given at $500.*
- *An incorrect calculation of expenses related to equipment lease and maintenance in 2020. The assumption states $500 per month, but total over 3 months it is listed at $1,000.*
- *Listing recruitment costs of "$5,000 startup and $250/month following," which does not match presented amounts.*
- *A lack of detail regarding the calculation of depreciation.*

Correction of the above mistakes reduces calculations of profit by about 3% to 5%, but does not significantly impact the determination of profitability. It does, however, raise the important issue of the reliability of Symbol's financial statements. Additionally, as discussed below, Symbol's assumption of extremely high utilization is critical to its demonstration of financial feasibility. Based upon the Pro Forma submitted in its screening responses, Symbol projects losses over the

fourth quarter in 2020, and then profits thereafter. As discussed above, Symbol projects extremely high utilization in Year 3 (an ADC of 96), over 50% greater than the average ADC of the other seven applicants.

It is possible to replicate the Symbol Pro Forma given utilization assumptions from its original application. As noted above, despite what Symbol states are its patient day forecasts (14,155, 21,333, and 30,010 in Year 1, Year 2, and Year 3), it actually uses patient day counts of 14,155, 23,625, and 35,040, for Years through Year 3. Thus, in Year 3, it is projecting an ADC of 96 (35,040/365).

Using this latter set of patient day counts, it is possible to match Symbol's forecasted revenues within about 0.03 percentage points, and forecasted expenses within about 0.8 percentage points for Year 1 through Year 3. This confirms Symbol's financial projections use an ADC of 96 in Year 3. As discussed above, Symbol's expense calculations for the last quarter of 2020 appear to be incorrect. Symbol's submitted Pro Forma, a replication of it, and models using alternative ADC presented in Table 11.

Table 11: Replication of Symbol Financials with an Alternative Average Daily Census Figure, Year 3

Financials	2020	2021	2022	2023	Period total
Net revenue					
Symbol Screening p. 48	$34,450	$2,528,423	$4,219,977	$6,258,883	
Replication; Year 2 ADC = 64.7, Year 3 ADC=96	$34,483	$2,529,074	$4,221,078	$6,260,596	
Alternative 1; Year 2 ADC = 58.5, Year 3 ADC=82.2	$34,483	$2,529,074	$3,811,567	$5,361,886	
Alternative 2; Year 2 ADC = Year 3 ADC=60	$34,483	$2,529,074	$3,912,873	$3,912,873	
Expenses					
Symbol Screening p. 48	$123,712	$2,160,614	$3,489,022	$5,021,770	
Replication; Year 2 ADC = 64.7, Year 3 ADC=96	$118,382	$2,177,831	$3,501,805	$5,009,505	
Alternative 1; Year 2 ADC = 58.5, Year 3 ADC=82.2	$118,382	$2,177,831	$3,412,852	$4,814,289	
Alternative 2; Year 2 ADC = Year 3 ADC=60	$118,382	$2,177,831	$3,434,858	$4,499,539	
Net Income					
Symbol Screening p. 48	($89,262)	$367,809	$730,955	$1,237,113	**$2,246,615**
Replication; Year 2 ADC = 64.7, Year 3 ADC=96	($83,899)	$351,243	$719,273	$1,251,091	**$2,237,709**
Alternative 1; Year 2 ADC = 58.5, Year 3 ADC=82.2	($83,899)	$351,243	$398,714	$547,597	**$1,213,655**
Alternative 2; Year 2 ADC = Year 3 ADC=60	($83,899)	$351,243	$478,015	($586,666)	**$158,693**

Sources: Symbol Screening, p. 58-59; calculations based on Seasons Pro Forma Schedule forecast and assumptions, Seasons Screening p. 22-56.

Notes: The replication uses the stated assumptions and ADC from Symbol's screening responses and CN20-35, where Year 2 ADC = 64.7 and Year 3 ADC = 96. Alternative 1 adjusts Year 1 ADC to 58.5 and Year 2 ADC to 82.2, which Symbol stated it used in its Table 11, but otherwise is the same as the replication. Alternative 2 adjusted Year 1 ADC to 60 and Year 2 ADC to 60 to reflect the Department unmet need in 2021, but otherwise is the same as the replication and Alternative 1

Replicating Symbol's financial projections using its stated assumptions, but patient day projections of 14,155, 23,625, and 35,040 (ADC of 38.8, 64.7, and 96.0, respectively) results in estimates very close to Symbol's submitted financials. Adjusting the patient day projections to those presented in Table 11 of its screening responses yields estimates of Net Income in Year 2 and Year 3 equal to about half of those presented in the Pro Forma submitted in Symbol's screening responses. Adjusting the patient day projections to reflect an ADC of 60 in Year 2 and Year 3 results in net losses in Year

3. This fact raises serious questions regarding the financial feasibility of Symbol's proposed project, and, given the other issues identified above, raises very significant concerns regarding the reliability of Symbol's Pro Forma financial statements.

Finally, Symbol projects a very high operating margin: 19% in Year 3, the third highest margin among the eight applicants. A margin figure this high suggests either a lack of recognition that the market is characterized by the needs of low-income and underserved individuals and groups, or understated operating expense forecasts."

Russell Hilliard, Seasons Hospice [source: public comment pdf12, 16-17]
"The Lease Agreement is between Jankelson Lacey Partnership, LP (Lessor) and Symbol Healthcare, Inc. d/b/a Puget Sound Home Health (Lessee) rather than the applicant, Pennant Group, Inc. This demonstrates lack of planning by changing the applicant entity during the CN process, resulting in failure to meet this criterion."

*"**Screening Question #13** states, "If more than one agency will be operated under the same entity as the Pierce County agency, provide pro forma revenue and expense projections in the same format as included in Attachment A, as well as balance sheets, for the possible outcome that the applicant is approved for one or more projects it has applied for in the two hospice agency concurrent review cycles. This can be accomplished by providing, at a minimum, revenue and expense statements and balance sheets for Pennant [emphasis added] through the projection periods using the assumption that application is approved."*

The response states, "We included the blended pro forma, projections and balance sheet for Puget Sound Home Health and Puget Sound Hospice-Thurston County, as well as Puget Sound Hospice-Pierce County in the application." However, the applicant is now Pennant, which "owns and operates 129 health care provider entities across 13 states." (See page 5 of the application.) Therefore, the pro forma does not reflect the project's impact with respect to all proposed and ongoing operations of the applicant."

"Pennant, an existing provider which "owns and operates 129 health care provider entities across 13 states," provides its Form 10-Q Quarterly Report for the quarterly period ending September 30, 2019. Therefore, Pennant fails to meet the above criteria requiring financial statements for the last three full years."

*"**Screening Question #15** states, "When comparing the figures in Table 14 to the salaries, taxes, and benefits in Exhibit 7 there is a difference of 0.71% across Administrative Staff and 13.06% across Clinical Staff figures. Please correct or clarify.*

Pennant responds by correcting the rounding errors in the Administrative Staff, but fails to correct the Clinical Staff figures. Therefore, the applicant fails to meet this criterion."

"The certificate of need application was submitted by Symbol Healthcare, Inc, d/b/a Puget Sound Hospice ("Symbol"). However, the Department has determined that The Pennant Group ("Pennant"), Symbol's ultimate parent entity and owner, is the actual applicant. Accordingly, both Symbol's pro forma financial statements and Pennant's overall financial condition must be

considered by the Department in making its financial feasibility determination with respect to Symbol's proposed hospice program.

As discussed above, there are a number of mistakes or ambiguities in Symbol's pro forma financial statements and supporting documentation. Also of concern is the fact that Symbol did not provide a corrected pro forma statement in its responses to the Department's screening questions. Instead, it provided only combined financial statements, which include its existing home health agency in Pierce County, its proposed Thurston County hospice agency, and the proposed Pierce County hospice agency. Thus, there is no way to evaluate the independent performance of the proposed Pierce hospice program.

Most importantly, as discussed above, Symbol has projected high ADCs in its first three years of operation, reaching an extremely high ADC of 96 in Year 3, by far the highest of any applicant. As Table 12 shows, Symbol's pro forma statement is sensitive to variations in the projected ADC, as would be expected. Thus, our alternative model shows that if its program's ADC was 60.13 (the Washington statewide average) in Year 3, rather than 96, Symbol would experience operating losses in that year.

As noted above, Pennant is the actual applicant. Therefore, its financial condition and business model must be considered by the Department in its evaluation of whether Symbol's proposed hospice program is financially feasible. Pennant, which is publicly traded, is a very large organization, with Total Assets of $363 million in 2019. However, it should be noted that, as of September 30, 2019, Pennant had only $33.9 million in Current Assets, while Current Liabilities were $50.5 million. Thus, it appears that Pennant has used debt to finance operations, raising questions as to its current liquidity.

In summary, the key issues relating to Symbol's satisfaction of the financial feasibility criteria are (1) its use of overly aggressive ADC projections in it pro forma financial statement, (2) the reliability of that statement given mistakes and ambiguities in it and in the supporting documentation, and (3) the overall financial condition of Pennant."

Bristol Hospice [source: public commend pdf12]

"Question #13 under the Financial Feasibility section of the Emerald Screening asks the applicant to provide combined views of financials for CON s which the applicant applied for in cycle 2. Emerald failed to provide this detail stating that the King County operation will be a "stand alone agency". Because the financial sponsor is the same for each application this is a requirement. Without proof that each scenario proves to be feasible Emerald cannot be deemed to be financially feasible.

The Puget Sound medical director costs do not tie back to the assumption they have provided. It is unclear if it is meant that its . 7 5 ADC for the period or . 7 5 ADC/month. Either way the calculation does not match.

Projected ADC	9	33	60	85
.75 x Projected ADC	6.75	24.75	45	63.75
x $190	$1,282.50	$ 4,702.50	$ 8,550.00	$ 12,112.50
x months	40.5	297	540	765
x $190	$7,695.00	$ 56,430.00	$ 102,600.00	$ 145,350.00
Amount Provided	$1,374.00	$ 66,315.00	$ 110,682.00	$ 164,158.00

It is made clear by the state analyst that the cost within the medical director agreements must tie back to the financials provided. Because of this and the lack of providing combined views Puget Sound should not be reviewed in the tie breaker analysis."

Envision Hospice of Washington, LLC [source: public comment part 3 pdf23-26]

"Unclear and unsupported volume projections

Projection of unmet need in Pierce County does not automatically demonstrate a proposed project will achieve the volumes and related revenues it includes in its pro forma financials. Pennant was required in screening questions to explain the analytical steps it took to translate Pierce "unmet need" of 60 ADC into its 2021---2023 volume projections for its proposed project.

Nevertheless, Pennant provided only population growth as a rationale for its proposed patient census. Without explanation, It simply skipped any analysis, going from a Department finding of Pierce County's 60ADC of unmet need in 2021 to a patient census of 33 ADC in its first full year. Pennant mentioned a "ramp up" in volumes but did not provide any driver for the "ramp up" and leaves the Department and the public without an ability to evaluate its credibility or compare its reliability to seven other applications.

In fact, it is not clear what Pennant's utilization projections for the Pierce project are. It does not provide any volume assumptions as part of its financial proformas so the basis for its Pierce revenues is unclear. At Table 7 of its application, the annual ADC's are different from those later in the application at the "calculations" table in the application's Exhibit 7.

Pennant's Conflicting Pierce ADC Projections, from application

	2020	2021	2022	2023
Table 7 ADC	9	33	60	85
Exhibit 7 calculations table	3	38.8	64.7	96

Market shares

Having adopted annual volume projections without an apparent basis, Pennant then calculated the market shares that would result from those. Thus, market shares are not an input or based on any market dynamics but simply math resulting from Pennant's arbitrary and unsupported volume projections. In light of the market shares not being part of Pennant's logic, its response to a screening question about market share seems to completely reverse its logic and, instead, portray the market share noted there as the rationale for the number of admissions.

Financials provided

- *Pennant, the applicant for Symbol and its affiliates, has applied for King and Pierce County hospices in the current review cycle. On that basis the Department asked Pennant to provide financials in the event they are approved for one or more plus those combined with Pennant's existing operations.*

- *In addition to its purported start up in Thurston County, Pennant is also starting up a hospice in Snohomish County. The financials for that start up should be included in the combined financial scenario for Pennant's existing operations.*
- *Pennant only provided pro forma financials for its Pierce home health combined with Thurston and for Pierce hospice alone. It did not provide financials for the combination of the potential approval of both Pierce and King, and no financials for the aggregate of Pennant (the applicant) plus any possible Washington approvals, including Pierce. While Pennant's narrative responded to the Department's request for additional financials, Pennant's financials did not. Although its narrative response includes:*

- *"We included the blended pro forma, projections and balance sheet for Puget Sound Home Health and Puget Sound Hospice---Thurston county, as well as Puget Sound Hospice---Pierce County in the application. There are no other projects being applied for that affect this application. Minor revisions to the pro forma, projections and balance sheet have been made, of all of these are shown at Exhibit 3.*

- *In fact, Pennant's revised financials provided in response to screening for the Pierce hospice alone include only the revenues and expenses. No balance sheets are provided.*
- *For the revised combined financials, the Symbol Healthcare balance sheet does not include 2020.*
- *As further evidence Pennant needed to provide more financials, in response to screening question #28 they responded: "Our admission policy as well as all policies that were submitted have been approved through two previous CON applications that were awarded to us." Where are the historical financials for these Washington entities along with the pro forma financials for the combination with these current operations Pennant thereby claims are under its same ownership?*

Symbol balance sheet

The Department's screening question #46 asks about the "Other Liabilities" shown in the Symbol Healthcare Inc. projected balance sheet. The applicant responds that this represents B & O Taxes, Workers Compensation and other insurance premiums. The figures provided are not credibly related to those accounts. Since the Symbol Healthcare Inc. financials show its revenues and labor expenses are increasing each year, it is unreasonable to project that the same dollar amounts for B & O Taxes and Workers Compensation would be outstanding at the end of each year as the Symbol Healthcare, Inc. Balance Sheet represents. The Symbol Healthcare Inc. financials are not accurate nor credible and, as a result, the Department cannot determine the financial feasibility of the proposed Pierce County project.

Review of expenses

In order to determine that the capital or operating costs of the proposed project can be met those costs must be compared to the applicant's projected revenues. Such clarity is not available in the Pennant application or related material:

- *The amounts shown as rent for both the combined financials and Pierce only do not connect to the language of the lease.*
- *Staffing expense assumption regarding Administrator FTE does not connect to salary amount shown:*

Lease: Incorrect Rents and Omission of Additional Rent/CAM1

The amounts shown in Pennant's Pierce pro forma lease expenses do not connect to the language of its lease. At screening questions #42-44, Pennant was asked to clarify or correct figures related to its presentation of its lease costs.

- *Pennant's screening Exhibit 3 provides a combined pro forma for the home health agency and the Thurston and Pierce hospices. The rents are not connected to the lease provisions for 2020---2023, based on the lease extension; they are portrayed as being lower than actually required:*

Pennant combined office rent per lease language vs. Screening Exhibit 3

	2020	2021	2022	2023
Monthly rent per lease	$7,879	$8,076	$8,278	$8,485
Actual annual rent[2]	94,548	96,912	99,336	101,820
Exhibit 3 shows	89,390	91,178	93,002	94,862
Annual Discrepancy	**$5,158**	**$5,734**	**$6,334**	**$6,958**

So, while Pennant correctly provides correct lease payments for the Pierce only hospice office space, its projected lease payments in its combined financials for the total office space it leases are incorrect and do not connect to the language of its lease.

- *Furthermore, the same Exhibit 3 for the combined projections shows no projected expense for CAM as required in the lease.*

Staffing expense

In the staffing assumptions included in its screening response, Pennant projects having the Administrator as .5 FTE for three years, 2021---2023, with a salary at $100,000 per year. The values in the proforma are incorrect. Whereas .5 FTE at $100,000 would be $50,000, the Administrator's salary values provided in the proforma, for each year:

2021 $34,000
2022 $35,000

2023 $36,071"

Rebuttal Comment

Symbol provided the following rebuttal comments directly related to the public comments received by the department related to this sub-criterion.

Symbol Healthcare, Inc. Response: [source: Symbol's July 23, 2020, rebuttal comments]

"***Envision's Comment's on Population Services***

Envision's public comments on Puget Sound Hospice are minimal. Instead, Envision chose to use the bulk of their public comment to discuss their concerns with the other applicants and the States CN process. Envision did comment on its superiority, stating that their specific population services are superior to all other applicants including Puget Sound Hospice. Pennant Hospice agencies across the country have population services similar to all the services Envision listed in the table they provided on pp. 7 and 8 of their public comment. We intend to provide these types of population specific services as well as any others that are appropriate and needed in Pierce County if we are awarded the CN. Our model is one of local ownership, which allows the local hospice agency to integrate with their community and to find the unique services that the community needs and wants. Because Puget Sound Home Health has been in Pierce County serving a large population of patients for many years (they are currently serving an ADC of 480), we already have an intimate understanding of the community. We look forward to getting to know the community even better through our hospice services if given the opportunity.

Providence's Comment on Projected ADC and Financials

Providence comments that Puget Sound Hospice's projected ADC volume in 2023 is too high. While we agree that our projection of 96 ADC in 2023 is higher than the other applicants, our projection is 15% less than 100%, and in our experience and opinion, all Hospice patients should be cared for in their community. Whereas 85% is realistic, it is not ideal; 100% is ideal. Pennant has multiple Hospice agencies across multiple states that serve an ADC of 100+ patients. In Washington State, Elite Home Health and Hospice serves a hospice ADC of 85, and their ADC has grown by 30 in the last 11 months. We would be excited to see that 96 ADC is not possible for Puget Sound Hospice in 2023 because the other providers are meeting more than 15% of the Hospice need. Whether or not this is the case, we are committed to serving all those that are not otherwise being served.

In contrast, Envision points out that Providence's projected ADC is "extraordinarily" low. Envision states on p. 27 of their public comment document,

> *"The Providence application, at Table 11, continues with extraordinarily low volume projections. In year three, it only reaches an ADC of 36, with an additional 5 ADC for pediatrics, for a total of 41 ADC."*

As all applicants are projecting into an uncertain future, we believe it is best to project realistic and need appropriate ADC projections, and to make adjustments where needed as the future unfolds.

Providence did not include all of Pennant's Home Health and Hospice agencies in Washington State on p. 2 of their public comment, stating, "Pennant operates hospice agencies in Snohomish and Asotin counties, was recently approved to provide hospice services in Thurston County, and owns a

home health agency in Pierce County. Pennant is applying for hospice CN approval only in Pierce County."

The Pennant agencies in Washington State include: Puget Sound Home Health and Hospice, which operates its home health in Pierce Co. and its start up hospice in Thurston Co., Alpha Home Health and Hospice, which operates its home health in Snohomish Co. and its start up hospice in Snohomish Co., Columbia River Home Health in Benton Co. and Elite Home Health and Hospice in Asotin Co.

Finally, Providence asserted that our projected financials have some minor inconsistencies. After review, our financials are correct in the screening response, including the ADC of 96 in 2023 and its results on the financials."

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Symbol based its projected utilization of the hospice agency on specific factors.

Projection of numeric need out to year 2023. Symbol's application shows it determined that the new hospice agency would capture a market share of 65% in year one, which increases to 75% in year two, and 85% in year three. However, based on the anticipated "*Patient Days Served*" Symbol provided in response to screening[40], the amounts are actually[41] 65% in year one, 68% in year two, and 73% in year three.

In Symbol's initial application it's average length of stay was 60.86 days.[42] In response to screening Symbol conceded that the length of stay of 60.86 was an error and provided revised utilization and financial projections based on a length of stay of 60.13. Although, the applicant responded "*We utilized the Numeric Need Methodology 2018 version. We have reviewed the 2019-2020 version and see that the ALOS has changed to 60.13. We are relieved to see that the unmet admits has not changed for 2020 and 2021, they are still 200 for 2020 and 362 for 2021. We have made the appropriate corrections to reflect the current Need Methodology*."

For this application, the change in the ALOS which assisted the department in determining the applicant's market share and projected admissions, should cascade to the rest of the applicant's utilization assumptions, and pro forma financial statements. The revision to market share was not made, and it is unknown how many aspects of the financials and project the change to the market share would impact. Public comments were provided addressing this same discrepancy by Seasons, Envision, and Providence. As well as discussions on how achievable stated market shares may be.

Symbol did rebut topic while directed at Providence it appears to be relevant to all three entities' comments. Symbol's arguments do not mention the erroneous calculations and resulting figures, but instead provides additional detail to its assumptions in order to justify its figures as reasonable. However, the fact remains that the calculations that generated market share assumptions are incorrect.

[40] Table 11

[41] Rounded to the nearest whole number

[42] Likely based on the department's previous year's hospice need methodology ALOS

Although additional public comment was provided on the submitted market share assumptions it is inconsequential as the department has determined the provided percentages do not match assumptions and statements throughout the rest of the application.

Pro Forma Financial Statements

The public comments submitted during this review criticized various line items in the pro forma financial statements, inconsistencies within application materials, inconsistencies between various financial statements, whether the provided pro forma statements were sufficient. Symbol rebutted these comments generally declaring its ADC of 96 and financials correct. Being that the utilization assumptions underlying the financial statements is not reliable, the department will not further discuss the magnitude or accuracy of the comments on these statements. Rather, the substantial number of issues with these statements is a testimony to the lack of necessary connections that was missed in this proposal. In addition, their balance sheet does not balance by a factor of several million dollars.

Lease

Seasons suggested in public comment that the lease was not sufficient since it was made between the landlord and an entity it believes is not the applicant. However, the department has determined the applicant to be The Pennant Group, Inc., Symbol Healthcare, Inc. d/b/a Puget Sound Home Health is a wholly-owned subsidiary of The Pennant Group, Inc., the applicant. Envision commented on another aspect of the lease as related to the pro forma. It stated that rent amounts shown in pro forma financials do not connect in multiple ways back to the details and costs in the lease.

Based on the cumulative effect of the department's conclusion regarding the unsubstantiated market share, as well as the errors in the pro forma statements – both alleged and demonstrated, the department cannot complete the review of the immediate and long-range operating costs of Symbol's Pierce County project. **This sub-criterion is not met.**

Wesley Homes At Home, LLC

Wesley Homes is currently operational as a Medicare and Medicaid approved hospice agency serving King County. If approved, it would be operated alongside the King agency. Utilization projections were based on existing experience as well as the following assumptions. [Source: Screening Response pdf3-4]

"Generally, the growth assumptions (increases in each subsequent year) are based on Wesley's experience in King County, including the use of our hospice by residents of our continuum of facility-based services. This was discussed with CN Program staff on April 28, 2020 and was considered a reasonable response. Table 5 has been revised and includes additional explanation of the assumptions.

Assumption	Projected Census 2021	2022	2023
Bradley Park's residents to contracted nursing homes: Bradley Park, which opened in 2018, has both independent and assisted living units and is home to 211 residents. It does not operate a nursing home but contracts with community nursing homes. Assume 1 patient/month in Year 1 for a total of 12. Assume a total of 13 in Year 2 and 14 in Year 3.	12	13	14
Bradley Park's Memory Care residents: Assume 1 patient/month in Year 1 for a total of 12. Assume a total of 13 in Year 2 and 14 in Year 3.	12	13	14
Bradley Park Independent Living: Increases as residents age. Assumes one new referral every 60 days, for a total of 6 patients in year 1. Grow to 10 annually in Year 2. By year 3, assume one new referral every 30 days, for a total of 12 patients.	6	10	12
Tehaleh at Bonney Lake (opening in late 2020): In year 1 or 2021, it was assumed that 10 patients will be referred. Based on actual experience in King County, and a result of Tehaleh opening Memory Care and assisted living, and expanding independent living, these numbers grew to 20 in year 2 and 30 in year 3.	10	20	30
Wesley Home Health referrals (based on King County experience)	22	29	40
Based on Wesley Hospice actual experience to date, other **community referrals** from Pierce County residents are estimated to be 25% of total patients in 2021; growing to 40% in 2022 and 50% in 2023.	21	57	110
Total	**83**	**142**	**220**

Source: Applicant

Wesley Homes' projected utilization is summarized in the Departments Table below. [source: Application pdf15]

Department's Table 38
Wesley Pierce County
Projected Utilization

	CY 2022 (Year 1)	**CY 2023** (Year 2)	**CY 2024** (Year 3)
Admissions	83	142	220
Percentage of Pierce Market Share	2%	3.3%	4.9%
Total Days	4,971	8,518	13,229
Average Length of Stay	60.13	60.13	60.13
Average Daily Census	13.6	23.3	36.2

The assumptions used by Wesley Homes to project revenue, expenses, and net income for the hospice agency for projection years 2022 through 2024 are below. [Source: Season's Screening Responses, Attachment 1]

Deductions from Revenue	Assumption
Contractual Allowances for Sequestration	2.0% deduction for Medicare/Medicare Advantage due to sequestration
Charity care	1.0% of total revenue
Bad Debt	.50% of total revenue
Contractual Allowance	2.0% of total revenue
Expenses	
Staffing	Based on estimated FTEs and salaries detailed in Attachment 3. Shared administrative staff costs allocated per patient day. 2021: $10.15, 2022: $10.4 and 2023: $9.54.
Payroll Taxes and Benefits	21% of salaries and wages
Medical Director (Contracted)	Based on contract ($4,500/month for King County and $2,500/month for Pierce County)
Pharmacy - Medications & IV Supplies & Lab	$8/per patient day
DME Costs (Equipment, oxygen)	$11/per patient day
Medical Supplies	$4/per patient day
Imaging Services	$.08/per patient day
Contract therapy: includes PT/OTSLP	
PT	Based on historical experience, assumes 50% of admissions have 1 PT visit ($130/visit)
OT	Based on historical experience, assumes 30% of admissions have 1 OT visit ($125/visit)
SLP	Based on historical experience, assumes 3% of admissions have 1 SLP visit ($160/visit)
Contract services: software licenses	Monthly fee for EMR license ($1,260) + $1,100 annual fee for HoCAHPS = $16,220 annually. For Years 2021-2023, 50% for King and 50% for Pierce.
Contract services: billing, coding	$3.10 per patient day based on historical experience
General Inpatient Costs*	$1,300 per patient day
Inpatient Respite Costs*	75% of Medicare daily rate based on existing contract ($337.51).
Medicaid R&B costs	$230 assumed per patient day, in 2021, in Pierce assume ADC of 3, ADC of 5 in 2022 and ADC of 8 in 2023. King County (average of $272 based on Wesley average) assumes an ADC of 8 (2020), 9 (2021), 10 (2022) and 12 (2023).
Mileage	$2.85/per patient day
Marketing-	Assume $1,000/month for King County based on historical costs. Assume same for Pierce County.

Deductions from Revenue	Assumption
Office supplies	$5,000 per year in King and $3,000/year in Pierce for 2021; increasing to $5,000 / year by 2023 for admit packets, printing and mailing supplies.
Equipment	$4,000 in 2021 and $4,500 in 2022 for Pierce County only. In addition, this line item also includes costs for cell service ($0.39/PPD)
Postage	$1,000 per year each in both King and Pierce
License fees	Per fee schedule 75% Hospice fee added to HH license fee. License fees allocated by number of FTEs.
Registration, association fees	$2,500 for King County operations; estimate an additional $500/year in 2021 and 2022, increasing to 1,000 in 2023 for fees to join Pierce County specific organizations (Chamber of Commerce, for example).
Utilities	$0.65/per patient day based on historical
Professional Services	Legal and audit costs. King County is based on historical costs; assume 50% additional costs to add Pierce.
Insurance	$3,000 annually for King based on historical costs. For Pierce, assume additional $1,500 annual cost per estimate provided by Wesley broker.
Lease/rentals	$.08/per patient day based on historical costs and estimated for new equipment.
Allocated Costs	5% of total revenue

*Note: Due to rounding, numbers may not add exactly.

Public Comment

Russell Hilliard, Seasons Hospice [source: public comment pdf35, 39]

"Wesley's forecast relies on an average length of stay of 60.1, that of Washington State, which is lower than that of Seasons Pierce County at 71.1. Longer lengths of stay indicate patients are accessing care sooner, thereby receiving more service and improving quality of life."

"In response to Screening Question #7, Wesley revises its revenue estimates, excluding Medicaid Room and Board, previously referenced as an 'other' line item. Therefore revenues and expenditures no longer account for room and board."

Providence Health & Services [source: public comments pdf32, 43-45]

"The financial Pro Forma for Wesley contains multiple mistakes and/or instances in which the stated assumptions are not sufficiently clear to reproduce its calculations, and there are non- standard, questionable decisions used in the calculations of revenues. The issues include:

- *Wesley is the only applicant which first adds Medicaid Room & Board revenue, and then subtracts its cost. All other applicants treat this as a net expense, usually modelling it within a list of expenses. The uncommon treatment of Medicaid Room & Board revenue has spillover effects into the categories of bad debt, charity care, and contractual adjustments, which are all calculated against gross revenues.*
- *The financials presented in Attachment 1 of Wesley's screening responses do not match the financials presented in Attachment 2 of its screening responses.*
- *Wesley assumes that 80% of routine care will be persons with an ALOS of 1 to 60, while 20% will be persons with an ALOS of 61 or over in Year 1, and that this ratio will fall to 70% /*

30% in Year 2 and 65% / 35% in Year 3. These assumptions are never stated or supported in the Wesley application or screening responses.

- *Wesley states on page 16 of its screening responses that staffing is "Based on estimated FTEs and salaries detailed in Attachment 3. Shared administrative staff costs allocated per patient day. 2021: $10.15, 2022: $10.40 and 2023: $9.54." However, adding the product of its Pierce County FTEs and the assumed hourly wages, then adding that to the product of the costs per patient day and number of patient days, results in salary costs about 10% different than those presented by Wesley in its screening response.*
- *Wesley is not clear as to how it calculates license fees in its Pro Forma. Its "Assumptions" state: "Per fee schedule 75% Hospice fee added to HH license fee. License fees allocated by number of FTEs," but it is not clear what this means. Seventy-five percent of the hospice fee ($2,383) equals $1,787.50, which is more than twice any of the listed license fees."*

"The certificate of need application was submitted by Wesley Homes at Home, LLC ("Wesley"). Wesley's immediate parent is Wesley Homes Community Health Services, which is in turn a wholly-owned subsidiary of Wesley Homes Corporation ("WHC"). Accordingly, WHC is the ultimate parent and owner of Wesley. Thus, WHC's overall financial performance and financial condition must be evaluated by the Department in determining whether Wesley's proposed hospice program is financially feasible.

Wesley has provided 2017-2018 audited financial statements for "Wesley Homes and Subsidiaries." The statements suggest that WHC is highly leveraged and, as a result, may lack financial liquidity and capacity. Key information from the 2017-2018 Balance Sheets for Wesley Homes and Subsidiaries is provided in Table 15.

Table 15: Wesley Homes and Subsidiaries Balance Sheets

Wesley Homes and Subsidiaries Balance Sheet	2018	2017
Current Assets	$32,263,513	$28,912,564
Assets Limited as to Use	$31,214,434	$37,343,018
Property, Buildings, and Equipment	$159,840,671	$107,304,816
Total Assets	$223,627,618	$174,098572
Liabilities		
Current Liabilities	$14,098,516	$9,840,312
Long Term Liabilities	$144,693,669	$103,337,699
Net Assets	$26,22,029	$30,502,446

Source: Application, pp. 68-69.

In terms of financial liquidity and capacity, the Balance Sheets show very significant Long-Term Debt, with an increase of $41 million of debt from 2017 to 2018. On the other hand, Assets are principally in illiquid "Property, Buildings, and Equipment." This suggests a leveraged organization, with little liquidity from operations. WHC's Consolidated Statements of Cash Flows confirm these Balance Sheet observations, as shown by the following points:

- *Based on its Consolidated Statements of Cash Flows, net cash from operations was $15.1 million in 2018 and $8.3 million in 2017, but much of this was generated by "Resident Entrance Fees Received" of $12.96 million in 2018 and $6.05 million in 2017.*

- *WHC purchased $57.47 million in Property, Buildings, and Equipment in 2018 and $32.13 million in Property, Buildings, and Equipment in 2017.*
- *To finance the Property, Buildings, and Equipment purchases, WHC added significant debt through the issuance of Long-term Debt (bonds) of $50.4 million in 2018 and $33.6 million in 2017.*
- *The apparent lack of liquidity of WHC was impacted by poor operating performance by WHC in and 2018: WHC had an Operating Loss of $4.03 million in 2018 and an Operating Loss of $2.8 million in 2017.*
- *The 2018 Operating Loss was exacerbated by an additional $1.9 million loss from investing activities and $165,000 in expenses, for a combined Deficit of Expenses over Revenues of $6.132 million in 2018.*

Accordingly, WHC, Wesley's ultimate parent and owner, appears to be highly leveraged, and, in recent years, has suffered from poor operating performance. Accordingly, there are serious questions as to whether Wesley's proposed Pierce County hospice program satisfies the financial feasibility criteria."

Bristol Hospice [source: public comment pdf13]

"Wesley Hospice provided a revised census within its screening in table five with has a section titled projected census. It shows a projected census of 83 in the first year, 142 in the second year, and 220 in the third year. This does not match up with the census provided on their pro forma and also would be taking up market share of the current providers. It provided an updated Proforma and FTE's with wages. The Proforma states that the wages for year one $390,600 but when you calculate out the amount based upon the hourly rate and FTE it comes to $473,176. Because these numbers do not match up and it is unclear what they project their census to be they should not be considered in the tie breaker analysis."

Envision Hospice of Washington, LLC [source: public comment part 4 pdf2, 4-7]

"WHAH's track record includes a slow start and inability to meet targeted hospice volumes over five years. With Wesley Homes having provided no patient origin information for its existing King hospice, the Department cannot rely on its projections or its stated intention to serve all of Pierce County."

WHAH Hospice Admissions & ADC, 2015-2019, per WH Application & Department Records

	2015	2016	2017	2018	2019
Admissions	0	0	8	77	103
ADC	0	0	2.7	9.2	16.7

"The Department's 2019 Hospice Need Method based on WAC 246-310-290(8) projects need only through the planning horizon of 2021. Nevertheless, Wesley Homes states, without any rationale, "By 2023, the CN Program's methodology projects that the unmet need will grow to an ADC of at least 114." Thus, the Wesley Homes predicts, without explanation, a 2023 unmet need that extends two years beyond any DOH projection of unmet need. Furthermore, Wesley Homes then proceeds to estimate its annual census at over seven times its Table 3 projections shown for its third year of operation, 2023

	Projected Census		
Assumption	2021	2022	2023
Total	83	142	220

Wesley Homes continues in its unexplained reliance on non-existent "CN Program" projections at its Table 6. There, Wesley Homes purports to analyze its proposed "market share" of a market for which it has provided no calculations for 2022-2023. Nevertheless, Table 6 incorrectly includes Wesley Homes estimates of Pierce County admissions, days and ADC, claiming they are all "per DOH Methodology."

Wesley Homes provides none of the demonstration of need in Pierce County or for its project that are required at WAC 246-310-290(10 and (7). Nevertheless, at page 26 of its application Wesley Homes makes the unfounded observation that the Pierce County need for an additional agency is "immediate."

The Department recognizes the minimum initial need for approval of a single new agency is 35ADC. And its 2021 projection of Pierce County unmet need is for 1.7 agencies and a total of 60 ADC. In spite of stating the need is "immediate," Wesley Homes projects (unsupported) volumes in its third year (2023) that only address half of the magnitude of that need in first year need (2021) that it finds in its reading of the Department's Hospice Need Method.

In light of Wesley Homes extraordinarily slow start up history and volume growth in King County, this low projection of Pierce County volume may reflect its capability. However, with eight applicants for only one Certificate of Need available to meet Pierce County's unmet need, Envision believes a Pierce County CON approval should be granted to an applicant ready to address the need more fully.

Payment rates
The Medicare payment rates shown as "Base Rate 2020" in the WH combined hospice King and Pierce "Revised Financials and Financial Assumptions" at WH's screening Attachment 1 are not the CMS payment rates for King or Pierce Counties. If these are a Wesley Homes "base rate" being adjusted for the CMS payment differential between Pierce and King Counties, the factors by which WH is adjusting the "base" are not provided in the WH Assumptions table. By using incorrect payment rates for Medicare, the largest of its payers, WH revenues are incorrect and cannot be relied upon to determine its project is financially feasible.

Charity care
Wesley Homes Charity Care assumption is 1% of total revenues. This percentage is only 70% of the Department's 2020 report of the 2018 hospital average charity care of 1.44% for Puget Sound Region minus King County hospitals and only 76% of the King County hospitals' 2018 average of 1.32% charity care."

"Review of financial projections
In order to determine that the capital or operating costs of the proposed project can be met, those costs must be compared to the applicants projected revenues. Such clarity is not available in the WHAH application or related material:

Financial pro formas

Wesley Homes clearly documents that its home health and hospice agencies are all operating as one legal and financial entity. This is supported by the annual line item expense for "License fees," wherein the assumption states "Per fee schedule 75% Hospice fee added to HH license fee." Yet, WH provides no combined financial proforma that shows the impact of adding a new hospice agency to the currently combined financials of a hospice agency and a home health agency that operate as the same legal entity.

Envision is in the same situation and the Department has made clear it must portray its proposed Pierce hospice agency in combination with Envision's existing operations that include both home health and hospice. And this is true even though Envision's home health agency is in a different legal entity than its hospice agencies. The Department cannot require such a demonstration of Envision while it permits Wesley Homes to, instead, omit projecting 2021---2023 financials of the home health agency that is part of its current in---home service operations.

Staffing

WH application did not provide annual salaries for the positions listed. The WH application pdf page p. 26 states, "Given the strength, breadth, and expertise of Wesley's existing long---term care operations in King and Pierce Counties, (skilled nursing, assisted living, home health), WHAH has been able to share staff between programs and/or utilize existing collaborative relationships." This statement suggests the WH home health agency and hospice agency share staff. This sharing of staff within a single legal entity is not shown in the WH financial proformas since it did not provide the required combination of its existing and proposed in--- home service agencies.

B &O Taxes

Envision is unable to find B&O taxes anywhere on the Wesley pro forma financials for either Pierce, King or combined. At 1.8% per year of "Total Revenue," in Pierce alone it is an approximate discrepancy of $21,464, $35,957 and $55,610 each year, 2021---2023, and substantially more when combined with existing King operations.:

Wesley Homes at Home B&O Taxes, estimated and omitted from application

	Pierce			King			
	2021	2022	2023	2020	2021	2022	2023
Total Revenue	$1,192,427	$1,997,618	$3,089,440	$3,158,691	$3,295,137	$3,417,627	$3,618,866
B&O @ 1.8%	$21,464	$35,957	$55,610	$56,856	$59,312	$61,517	$65,140

Puget Sound Hospice [source: public comment pdf7]

Wesley' staffing table shows the RN, LPN, MSW and Chaplain FTE's as static for years 2020-2023. While the financials show a significant increase in hospice patient revenue year over year from 2020 to 2023, which requires an increase in census year over year, the FTE's stay the same. Under normal conditions the FTE number will go up with significant census increases. It is apparent that financial feasibility or cost containment cannot be determined. This is an additional reason Season's application should be denied.

Finally, Wesley's routine hospice care rates are shown as $248.26 for year 1 in the Pierce County Projections table. This rate is inflated; the rate should be somewhere between $210 and $185 in Pierce County for 2020 depending on the percentage of patient care days for days 1-60 and days

61+. The State cannot determine financial feasibility with these inflated rates. This is also reason to deny Wesley's application."

Rebuttal Comment

Wesley Homes provided the following rebuttal to some, but not all of the statements above. [source: rebuttal pdf5-8]

"Included as Attachment 2 of our screening response was a March 30, 2020 letter from our CEO indicating that Wesley had both ample resources and the organizational commitment to fund the very small startup (to providing the financial resources to support the minor equipment purchases in Years 1 and 2) for this expansion into Pierce County. In addition, as discussed in public comment, The letter further noted that with the permission of the Department of Health, Wesley had already begun serving patients in Pierce County, thus demonstrating its ability to both serve these patients and make the appropriate financial commitment.

For reasons still not clear to us, Attachment 2 is missing from the Program's record, and we acknowledge that it could have been a filing error on our part. The letter is ultimately irrelevant because the project's capital costs are only $8,500 and the financial statements in the record demonstrate the availability of funds. Further, all correspondence related to this CN is addressed to or signed by Kevin Anderson, CEO. As CEO, Mr. Anderson has the authority to both commit to and authorize this commitment.

Envision suggests that Wesley has not filed the correct financial statements. Wesley is proposing to expand its existing King County hospice agency into Pierce County. As such, and in response to an explicit screening question posed by the Certificate of Need Program (CN Program), Wesley provided historical financials for our King County hospice agency as well as separate pro forma financial statements for the King and Pierce operations. Finally, consolidated financials for the hospice agency were provided as well, and as required, Wesley also provided the audited financial statements for our parent entity, Wesley Homes,
and its subsidiaries.

Providence rightfully notes that Wesley is presently undertaking several large capital projects on our existing Des Moines campus as well as establishing new campuses in King and Pierce Counties. This has no impact on the expansion into Pierce County because the estimated capital expenditure is only $8,500 and the costs will be expensed, not capitalized, in Years 1 and 2.

That said Wesley takes the opportunity to explain the impact of these large capital projects on the balance sheet and/or the income statement.

1. *Wesley has, by desire, taken on debt to finance the redevelopment of our Des Moines community and as of 12/31/18, our Pierce County Bradley Park project. In the 2018 balance sheet, Construction in Progress totaled $54,261,171 in new projects of which Bradley Park was $48,000,000 (Construction in Progress is included in the property, plant, and equipment line item of $159,840,671).*
2. *Providence mentions a $4,000,000 operating loss, but fails to recognize that most of this loss was actually planned. For example, Wesley knew that there would be a large, approximately*

40% decline in our Des Moines Gardens census as this portion of the campus would be coming down as part of the re-development. The 2018 income statement also include some losses in the health center due to inefficiencies (while these have since been corrected, they did impact the 2018 income statement). Finally, delays in the permitting process for Bradley Park delayed the anticipated fill rate.

3. *Providence also notes a $1.9MM loss from investing and that was due to an unrealized stock market loss that mostly came in December 2018. This market 'crash' affected the economy as a whole and everyone including, Wesley, 'bounced back' by January 2019.*

Finally, Wesley also notes for the record that in order to undertake these large capital costs, all bond holder covenants related to financial performance are being met.

"Bristol suggests Wesley is proposing an ADC of 220, but Bristol confused Wesley's estimated admissions with ADC (Bristol, p.13 of public comment PDF). Wesley's Pierce ADC is 13.6 beginning in 2021; increasing to 36.2 in 2023. Admissions are 83 in Year 1 increasing 220 in Year 3. Wesley is not projecting to serve an ADC of 220.

As Envision noted, Wesley received CN approval in July 2015 to establish a new hospice agency in King County. This agency became Medicare certified in November 2017, in large part due to the extended licensing and certification timelines at that time. As Envision is well aware, the certification process for a new agency takes time as it only recently confirmed that it is now certified in Thurston County, having received CN approval in September 2018. While Wesley will not have this same time lag in Pierce County, Wesley has conservatively assumed a projected census of 36.2 by 2023, which will meet the need for an additional agency in Pierce without negatively impacting the existing providers.

- *Contrary to Symbol's comments (p. 6); Wesley's routine home care rate was not assumed to be $248.26 per day in Year 1. It is in the application at $186.34 per day. And, while Envision questions Wesley's assumption, it is, in fact, lower than the amount that Envision assumed (Envision assumed $204.07). In other words, it is more conservative.*

- *Seasons (p. 38) suggests that Wesley has not accounted for Medicaid room and board expense. While Wesley may have differed from the other providers in how it accounted for Medicaid room and board expense (including it in revenue at 95%) and then expensing it as 100%. The net effect is the same other providers. Thus, a net difference of 5% is applied to expenses. Providence attempts to argue (p. 29) that this somehow impacts bad debt and charity care. Wesley is simply assuming additional dollars for charity care and bad debt.*

- *For B&O taxes, as a nonprofit hospice provider, and per WAC 458-20-168 (9)(d) as a hospice agency, Wesley does not pay B&O taxes only governmental revenue. Wesley has fully accounted for those B&O taxes that it does pay.*

- *Providence suggests that we understated our license fees. Our license fees are accurate. Wesley is dually licensed for home health and hospice. As such, based on the number of FTEs, it is only required to pay 75% of the hospice license fee. Wesley has allocated those costs between King and Pierce County on a per patient day basis. The allocation methodology may*

not have been clearly stated in the assumptions contained in the application. This is likely the source of Providence's confusion."

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Wesley Homes based its projected utilization of the hospice agency on specific factors:

- Pulling referrals from Wesley Homes affiliated facilities, accounting for approximately 75% of admissions in year one, approximately 60% of admissions in year two, and 50% of admissions in year three.
- Other admissions are expected to come from community referrals.
- Average annual length of stay at 60.13 days.
- Estimated number of admissions for the Pierce County planning area for the years 2021 through 2023.

Envision criticized the historical slow ramp up at Wesley's existing King County agency and asserted that this should be grounds to doubt the proposed admissions in years one through three. Though the department does not agree with Wesley Homes that this can be attributed to delays in the licensing process, the department does not agree that this should be grounds for denying Wesley Homes for Pierce County. Licensing and certification delays should not be an issue, as the agency is already licensed and certified and providing services under the Governor's waiver. Furthermore, the majority of the projected admissions come from internal referrals. The department also agrees with Wesley Homes that Bristol appears to have misread the data for admissions versus average daily census. It appears that the volumes may be substantiated, but this does not address further issues within their projected revenues and expenses, discussed below.

Pro Forma Financial Statements

Wesley Homes provided pro forma financial statements, including projected revenue and expense statements and balance sheets, which allowed the department to evaluate the financial viability of the proposed hospice agency alone. Given that the agency would be operated alongside existing King County operations, the applicant also provided financial statements that show combined operations. However, contrary to Wesley Homes assertion in rebuttal, historical revenue and expense statements were not provided with the application or screening response for the Pierce County agency. Considering that a number of the financial assumptions rely on historical experience within the King County agency, these statements are necessary for the department to complete an analysis of Wesley Homes' financial position in the context of this sub-criterion. This information was requested in screening but was not provided. Absent this information, the underlying financial assumptions and resulting pro forma revenue and expense statement cannot be considered reliable in this review.

Public comment from the other applicants identified some notable gaps in information for the pro forma, including incomplete assumptions surrounding average length of stay and reimbursement. Providence observed that Wesley Homes projected that in year one, Wesley assumes that 80% of routine care reimbursement will be persons with an ALOS of 1 to 60 days, while 20% will be persons with an ALOS of 61 or more days, and that this ratio will fall to 70% / 30% in Year 2 and 65% / 35% in Year 3. Providence stated that these assumptions aren't supported in the Wesley application or screening responses. It is true that the basis for this assumption was not included in Wesley Homes

application information, simply an ALOS of 60 for all patients. Wesley Homes did not rebut this statement, though they provided rebuttal related to a number of financial concerns. Though the assumption that more patients would be reimbursed at the 1-60 day rate is reasonable based on the statewide ALOS, the fact that this ratio changes over time was never supported by the applicant and cannot be substantiated by the department. Due to the lack of reliable assumptions, the pro forma will not be analyzed any further. **This sub-criterion is not met.**

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

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

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

The capital expenditure for this project is $30,000. There are no construction costs, rather, all costs are associated with IT equipment, office furniture, and supplies. In response to this sub-criterion, Bristol states that the charges are based on the set rates by Medicare. [source: Application, p17]

Bristol acknowledged it would need cash on hand for start-up costs and listed the items below that would be part of the start-up costs. [source: April 22, 2020 screening response, pdf23]

- Hiring of initial local DPCS/ Admin for a ramp up period.
- Hiring of initial Per Diem staff to get through Medicare Survey in Oct Nov Dec.
- Lease and building expenses for the startup period.
- Fees to contracted Medical Director for licensure period.
- Fees for taking care of initial patients to get through Licensure process.
- Other misc. fees and expenses associated with preparing the paperwork and licensure activities

Bristol identified that $136,277 is estimated needed to cover start-up costs, Bristol provide a letter from its Chief Financial Officer acknowledging that the parent company—Bristol Hospice and Homecare – Northwest L.L.C.—has funds in excess of $1,500,000 for this project and has committed to funding the project's capital costs, startup costs, and initial losses. [sources: April 22, 2020 screening response, pdf1 and Application, Exhibit 12]

Bristol also provided the following statements about how the project will cover the costs of operation until Medicare reimbursement is received. [source: Application, p18]
"*Bristol has sufficient reserves available to fully fund the operational startup. No line of credit or loan or grant is needed for this project.*

Funding will be provided by available reserves from the owner Bristol Hospice Northwest, L.L.C. Please see ***Exhibit 12*** *for a funding letter from Bristol Hospice CFO.*"

Bristol provided the following statements regarding the project's impact on capital costs and operating costs and charges for healthcare services. [source: Application, p17]

"The project will have a total of 30,000 dollars of capital impact in the question above and will produce the jobs shown in the FTE calculation.

Hospice service has studies completed as a savings to the healthcare system for example the Journal of Palliative Medicine conducted by Brian W. Powers et al. Hospice provides stabilizing support to families and provides assistance to those who are alone without family support. The overall healthcare operating costs within Pierce County will be reduced from these unmet admissions being admitted to Bristol Hospice.

The hospice benefit is a Medicare benefit paid by the Federal program directly. Many beneficiaries are duel eligible beneficiaries of both Medicaid and Medicare. Bristol Hospice services will reduce the costs for these Medicaid beneficiaries for the county by providing supportive services and reducing acute admissions."

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Bristol provided a letter from its Chief Financial Officer demonstrating its financial commitment to this project, including the projected capital expenditure and any start-up costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. For the proposed agency, the applicant provided a payer mix, however, the department does not deem it reliable. Given that the department is unable to confirm this applicant's payer sources, the department must conclude that approval of this project may have an unreasonable impact on the costs and charges for health services in the planning area. Based on the information, the department concludes **this sub criterion is not met.**

Continuum Care of Pierce LLC
The capital expenditure for this project is $106,800, including leasehold improvements, office equipment, software, legal and consulting fees, and applicable sales tax. In response to this sub-criterion, Continuum provided the following statements. [source: Application, p20]
"*The capital costs related to equipment, software and legal/consulting are based on Member experience, including the recent opening in Q4 of 2019, of our Snohomish County agency. The leasehold improvements include costs to improve the space to make it functional for our staff including constructing partition walls to create separate workstation areas/offices, a conference room, closets and room for medical supply storage*."

Continuum estimated its start-up costs to be approximately $39,930, which represents pre-opening rent and expenses. [source: March 31, 2020, screening response, Attachment 3]

Continuum also provided the following statement describing how the project will cover the costs of operation until Medicare reimbursement is received. [source: Application, p25]

"*As documented by the CFO letter in Exhibit 9, sufficient reserves exist to cover both the capital expenditure as well as the start-up period*."

Continuum provided the following statements regarding the project's impact on capital costs and operating costs and charges for healthcare services. [source: Application, p21]

"*In terms of operating costs and charges, the establishment of a new hospice agency that will improve access and availability and target disparities is consistent with both national health care reform (the Affordable Care Act) and Washington's Medicaid transformation efforts (Healthier Washington) and Washington's 2018 State Health Assessment. In addition to better access and enhanced equity, studies demonstrate that patients enrolled in hospice, in particular those with cancer, were less likely to be hospitalized, admitted to intensive care or undergo invasive procedures. We will work with the patient and family to manage the use of aggressive therapies, i.e. radiation for pain management on a case by case basis, and we use music, equine, virtual reality, art, massage, aroma and other therapies to manage pain and symptoms. All of these programs reduce the overall costs to the larger healthcare system while improving patient and family satisfaction and quality of life. A Continuum hospice agency will reduce overall costs of care in Pierce County.*

Further, Continuum intends to establish a palliative care program in Pierce County and will work with existing health care providers to identify patients appropriate for palliative care. Continuum's experience in California (where we work with large systems and payers including Stanford, Sutter, and major HMOs) will be used in Pierce County.

Palliative care programs are designed to support patients that are not yet eligible for, or have not yet requested, hospice care, but have advanced chronic illnesses. Palliative care programs can and do also support patients engaged in curative treatment. The goal of a palliative care program is to keep patients stable and out of the hospital by providing home-based services. Continuum's palliative care service provides pain and non-pain symptom management, education to promote patient and family awareness of illness trajectory and treatment choices, and psychosocial and spiritual support. The typical disease group of patients enrolled in palliative care include cancer, COPD, heart failure and dementia. The palliative care team typically provides in-home medical consultation, caregiver support and advance care planning.

Research has found that patients enrolled in palliative care cost less than similar patients who are not in a palliative care program simply because they have fewer hospital visits. They also improve quality of life for both the patient and the family. Because of their success in reducing costs and improving patient and family satisfaction, they are increasingly sought out by insurers."

Continuum provided the following statements regarding how the project will be financed. [source: Application, p22]
"*Continuum will use reserves from the Members' Continuum Care Hospice agency to fund this project.*

Included in Exhibit 9 is a letter from the CFO of Continuum Care Hospice confirming the funding for this project.

For a project of this relatively minor magnitude, the use of reserves (which does not carry any financing costs) is preferred."

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Continuum provided a letter from its Chief Financial Officer demonstrating its financial commitment to this project, including the capital expenditure and any start-up costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. For the proposed agency, the applicant provided a payer mix, however, the department does not deem it reliable. Given that the department is unable to confirm this applicant's payer sources, the department must conclude that approval of this project may have an unreasonable impact on the costs and charges for health services in the planning area. Based on the information, the department concludes **this sub criterion is not met.**

Envision Hospice of Washington, LLC
The capital expenditure for this project is $7,000 and there are no construction costs, rather, all costs are associated with furniture, phone system, computer equipment, copier, and applicable sales tax. In response to this sub-criterion, Envision provided the following statements.

"*Various studies on the cost effectiveness of hospice, both federally and privately sponsored, provide strong evidence that hospice is a cost-efficient approach to care for the terminally ill.*

An early study for CMS concluded that during the first three years of the hospice benefit, Medicare saved $1.26 for every $1.00 spent on hospice care. The study found that much of these savings accrue over the last month of life, which is due in large part to the substitution of home care days for inpatient days during this period.

Additional research on hospice supports the premise that cost savings associated with hospice care are frequently unrealized because terminally ill Medicare patients often delay entering hospice care until they are within just a few weeks or days of dying, suggesting that more savings and more appropriate treatment could be achieved through earlier enrollment." [source: Application, p39]

"*Envision Hospice of Washington, LLC has identified the costs of initial development and startup of the Pierce County hospice. Sufficient working capital will be provided by the LLC members to cover the costs of operation until Medicare reimbursement is received.*

Please see Appendix P for a letter from Rhett Anderson, Chief Financial Officer, committing sufficient LLC funds to the working capital required." [source: Application, pp47-48]

Envision provided a letter of financial commitment to demonstrate how the project will cover the costs of operation until Medicare reimbursement is received. It is from Rhett Andersen, Finance Partner of Envision Hospice of Washington, LLC committing to all the costs of the project. Also included, is a letter from Chase Bank demonstrating that Envision Home Health of Washington, LLC has $723,663 in its account. [sources: Application, Appendix O and April 30, 2020 screening response, Appendix S-8]

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Envision provided a letter from its Financial Partner demonstrating the financial commitment to this project; and a confirmation letter of the available funds from Chase Bank.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 95% of its patients would be eligible for Medicare or Medicaid. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle
Providence provided the following statements related to this sub-criterion:

"Hospice care has been shown to be cost-effective and is documented to reduce end-of- life costs without sacrificing quality of care. Research literature supports the cost- effectiveness of hospice care. In one study, researchers analyzed the association of hospice use with survival and healthcare costs among patients diagnosed with metastatic melanoma. They found that patients with four or more days of hospice care had longer survival rates and incurred lower end-of-life costs. The patients with four or more days of hospice incurred on average costs of $14,594, compared to the groups who received one to three days of care, and no hospice care at all ($22,647 and $28,923, respectively).

In a more recent study, researchers simulated the impact of increased hospice use among Medicare beneficiaries with poor-prognosis cancer on overall Medicare spending. The study identified 18,165 fee-for-service Medicare beneficiaries who died in 2011 with a poor-prognosis cancer diagnosis, and matched them to similar patients who did not receive hospice services. Using a regression model to estimate the difference in weekly costs, the study estimated an annual national cost savings between $316 million and $2.43 billion with increased hospice use. Under realistic scenarios of expanded hospice use for Medicare beneficiaries with poor-prognosis cancer, the program could save $1.79 billion annually. While the study was limited to poor-prognosis cancer patients, they are the largest single group who receives hospice care. Based on current research and experience, Providence expects the project will contribute to overall lower end-of-life costs resulting in overall lower charges for health services." [source: Application pdf35-36]

Regarding start-up costs, Providence identified some incremental costs related to supplies, purchased services, lease expenses, equipment, and software.

Public Comment

Russell Hilliard, Seasons Hospice [source: public comments pdf62]
Providence shows no expense to equip staff with laptops, tablets, or other computers for field/bedside use. If the existing program intends to serve a new county without negatively impacting existing available staff & equipment resources, then additional expense is necessary to carry out the required in-home nursing services. Either existing resources will be depleted, resulting in lack of service, or the hospice does not effectively utilize electronic medical records and is therefore inefficient. (See Exhibit 17 of CN #20-43 application.)

Rebuttal Comment
Providence provided the following rebuttal [source: rebuttal pdf27]

"Seasons criticizes Providence Hospice's decisions (1) to utilize its existing office in Tukwila rather than establishing an additional office in Pierce County, and (2) to not "mak[e] any investments in major equipment." These criticisms have no merit.

Providence Hospice's existing Tukwila office has sufficient capacity for the modest incremental staffing space required for the Pierce County hospice program. Further, as discussed above in Section C.2.c, the fact that our office is located in Tukwila has no bearing on our ability to provide hospice care to all residents of Pierce County, regardless of where they reside in the County. Seasons' argument to the contrary has no validity. Our decision to utilize the existing Tukwila office is reasonable and appropriate.

Providence Hospice will fully equip its hospice staff with necessary supplies and equipment. However, it will treat such supplies and equipment as operating expenses and not capitalize them. For example, lower-cost items such as tablets or laptop computers have been included in Providence's pro forma financial statements as "Other Expenses," which includes "Equipment (PC, Printers, etc.)." Again, this approach is reasonable and appropriate, and Seasons' criticism is not valid."

Department Evaluation
As noted earlier, there is no capital expenditure associated with this project, as Providence Hospice already operates in the adjacent county. The department has reviewed and approved in-home service applications with no capital expenditure in the past in circumstances like these. Seasons' comments are not compelling.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For Pierce County operations, the applicant projected that approximately 92% of its patients would be eligible for Medicare. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application. [source: Application pdf36]

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

Seasons Hospice & Palliative Care of Pierce County, LLC

For its application, Seasons Hospice projected an estimated capital expenditure of $86,117 for the establishment of the hospice agency. The costs are solely for office furnishing and office equipment. [Source: Season's Application, pdf55]

Related to the capital expenditure, Seasons Hospice explains, "*The estimates in the table above reflect modest costs for equipping a business office in the Tacoma area of Pierce County. The annual depreciation expense of $9,508 accounts for $4,408 for furnishings, with items depreciated over a 15 year period, and the care kits' depreciated over a five year period. Depreciation for the electronics and telecommunications equipment cover a seven year period with the low voltage wiring depreciated on a 10 year basis, for a total of $5,100.*

The pro forma analysis and utilization forecast establish that these costs do not have a material impact on either the capital or operating costs and charges of the proposed hospice program." [source: Application pdf57]

In response to screening, Seasons provided an itemized breakout of the pre-opening costs necessary for the start-up of the proposed hospice. They provided the following statement:

"As demonstrated in the audited financial statements, Seasons Hospice & Palliative Care of Pierce County, LLC has $2 million dollars to fund the hospice's capital costs, pre-opening expenses, and operating deficits in the initial year of operation. The hospice has the option of using Seasons Healthcare Management, Inc. for purchasing equipment and furnishing the office in Pierce County. The items above reflect the types of expenditures made in connection with start-up hospice programs. The item costs reflect corporate pricing agreements with the Seasons Healthcare Management, Inc.' s vendors and are inclusive of applicable state and local sales taxes." [source: Application pdf56]

The amount calculated for the start-up period totals $78,394. [source: Screening Responses, pdf34]

Seasons Hospice also provided a letter of commitment from Chief Financial Officer, David Donenberg confirming the availability of the necessary funds and commitment to use them in the establishment of this proposed hospice agency. [source: Screening Response Attachment 13]

Public Comment
None

Rebuttal Comment
None

Department Evaluation

Seasons Hospice provided a letter from its Chief Financial Officer demonstrating its financial commitment to this project, including the project capital expenditure and any cash flow requirements.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients

served in hospice care. For the proposed agency, the applicant projected that 92% of its patients would be eligible for Medicare or Medicaid. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

Signature Hospice Pierce, LLC

The capital expenditure for this project is $28,032 and there are no construction costs, rather, all costs are associated with equipment, furniture and supplies. In response to this sub-criterion, Signature Hospice provided the following statements. [source: Application, pdf22]

"Capital expenditures were formulated based on the applicants experience in establishing new agencies. In 2019 the related entity to applicant, Signature Healthcare at Home, established two new home health agencies in Oregon. The cost estimates above are based on costs from both internal IT as well as external vendors."

Signature Hospice estimated its start-up costs to be approximately $50,000, of which $21,968 was already expended for the review fee when the application was submitted. [source: Application, pdf 22 and screening response, pdf7]

Public Comment

None

Rebuttal Comment

None

Department Evaluation

Signature Hospice provided a letter from its Chief Financial Officer demonstrating its financial commitment to this project, including the projected capital expenditure and any start-up costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 97.0% of its patients would be eligible for Medicare. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application.

Though this project has already failed to meet the criteria under financial feasibility, the capital expenditure and startup costs identified by the applicant do not appear to be problematic under this sub-criterion. **This sub-criterion is met.**

Symbol Healthcare, Inc., dba Puget Sound Hospice

The capital expenditure for this project is $5,000, which includes a phone system and computer and IT equipment. In response to this sub-criterion, Symbol provided the following statement. [source: Application, p24]
"*Capital expenditures were estimated established vendor rates available to all Pennant affiliates, and Pennant's extensive experience establishing agencies and expanding existing ones*."

Symbol estimated its start-up costs to be $12,500, which represents start-up travel and recruiting expenses. [source: April 22, 2020 screening response, pdf11]

Symbol provided the following statement regarding the project's impact on capital and operating costs and charges for healthcare services. [source: Application, p24]
"*As documented in Exhibit 7, the pro forma forecast for this project, the $5,000 capital investment has no impact on costs. Hospice care has been shown to be cost-effective and is documented to reduce end-of-life costs. This project proposes to address the hospice agency shortage in the County and will improve access. Over time, this will reduce the costs of end-of-life care and benefit patients and their families.*"

Symbol also provided the following statement about how the project will cover the costs of operation until Medicare reimbursement is received. [source: Application, p29]
"*As documented by the letter of financial commitment from Symbol and from the historical financials included in Exhibit 9, Symbol has sufficient cash reserves to assure that the costs of operations are covered until Medicare reimbursement is received for Puget Sound Hospice*."

Symbol also provided a letter of financial commitment to demonstrate how the project will cover the costs of operation until Medicare reimbursement is received. It is from Nate Schrandt, Corporate Controller, of The Pennant Group, Inc. committing to all the costs of the project. Also included, is a copy of The Pennant Group, Inc.'s combined balance sheets for most of 2019 and all of 2018 in order to document existing capital is available. [sources: Application, Exhibit 8 and 9]

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Symbol provided a letter from the Corporate Controller of The Pennant Group, Inc. demonstrating its financial commitment to this project.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 98.6% of its patients would be eligible for Medicare or Medicaid. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

Wesley Homes At Home, LLC

Wesley Homes initially did not identify a capital expenditure associated with this project. In response to screening, equipment costs were disclosed, totally $8,500. [source: Screening Response Attachment 1]

Wesley Homes provided the following statement, as well:

"Wesley already has the infrastructure (our existing hospice agency) in place that will allow us to expand immediately following CN approval into Pierce County.

As noted in response to earlier questions, expansion of hospice services in Pierce County will help reduce the total cost of care for patients at end of life." [source: Application pdf20]

Public Comment

Russell Hilliard, Seasons Hospice [source: public comments pdf39]

"Wesley states it "already has the infrastructure (our existing hospice agency) in place that will allow us to expand immediately following CN approval into Pierce County." However, diverting and diluting the existing hospice program serving King County impedes access to hospice care for both King and Pierce County residents. To expand services once must expand resources as well. Therefore, the impact on costs is under estimated. Likewise, the forecast is overstated, as an increase in service requires increased expenditures and staffing."

Rebuttal Comment

Wesley Homes provided rebuttal to the staffing issue raised above, and provided rebuttal to the related capital expenditure issue in response to another comment, below:

"Contrary to Seasons' comments (p. 29), while Wesley proposes to 'house' its Pierce County agency at its King County office, this will not impact its ability to serve Pierce County. Wesley already serves Pierce County for home health and hospice. As hospice services are provided in the patient's home, staff spend a limited amount of time in any office location. Several hospice providers, including Providence and Envision, propose to serve multiples counties from a single location."

Department Evaluation

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Though Wesley Homes and the department disagree that the costs associated this project should be considered a capital expenditure, the amount being spent is immaterial to the outcome of this sub-criterion. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 99% of its patients would be eligible for Medicare or Medicaid. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application.

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

(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.

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.
Bristol provided the following statements regarding the financing of the $30,000 capital expenditure and any additional start-up costs for this project. [source: Application, p18]
"Bristol has sufficient reserves available to fully fund the operational startup. No line of credit or loan or grant is needed for this project.

Funding will be provided by available reserves from the owner Bristol Hospice Northwest, L.L.C. Please see ***Exhibit 12*** *for a funding letter from Bristol Hospice CFO."*

The applicant also provided audited financial statements for year 2016, 2017, 2018, and partial year 2019 for Bristol Hospice, LLC intended to demonstrate that the funds for this project are available. [source: Application, Exhibit 14]

Public Comment
Providence Health & Services [source: public comment pdf34]
"…the 2019 "Income Statement" provided by Bristol Hospice raises serious concerns about the financial condition of Bristol Hospice. The Statement shows a large operating loss of $12.4 million in 2019. In addition, there are a number of ambiguous and unexplained entries in the Statement, including, for example, entries for "Indirect Costs," which include "Other Costs" of $52.6 million, which is 23.7% of "Total Costs." Further, only by adding back depreciation, amortization, and interest earnings does Bristol Hospice show a positive EBITDA. Bristol Hospice does not provide any notes or explanations in the Income Statement, nor, as noted above, does it provide any other documentation of Bristol Hospice's financial history.

Accordingly, the Department cannot perform an evaluation of the financial feasibility of the proposed hospice program given the paucity of information provided by Bristol Hospice. The application must therefore be denied."

Rebuttal Comment
None

Department Evaluation
The estimated capital cost for this project is $30,000. Bristol intends to finance this project using available reserves from its parent. Bristol provided a letter from its Chief Financial Officer

demonstrating financial commitment to this project. The letter provided support for the capital expenditure and any start-up costs.

Providence provided public comments questioning the viability of Bristol's entire organization and called out specific areas in Bristol's application that lead to this concern. Bristol did not rebut or clarify the comments from Providence.

Public comments suggest that the project cannot be appropriately financed. Bristol was provided the same opportunity as the other applicants to provide rebuttal on all comments submitted on its application. Given the department did not receive any rebuttal comments to address the issues regarding its consolidated income statement, the department has only the information provided for consideration under this sub-criterion. Based on the information available, the department cannot determine that Bristol's Pierce County project can be appropriately financed. **This sub-criterion is not met.**

Continuum Care of Pierce LLC

Continuum provided the following statements regarding the financing of the $106,800 capital expenditure and any additional start-up costs for this project. [source: Application, p22]

"*Continuum will use reserves from the Members' Continuum Care Hospice agency to fund this project.*

Included in Exhibit 9 is a letter from the CFO of Continuum Care Hospice confirming the funding for this project.

For a project of this relatively minor magnitude, the use of reserves (which does not carry any financing costs) is preferred."

The applicant also provided financial statements for year 2016, 2017, and 2018 for Continuum Care Hospice, LLC, as well as 2018 financial statements for Continuum Care of Rhode Island, LLC, intended to demonstrate that the funds for this project are available. [source: Application, Exhibit 10]

Public Comment

Providence Health & Services [source: public comment pdf35]

"The 2018 Balance Sheet for Continuum Care Hospice, which functions as the parent entity, contains line items that also raise questions. The Equity section of the Balance Sheet identifies negative Member Equity of $3.8 million, with no explanation, and Net Income of $5.7 million, for Total Equity of $1.9 million. There may have been large distributions to members that year, given the high Net Income. Thus, the residual Net Equity of Continuum Care Hospice, at least as of December 31, 2018, the latest year for which information is provided, is relatively small. Yet Continuum Care Hospice has submitted a letter of commitment to finance Continuum's capital expenditures, start-up costs, and potential operating losses. Moreover, the potential shortfall of adequate funding does not take into account the additional financial impact of the potential approval of the two other hospice applications submitted by the owners of Continuum in the 2020 hospice concurrent review cycles. Accordingly, there are significant questions regarding the adequacy of financial support for Continuum."

Envision Hospice of Washington, LLC [source: public comment part 2 pdf12-13]
"Continuum's source of funding is not the Pierce LLC. Rather, based on the documents provided, the funding source is either "Member Contributions" without any supporting documentation of "Continuum Hospice," except that Continuum Hospice has not provided its 2019 financials. And, its 2019 balance sheet did not show enough capital available to fund the Pierce project."

"Continuum discusses wanting to be sure it has "the resources to support the resources." To any reader, this asks the questions whether Continuum Care Hospice has the funds to support those development activities and meet early start up cash flow requirements. While Continuum has assured itself they are available it has not provided the necessary documentation to support such assurance to either the Department or to the public.

Continuum is required to provide financial information about its owners and has not."

Rebuttal Comment
None

Department Evaluation
The estimated capital cost for this project is $106,800. Continuum intends to finance this project using available reserves from its affiliate, Continuum Care Hospice, LLC, and provided a letter from its Chief Financial Officer demonstrating financial commitment to this project. The letter provided support for the capital expenditure and any start-up costs. This approach is appropriate because documentation was provided to demonstrate assets are sufficient to cover this cost.

Providence provided public comments questioning the viability of Continuum's entire organization and called out specific line items on Continuum's balance sheet that lead to this concern. Envision provided public comments asserting Continuum's balance sheet did not show enough capital to fund the proposed agency. Continuum did not rebut any of the comments.

Public comments suggest that the project cannot be appropriately financed. Continuum was provided the same opportunity as the other applicants to provide rebuttal on all comments submitted on its application. Given the department did not receive any rebuttal comments to address the issues regarding its balance sheet, the department has only the information provided for consideration under this sub-criterion. Based on the information available, the department cannot determine that Continuum's Pierce County project can be appropriately financed. **This sub-criterion is not met.**

Envision Hospice of Washington, LLC
Envision provided the following statements regarding the financing of the $7,000 capital expenditure and any additional start-up costs for this project.

"*Envision Hospice of Washington, LLC has identified the costs of initial development and startup of the Pierce County hospice. Sufficient working capital will be provided by the LLC members to cover the costs of operation until Medicare reimbursement is received.*

Please see Appendix P for a letter from Rhett Anderson, Chief Financial Officer, committing sufficient LLC funds to the working capital required." [source: Application, pp47-48]

Envision provided a letter of financial commitment to demonstrate how the project will cover the costs of operation until Medicare reimbursement is received. It is from Rhett Andersen, Finance Partner of Envision Hospice of Washington, LLC committing to all the costs of the project. Also included, is a letter from Chase Bank demonstrating that Envision Home Health of Washington, LLC has $723,663 in its account. [sources: Application, Appendix O and April 30, 2020 screening response, Appendix S-8]

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Envision intends to finance this project using available reserves. As previously stated, Envision provided a letter from the Finance Partner of Envision Hospice of Washington, LLC demonstrating its financial commitment to this project, including the project capital expenditure and any cash flow requirements.

This approach is appropriate, because assets are sufficient to cover this cost from Envision Hospice of Washington, LLC. If this project is approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. The department concludes that **this sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle
In response to this criterion, Providence stated:

"…there are no capital costs for this project." [source Application pdf34]

Public Comment
Russell Hilliard, Seasons Hospice [source: public comments pdf62]
"Providence indicates that there is no financing for the project. However, the audited financial statements provided are not for the applicant entity, Providence Health & Services-Washington alone, but for the Obligated Group. A letter from the Chief Financial Officer of Providence St. Joseph Health should be provided to verify coordination of any contribution made from one entity to another."

Rebuttal Comment
Providence provided the following rebuttal:

"Seasons requests that a letter from "the Chief Financial Officer of Providence St. Joseph Health should be provided to verify coordination of any contribution made from one entity to another." There is no basis for this request. First, there are no capital expenditures associated with this project and our pro forma financial statements and supporting documentation demonstrate more than sufficient financial strength to support any start-up costs. Second, Seasons has not provided any

evidence of any purported "contribution made from one entity to another." Therefore, no financing commitment letter is required."

Department Evaluation
There are no capital costs associated with this project; as such there is no associated financing. Seasons' comments do not have merit. **This sub-criterion does not apply.**

Seasons Hospice & Palliative Care of Pierce County, LLC
Regarding this requirement, the applicant stated,

"Seasons Hospice & Palliative Care of Pierce County, LLC is a single purpose limited liability company formed for the purpose of providing a hospice program in Pierce County, Washington. The entity has $2 million in cash assets as of January 8, 2020, as provided by the owners of Seasons Hospice & Palliative Care of Pierce County Holdings, Inc. and demonstrated in the audited financial statement, contained in ***Exhibit 15.*** *The financial statement demonstrates the applicant has sufficient capital to implement and operate the program. The applicant did not consider other financing methods. The cash assets allow the applicant to cover pre-opening costs, costs incurred prior to obtaining Medicare certification, and the projected losses for the first full year of operation (CY2022)."* [source: Application pdf59]

"Attachment 13 is a letter from Mr. David Donenberg, Chief Financial Officer of Seasons Hospice & Palliative Care of Pierce County, LLC, committing the use of funds for the project." [source: screening response pdf18]

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Seasons Management intends to finance this project using available reserves. As previously stated, Seasons Hospice provided a letter from its Chief Financial Officer demonstrating its financial commitment to this project, including the project capital expenditure and any cash flow requirements. In response to screening, Seasons provided documentation that the funds exist.

This approach is appropriate, as Seasons Management's assets are sufficient to cover this cost. If this project is approved, the department would attach a condition requiring Seasons to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

Signature Hospice Pierce, LLC
Signature Hospice, LLC estimated the capital expenditure and startup costs would be approximately $50,000 and provided the following statements regarding the financing for this project. [source: Application, pdf23-24]

"Signature Hospice Pierce, LLC and related entities currently have the capacity to fund this project without the utilization of long-term financing. Capital expenditures at startup and operating costs in the first year of operations can be funded by cash on hand and if needed intercompany transfers.

With a project of this size, management has elected to fund this project with available cash. Ownership did not consider any internal or external financing options for this project.

A letter from Key Bank was obtained that shows sufficient funds held in the account of Northwest Hospice, LLC for capital expenditures. In addition, a letter of commitment from Ron Odermott, Chief Financial Officer, is included to show the level of commitment the company has invested into the establishment and continued operations and success of a Hospice in Pierce County."

The applicant also provided historical balance sheets for Avamere Group, LLC the parent of Northwest Hospice, LLC, which is the parent for Signature Hospice. Years provided are 2016, 2017, and 2018. The historical documents are intended to demonstrate that the funds for this project are available. [source: Application, Exhibit 17]

Signature Hospice provided a letter of financial commitment from the chief financial officer of Avamere Group, LLC. The letter commits to funding the "*financial capital needed to fund the launch and operations of Signature Hospice, LLC if the application is approved*." [source: Application, Exhibit 15]

A second letter was provided from the senior client manager of Key Bank confirming Northwest Hospice, LLC current account balance on December 24, 2019, of approximately $239,984. [source: Application, Exhibit 14]

Public Comment
Envision Hospice of Washington, LLC [source: public comment part 3 pdf10]
"Evidence of the very close entity integration of the three firms – Northwest Hospice, Bob Thomas and Avamere Group --- is shown by the Bank letter documenting funds coming from Northwest Hospice LLC's bank account while the funding letter of commitment comes from Avamere Group, LLC. To fully understand the financial feasibility of Signature's Pierce project, the Department needs to see balance sheets from all three of these closely integrated funders of it."

Rebuttal Comment
None

Department Evaluation
The estimated capital expenditure for this project is approximately $50,000, which include $28,032 in furniture, equipment, and miscellaneous costs. The remaining $21,968 was already expended by Signature Hospice for the application review fee.

Signature Hospice intends to finance this project using available reserves from its parent, Northwest Hospice, and provided a letter from its chief financial officer demonstrating financial commitment to this project. The letter provided support for the capital expenditure and any start-up costs. This approach is appropriate because documentation was provided to demonstrate assets are sufficient to

cover this cost. As noted in screening, Avamere LLC wholly owns Northwest Hospice, it stands to reason they would have the authority to commit funds.

If this project is approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

Symbol Healthcare, Inc., dba Puget Sound Hospice

Symbol provided the following statement regarding the financing of the $5,000 capital expenditure and additional start-up costs for this project. [source: Application, p25]

"*The small capital investment needed for this project will be funded by the Pennant Group, using reserves with no financing costs. This is the best, most efficient means of funding an expenditure of this size*."

Because Symbol's parent organization, The Pennant Group, Inc., is a recent creation, there are not audited historical statements. Instead, the applicant provided a copy of Pennant's Form 10-Q, filed with the Securities and Exchange Commission, intended to demonstrate that the funds for this project are available. [source: Application, Exhibit 9]

Public Comment

Providence Health & Services [source: public comment pdf43]

"As noted above, Pennant is the actual applicant. Therefore, its financial condition and business model must be considered by the Department in its evaluation of whether Symbol's proposed hospice program is financially feasible. Pennant, which is publicly traded, is a very large organization, with Total Assets of $363 million in 2019. However, it should be noted that, as of September 30, 2019, Pennant had only $33.9 million in Current Assets, while Current Liabilities were $50.5 million. Thus, it appears that Pennant has used debt to finance operations, raising questions as to its current liquidity."

Rebuttal Comment

None

Department Evaluation

The estimated capital cost for this project is $5,000. Symbol intends to finance this project using available reserves from its parent, The Pennant Group, Inc., and provided a letter from its corporate controller demonstrating financial commitment to this project. The letter provided support for the capital expenditure and any start-up costs. This approach is appropriate because documentation was provided to demonstrate assets are sufficient to cover this cost.

If this project is approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

Wesley Homes At Home, LLC

The costs of this project are exclusively related to equipment purchases. In response to screening, Wesley Homes identified that a letter of commitment was included in Attachment 2. Attachment 2 was not included. [source: screening response pdf2]

Public Comment
Envision Hospice of Washington, LLC [source: public comment part 4 pdf5-6]
"At Screening Question #2, WH was asked to "Please update information in this application to reflect the costs of the project. This should include the source of funding and relevant commitments to funding."

In response, WH replied, "Wesley will use existing reserves for the financing of these costs. A letter from Kevin Anderson, CEO is included in Attachment 2 documenting the use of reserves for these costs." However, Envision is not able to locate any Attachment 2 to the WH screening response nor any letter in any of the WH application materials from Kevin Anderson regarding source of funds for the project.

Furthermore, the reply's reference to "Wesley" as the source of "existing reserves" does not specify which entity this refers to, whether the King County hospice, the entity that contains the King County home health agency and hospice, or one of the larger parents above WHAH in the organization chart. The WH reply was not responsive to the screening question and has not documented the source of funding for the project. The Wesley Homes application is not complete, and the Department cannot determine the project is financially feasible."

Rebuttal Comment
Wesley Homes provided the following response:
"For reasons still not clear to us, Attachment 2 is missing from the Program's record, and we acknowledge that it could have been a filing error on our part. The letter is ultimately irrelevant because the project's capital costs are only $8,500 and the financial statements in the record demonstrate the availability of funds. Further, all correspondence related to this CN is addressed to or signed by Kevin Anderson, CEO. As CEO, Mr. Anderson has the authority to both commit to and authorize this commitment."

Department Evaluation
The department does not agree with Wesley Homes' assessment that the letter of financial commitment is irrelevant. Regardless of application type, all applicants are held to the same standard. Whether the capital expenditure totals $8,500 or a greater amount is immaterial. **This sub-criterion is not met.**

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

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable structure and process of care criteria in WAC 246-310-230:**

- Symbol Healthcare, Inc., dba Puget Sound Hospice
- Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.
- Continuum Care of Pierce LLC
- Envision Hospice of Washington, LLC
- Providence Health & Services-Washington dba Providence Hospice of Seattle
- Seasons Hospice & Palliative Care of Pierce County, LLC
- Signature Hospice Pierce, LLC
- Wesley Homes At Home, LLC

(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, using its experience and expertise the department concludes that the planning would allow for the required coverage.

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

To demonstrate compliance with this sub-criterion, Bristol provided the following FTE table with its projected full-time equivalents (FTEs) for the Pierce County agency. [source: April 22, 2020 screening response, Attachment 10]

Department's Table 39
Bristol Pierce County
FTE Projections

FTE Type	2021 (Year 1)	2022 (Year 2)	2023 (Year 3)
Executive Director	1.00	1.00	1.00
Medical Director	0.10	0.15	0.21
Director of Nursing Services	0.00	1.00	1.00
Business / Clerical	1.50	3.50	7.00
Registered Nurse	3.00	4.00	5.00
Nurse Practitioner	0.10	0.30	0.50
Hospice Aide	3.00	5.00	6.00
Physical Therapist	0.10	0.10	0.10
Occupational Therapist	0.10	0.10	0.10
Speech Therapist	0.10	0.10	0.10
Medical Social Worker	1.00	2.00	2.00
Pastoral /Other Counselor	1.00	1.92	2.00
Volunteers	1.00	1.00	1.00
Total FTEs	**12.00**	**20.17**	**26.01**

Bristol clarified that the medical director, physical, occupational, and speech therapists are under contract although they are included in the preceding table.

Focusing on staffing ratios, the applicant provided the following table and statement. [source: Application, p21]

Applicant's Staff / Patient Ratio Table-Recreated

Type of Staff	**Staff / Patient Ratio**
Skilled Nursing (RN & LPN)	1:10 – 1:12
Physical Therapist	1 Contracted per Visit
Occupational Therapist	1 Contracted per Visit
Medical Social Worker	1:15 – 1:30
Speech Therapist	1 Contracted per Visit
Home Health / Hospice Aide	1:80 – 1:12
Chaplain	1:30 – 1:40
Volunteer Coordinator	1:100

"*Bristol has staffing ratios based on National Hospice and Palliative Care Organization (NHPCO this is a nationally recognized organization that directs hospice services) [sic] grid guidelines.*"

Bristol provided the following statement regarding the recruitment and retention of necessary staff. [source: Application, p22]
"*Bristol Hospice has a strong clinical structure with engaged flexible team members that can support the healthcare needs in cases of emergency or shortage. Bristol is supported by a centralized national recruiting team that has a strong history of hiring healthcare employees within 15 to 20 days of posting a position which is far below the national average. Bristol recruits on over 150 websites as well as hospice specific niches and organizations. Applicants can apply via their phone or other personal device to easily join the Bristol Hospice team.*

All staff are vetted through extensive background checks including local and national databases as well as the government LEIE exclusion list. New hires go through at least 2 rounds of interviews to ensure they have the temperament to provide this sacred level of service to the community.

Once hired all staff must complete a rigorous training program to ensure skills are ready for the Bristol Hospice level of quality. This training includes all state and federal required trainings as well as custom Bristol Hospice coursework and best practices. Technology and in person training are both utilized to ensure a well-rounded curriculum. Each new member will receive preceptor guidance for the first weeks or months if necessary, to build competency. Every staff member is measured on performance-based indicators that are based upon electronic quantitative quality data that is stored in our clinical tracking systems. The systems gather charting information and provide feedback to clinical managers to know where to coach and guide staff. For those that are not providing high quality per the quantitative measures they will be trained to provide higher quality and put on disciplinary action if they fail to meet requirements.

Bristol Hospice offers favorable benefits packages to hire and retain talent including Health, 401K vision, dental, and tuition assistance. It allows all employees to apply for new jobs that are posted

including any of the sister companies of Bristol Hospice L.L.C. allowing incredible opportunities for advancement nationally. Bristol Hospice encourages staff to continue to receive additional licensure and or education on an ongoing basis. Bristol. Hospice rewards and recognizes those that get advanced degrees or further education certificates.

Volunteers are managed by dedicated volunteer coordinator and are critical component to meeting community needs. Bristol Hospice provides training to all volunteers. This training ensure volunteers are ready to serve. This is done similarly to hired staff in a multi-pronged approach with in person and technology support. Bristol Hospice recruits' volunteers from all over the community including schools, universities, retirement organizations, current employee contacts or recommendations, local volunteer boards, and online boards. The volunteers go through a rigorous background check and Bristol Hospice loves to work alongside community constituents to serve its patients."

Bristol provided the following statement about its plans to ensure timely patient care in the event the new facility experienced barriers to staff recruitment. [source: April 22, 2020, screening response, pdf4-5]

"*The Human Resources Department is responsible for all areas pertaining to the employment, health and wellness of the employees. Human Resources has oversight regarding employee relations, benefits, payroll, Workers Compensation, recruiting, FMLA, ADA, employee morale, and employee assistance. In addition to regular full time employees, the HR Department works closely with staffing agencies, temporary services and head hunters to ensure that the program stays fully staffed to meet the needs of the patients. Bristol Hospice successfully fills its standard positions in 15 days or less and its higher level positions in less than 30 days. Bristol will start the recruitment process to have those shown in the FTE report hired in that time frame before they are needed to serve patient needs. This is key advantage to being managed by our central SLC office who has these recruiters on demand. No recruiters will be needed locally, and we can post positions etc. as needed to meet demand. Also administrative staff are not expected to do this plus all the other duties needed for a startup.*

Bristol has developed hiring practices to ensure that it identifies candidates who can serve the regional needs of each Hospice Program and to encourage a diverse range of candidates. Bristol posts its positions on 150 job boards across the country including agencies and professional groups by discipline. In addition, Bristol posts its positions with local diversity departments such as the Office of Ethnic Affairs, women's advocacy groups, and local universities. Bristol encourages all employees to expand their hospice education by completing certifications requisite for their discipline and reimburses all costs associated with these endeavors. It Screens all new hires in a robust background check and a Medicare exclusion check including our volunteers. Bristol Hospice currently meets or exceeds the Volunteer hour requirements set by Medicare.

Generally, Bristol interviews candidates in a panel interview style to ensure that applicable departments have the ability to provide input on candidates that would interact with their areas. Bristol has contracted with SkillSurvey to acquire 360° references for its applicants. This online system allows the referral source to anonymously provide references for an applicant. This provides a higher likelihood of candid and constructive references.

Once an applicant accepts an offer, Bristol provides an online solution to onboarding. The majority of essential new hire documents are read and signed prior to the first day of hire which allows the locations more time for the crucial new hire orientation, skills assessments and training. This streamlined process ensures that employees are adequately trained and ready for patient care much sooner, eliminating the

possibility of low staffing and ensuring a seamless transition of qualified care providers to our patients. The Human Resources team is truly a resource for the Hospice leadership and employees. Employees receive a call from the HR Department within one week of hire to assess how the new hire orientation is progressing. They also receive an opportunity to ask questions regarding their employment and receive more in depth information regarding benefits and HR functions. The employee is then followed closely for the first 90 days to ensure that orientation is complete and the introductory period has been successfully finished.

Bristol management receives a two-day supervisor workshop that teaches standard employment law to assist them in recognizing all management processes. In addition, they receive guidance in interviewing skills, managing employees through effective communication and delegation, motivating employees and assisting employees to reach high quality standards through employee development and /or employee discipline. The training is conducted through lecture, scenarios, group discussion, games and testing. In addition to this training, management receives approximately 40 hours of additional hospice and management training through computer-based learning."

Public Comment
Russell Hilliard, Seasons Hospice [source: Public Comment pdf6]
"Bristol fails to address staffing availability issues within Washington and makes no mention of sufficient numbers of qualified health manpower. Bristol simply describes its recruitment and retention efforts. When asked about this issue as a screening question, they again repeat recruitment and retention policies and procedures, but do not address ways to overcome the nursing shortage."

Rebuttal Comment
None

Department Evaluation
Bristol would be a new provider of Medicare and Medicaid hospice services for Pierce County and based its staffing ratios on national standards. As a new provider, this approach is reasonable.

As shown in the FTE table, 12.00 FTEs are needed in the first full year of operation (2021), which increases to 26.01 FTEs by the end of full year three (2023). Bristol also clarified that its medical director and therapy staff would be under contract and are not included in the FTE table. This approach is reasonable.

For recruitment and retention of staff, Bristol intends to use the strategies it has successfully used in the past for recruitment and retention of staff for its out-of-state hospice agencies. The strategies identified by Bristol are consistent with those of other applicants reviewed and approved by the department. Seasons provided comments on its perception that Bristol did not provide an adequate answer as to how it would overcome potential barriers to recruiting staff. Despite lack or rebuttal comments and Seasons' assertion, within Bristol's response about its recruitment and retention process, resources, and policies, is detailed information sufficient to prove compliance with this sub-criterion.

Based on the information provided in the application, the department concludes that Bristol has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Continuum Care of Pierce LLC

To demonstrate compliance with this sub-criterion, Continuum provided the following FTE table with its projected full-time equivalents (FTEs) for the Pierce County agency. [source: March 31, 2020 screening response, p9]

Department's Table 40
Continuum Pierce County
FTE Projections

FTE Type	2022 (Year 1)	2023 (Year 2)	2024 (Year 3)
Administrator	1.00	1.00	1.00
Clinical Director	1.00	1.00	1.00
Clinical Manager	0.00	0.50	1.00
Registered Nurse	3.80	5.20	6.80
Home Health Aide	3.80	5.20	6.80
MSW	1.52	2.08	2.72
Chaplain	1.52	2.08	2.72
Music Therapist	0.76	1.04	1.36
Intake	1.00	1.00	1.00
Office Manager	1.00	1.00	1.00
Team Coordinator	0.00	1.00	1.00
Marketing	1.00	1.00	1.25
Volunteer Coordinator	1.00	1.00	1.00
Bereavement Coordinator	0.00	0.50	1.00
Total FTEs	**17.40**	**23.60**	**29.65**

In addition to the table above, Continuum clarified that, physical, occupational, and speech therapists, and dietitian services are under contract and not included in the table. Continuum also provided the following discussion of the distinction between the Clinical Director and Clinical Manager positions. [source: March 31, 2020 screening response, p12]

"*Job descriptions for these two positions are included in Attachment 1. The Clinical Director (Director of Clinical Services) has program administration functions and oversight, and oversees the Clinical Managers. The Director of Clinical Services is responsible for QAPI, Infection Control, supervision, assistance in budgeting (staffing), oversight of clinical education and development of the team. Whereas the Clinical Manager, once the organization grows, begins to provide more of the day to day management of the interdisciplinary group, referrals, assignments, plans of care, supervision of the team and participation in specific QAPI activities.*"

Focusing on staffing ratios, the applicant provided the following table and statements. [source; Application, pp27-28]

Applicant's Staff / Patient Ratio Table-Recreated

Type of Staff	Staff / Patient Ratio
Skilled Nursing (RN)	1:10
Medical Social Worker	1:25
Hospice Aide	1:10
Chaplain	1:25
Volunteer Coordinator	1:100

"*Table 11 depicts the projected staff to patient ratio for Continuum. This ratio included in the table is the average ratio across the three-year projection period. Please note that these staffing ratios were determined to be reasonable and consistent with Application requirements in the November 2019 King County and December 2019 Clark County applications*.

Continuum is committed to being accessible and available to our patients, 24-hours per day, 7 days per week, and to meeting the comprehensive and unique needs of each patient and their family. The staffing ratios identified in Table 11 above, ensure that our care is both high quality and responsive. The staffing is based on the Member's actual experience in their other Agencies."

Continuum provided the following statements regarding the recruitment and retention of necessary staff. [source: Application, pp28-30]

"*The staffing shortage is a national problem identified by NHPCO and Medicare, and the members of Continuum, through its related agencies, have first-hand experience with staffing shortages. That said, importantly, staffing shortages have had no impact on timely, quality patient care. For example, our RN response time in California, where the staffing shortage is one of the worst in the nation, is 2 hours. In addition, Continuum recently opened it Snohomish County agency. Here, Continuum was able to utilize social media, online sources such as Indeed, and recruiters to obtain staffing. At this point, and less than 3 months after obtaining licensure Continuum has not faced challenges in generating candidate applicants who meet the position qualifications; clinical or administrative.*

Continuum has been successful in recruiting and mitigating shortages using multiple strategies and tools to recruit staff. Our HR department completes daily searches for qualified candidates through the major employment sites, LinkedIn and our own website. We also have hosted job fairs and partnered with hospital job fairs to extend opportunities, and we allow/support staff interested in only part time employment. We will additionally use agencies and contacts with professional schools to communicate about our agency and open positions. If there are any positions that we are challenged to fill, we will use the services of a professional recruiter.

We will additionally use agencies and contacts with professional schools to communicate about our agency and open positions. If there are any positions that we are challenged to fill, we will use the services of a professional recruiter.

We participate in expanding the Hospice nurse industry by allowing nursing students interested in Hospice to complete rotations with our agencies from various colleges in our area. Our expectation is that by exposing nursing students to our industry we can help close the gap of need industry wide.

If Continuum Pierce is unable to recruit staff with our current tools and normal strategies, we are prepared to use staffing agencies, temporarily borrow staff from other agencies, use traveling staff and/or rely on recruiters to cast a search nationally and relocate nurses to the area.

Continuum also seeks to recruit, employ and develop a diverse staff of clinicians and caregivers with skill levels appropriate to the functions they will perform.

All potential staff are extensively vetted as to character and competence using the DiSC Profile, a leading personal assessment tool used to improve work productivity, teamwork and communication. The DiSC model provides a common language that people can use to better understand themselves and adapt their behaviors with others. The DiSC tool not only helps ensure we are hiring a high quality, efficient and competent workforce of character, it also helps with staff satisfaction and retention by increasing staff and providers' self-knowledge, improving working relationship, facilitating better teamwork and teaching productive conflict.

New staff are provided with training and orientation and work under direct supervision during their initial period of employment. The length of direct supervision is related to their existing level of experience and the judgment of their supervisors.

As a means of employing and supporting citizens of high character, Continuum will focus on employing members of our National Guard and Reserve. Another of our Members' agencies has been recognized by the Department of Defense and honored with a Patriotic Employer award for these efforts. The award recognizes sustained support (minimum 3 years) of the Guard and Reserve.

Continuum will offer competitive compensation packages (including 401K plans with generous matches), paid time off, a wide selection of health insurance options, dental insurance, vision insurance, life insurance, and excellent work/life balance. Continuum will also offer excellent inservice training and professional development opportunities with the main objective to enable and incentivize staff to work together to benefit patients and their families.

Volunteers will also be a critical part of the hospice team. Volunteer recruitment will commence immediately upon receipt of our State license and will include the following:

- *We will post on VolunteerMatch.org and Craigslist.org for volunteers interested in making friendly visits to patients to provide companionship and socialization, as well as volunteers who are able to provide art therapy, pet therapy, massage, hair cutting and styling, designing and delivery of flower bouquets, making lap blankets, teddy bears, etc. Presentations will be made to community service organizations regarding Continuum and the volunteer program.*
- *We will connect with local colleges and university websites that connect students to volunteer opportunities, particularly for pre-med students, nursing programs, chaplaincy programs, and social work programs.*
- *We will reach out to local high school career counselors for student internship opportunities for administrative office volunteering.*
- *In the larger assisted living facilities, volunteer opportunities will be provided to the independent-living residents.*

All applicants that apply will be thoroughly screened, undergo a full background check (using a vendor named SappHire Check), and will receive a personal interview. Once selected, volunteer orientation and training will occur as soon as the volunteer is able to schedule.

Upon award of the CN, Continuum will begin recruiting staff. The first staff to be recruited will be the administrator and the clinical director. These two positions are expected to be filled within two to three months following CN approval; their effective employment date will be at the time of the licensure survey. In addition, four months prior to opening, patient care and office support staff will be recruited; with their effective employment date at the time of the licensure survey. In years two and three, we will continue to recruit and hire direct services staff to increase staffing levels proportionate to patients served. In addition, Continuum has an implementation team set up to help with training and onboarding of new staff. If available, existing Washington State staff will be used to assure a smooth transition.

The recruitment strategies we intend to use, and which have proven successful at Continuum affiliates, include:

- *Offering a generous wage and benefit package that meets or exceeds that offered by other providers in the service area and adjacent population centers from which employees are likely to commute;*
- *Specifically seeking individuals with an interest in end-of-life and quality of life issues;*
- *Nationwide postings of job openings on the company website, national recruiting websites, and local community online posting;*
- *Working with local employment agencies and attending job fairs; and*
- *Establishing relationships with local colleges and universities by offering internships, training, and job opportunities.*

Finally, Continuum notes for the record that in the November 2019 King County and December 2019 Clark County evaluations, the CN Program concluded that Continuum has the ability and expertise to recruit and retain a sufficient supply of qualified staff."

Public Comment
None

Rebuttal Comment
None

Department Evaluation

Continuum would be a new provider of Medicare and Medicaid hospice services for Pierce County and based its staffing ratios on national standards and experience in other markets. As a new provider, this approach is reasonable.

As shown in the FTE table, 17.40 FTEs are needed in the first full year of operation (2022), which increases to 29.65 FTEs by the end of full year three (2024). Continuum also clarified that its dietician and therapy staff would be contracted and are not included in the FTE table. This approach is reasonable.

For recruitment and retention of staff, Continuum intends to use the strategies it has successfully used in the past for recruitment and retention of staff for its affiliated out-of-state hospice agencies. The strategies identified by Continuum are consistent with those of other applicants reviewed and approved by the department.

Based on the information provided in the application, the department concludes that Continuum has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Envision Hospice of Washington, LLC

To demonstrate compliance with this sub-criterion, Envision provided the following assumptions and FTE table with its projected full-time equivalents (FTEs) for the Pierce County agency.

"*Basis for staffing assumptions*

Envision Home Health and Hospice in Utah has operated a very successful hospice agency for over ten years. It initiated patient care to Thurston County hospice patients in July 2019. The ratios and assumptions

underlying the proposed staffing for Pierce County are based on:

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- *Envision's depth of experience in a highly competitive market served by over 70 hospices,*
- *Its successful start-up staffing pattern in Thurston County*
- *its preferred staffing model, plus*
- *alignment with national staffing averages per type of position*."

[source: Application, pp42-43]

Department's Table 41
Envision Pierce County
FTE Projections

FTE Type	**2021** (Year 1)	**2022** (Year 2)	**2023** (Year 3)
Medical Director/Physician(s)	0.83	1.25	1.67
Bereavement	0.00	0.30	1.00
Spiritual Counselor	0.81	1.22	1.62
Volunteer Coordinator	0.40	0.56	0.75
Manager of Patient Services	0.50	0.75	1.00
Registered Nurses	3.00	4.50	6.00
Medical Social Worker	1.00	1.29	1.71
Home Health Aides	3.00	4.50	6.00
Administrator/Director	0.75	1.25	1.75
Admin Asst./Medical Records	1.00	1.25	1.75
Facility Liaison/Comm Outreach	2.00	2.50	3.00
QAPI Coordinator	0.50	1.00	1.00
Total FTEs	**13.79**	**20.37**	**27.25**

[source: April 30, 2020, screening response, Appendix S-3]

In addition to the table above, Envision provided a table that showed the dietician, physical, occupational, and speech therapists will all be under contract and not included in the FTE table. [source: Application, pp11-12]

Focusing on staffing ratios, Envision provided the following table and statements.

Applicant's Table

Type of Staff	Staff / Patient Ratio
Skilled Nursing (RN & LPN)	1:10
Physical Therapist	Contracted per visit
Occupational Therapist	Contracted per visit
Medical Social Worker	Initially combined with Volunteer Coord. Then 1:35
Speech Therapist	Contracted per visit
Home Health / Hospice Aide	1:10
Other (list)	No other positions are based on ratio to patients
Total	

[source; Application, pp48-49]

"These ratios apply to Envision's employed clinical staffing from the outset, with the exception that, in year one, 2021:

- *Volunteer Coordinator will be performed by the MSW until the MSW reaches .75 FTE at 1:35.*

More generally, members of the Envision administrative and patient care teams work flexibly with each other to meet patient care needs. Envision's Patient Care Manager and the RN's [sic] who fill administrative positions such as QAPI and Administrator are all qualified and prepared to provide direct patient care. Thus, the team is readily able to respond to patient needs when the growing agency experiences peaks in census.

These ratios correspond to national averages as published by the National Hospice and Palliative Care Organization." [source: Application, p49]

Envision provided the following statements regarding the recruitment and retention of necessary staff.

"*Based on initial outreach efforts to potential hospice staff in Pierce County – and its successful staffing of Envision's Thurston Hospice and King/Pierce County home health agency - Envision Hospice of Washington, LLC expects no problems with availability of qualified health manpower and management personnel.*

DOH seeks assurance a CON applicant will successfully staff the proposed project. Accordingly, CON staff frequently seeks additional information about an applicant's experience and plans for staff recruitment and retention.

Please see Appendix R for Envision's more detailed responses to this concern, including:

- *discussion on the process Envision has used in the past to recruit and retain necessary staff for its home health and hospice agencies*
- *discussion on the process Envision intends to use to recruit and retain necessary staff for this Pierce County project*
- *discussion on the process Envision intends to use to recruit and retain necessary staff for the Pierce County and Kitsap County projects if both are approved*."

[source: Application, pp49-50]

"***Additional Envision information about recruitment and retention for both Pierce and Kitsap County proposed hospices***

Fortunately, neither Envision Home Health in King and Pierce Counties or Envision Hospice in Thurston County have had difficulty recruiting and retaining the staff required. In both Utah and Washington, Envision places a high priority on its recruitment and retention efforts.

At start-up in King County, Envision HHA successfully used the wide range of available resources to attract, screen, select, and hire both clinical and administrative employees. These included: local job fairs; the online job-search websites; using recruitment agencies; word of mouth through existing employees; outreach through existing employee relationships with professional organizations.

Due to its ownership and operation by clinicians and rehabilitation specialists themselves, Envision has been very successful in attracting and retaining the clinical staffing it requires. Envision-Hospice of Washington also has access to an active recruiting function for the relevant professionals.

Envision has also been very fortunate that its existing staff has been a substantial source of professional contacts in the area and that those have frequently resulted in new hires.

The greatest factor in Envision's success has been a low turnover rate in staff:

- *Envision home health and hospice pay and benefits are competitive for both recruitment and retention. Benefits include medical, dental/orthotics, vision, life insurance, and 401k with company matching.*
- *At start-up. Envision adopted the practice of paying stable, reliable salaries to its professionals rather than just paying them for hourly work. This resulted in a committed group of employees from the outset and has reduced turnover to near zero.*
- *Rather than taking an 'agency' or 'pay per visit' approach to staffing, Envision uses a "primary care" model where possible. If an RN takes on a specific patient, that patient's prescribed Plan of Care becomes his or hers to manage. The primary care nurse that cannot make it to a patient's scheduled visit will take responsibility to find coverage from other appropriate Envision staff. This model appeals to the staff's professionalism and increases employee satisfaction and sense of control over the work environment.*

As Envision has grown rapidly, its strong reputation has too. It relies less on the typical recruitment practices it used at start-up. Now, word of mouth among employees and their social and professional networks provide Envision with ample numbers of candidates when agency growth or start up permits addition of new positions. Word of mouth has resulted in numerous inquiries and new hires when conditions change at other area agencies.

Adding hospice in Pierce County - and Kitsap County if both are approved
Envision's reputation as a good place to work is allowing it to build a 'brand' name that is becoming familiar in the region among health care professionals attracted to the provision of in-home care services. It has attracted experienced, mid-career nurses who are comfortable meeting the varied demands of in-home nursing. Since many current Envision home health patients are terminally ill, existing Envision staff is accustomed to pain management and palliative care protocols. In Pierce County, Envision found it took about a year before its own employees become the chief source of potential employment candidates. Envision expects its home health presence in the region and its existing staff will both contribute to successful recruitment of hospice staff.

Envision's current Pierce, King and Thurston County employees have colleagues and friends throughout the region, including Kitsap County, and that can generate strong candidates for many positions. It has been Envision's consistent experience that satisfied employees not only bolster its recruitment efforts but also reduce the volume of recruitment needed when so few employees leave and need to be replaced.

Nevertheless, Envision's Kitsap hospice would serve a county in which it is not yet well known. For that reason, recruitment in Kitsap will also use more traditional methods until word of mouth reputation begins to generate interest among both professional
and administrative candidates for new positions." [source: Application, Appendix R]

Envision also provided the following statement and its volunteer recruitment plan and timeline. [source: Application, p50 and Appendix S]
"*Recognizing that volunteers are an integral part of hospice, Envision also provides Appendix S, its plan for volunteer recruitment for the Pierce County hospice. This plan has been very successful in recruiting a substantial number of volunteers for Envision's Thurston County hospice.*"

Public Comment
Russell Hilliard, Seasons Hospice [source: public comment pdf27]
"Screening Question #12. *In response to Screening Question #12, concerning recruitment of key staff, Envision states it will "select some of its key Pierce County staff positions from among existing Thurston and King County hospice staff." However, this dilutes the existing programs' staff and ability to serve those counties. Re-assigning staff does not address staffing needs throughout the planning area."*

Rebuttal Comment
Envision provided the following rebuttal comments directly related to the public comments received by the department related to this sub-criterion.

Envision Hospice of Washington LLC Response: [source: Envision's August 3, 2020, rebuttal comments, pp19-20]
"***Responses to Seasons***
Seasons states at page 26: "Re-assigning staff does not address staffing needs throughout the planning area."
Envision responds: Seasons is not correct in saying Envision plans to "re-assign" staff. It has no such plans. Seasons objects to Envision's plan to deploy existing King and Thurston hospice staff into adjacent Pierce County if it is added to the Envision hospice service area. Since Seasons treats

each hospice it operates in a county, or "planning area" as a separate company, it would certainly be cumbersome for Seasons to continually have to "re-assign" staff between three separate companies serving patients in three adjacent counties.

In contrast, Envision Hospice of Washington is one licensed, accredited and certified agency employing hospice staff to serve patient needs as they arise, where they arise. As a small organization owned and operated by health care professionals, Envision's staffing emphasizes flexibility and choice for the Envision employee. As mentioned in screening response, Envision has substantial flexibility in serving three adjacent counties:

- *Some of Envision's current King and Pierce County home health staff have hospice experience. Depending on their workload, these staff members, would be available to also serve Pierce hospice patients while the hospice census is growing. In fact, many home health patients experiencing terminal illness find the transition to hospice easier if they can make it with a familiar home health nurse.*
- *Among Envision's current hospice staff serving King and Thurston patients those who live in Pierce County will readily be available to serve Pierce County patients.*
- *King County home health and hospice staff located in South King can serve patients in Pierce County*."

Department Evaluation

Envision would be a new provider of Medicare and Medicaid hospice services for Pierce County and based its staffing ratios on national standards. As a new provider, this approach is reasonable.

As shown in the FTE table, 13.79 FTEs are needed in the first full year of operation (2021), which increases to 27.25 FTEs by the end of full year three (2023). Envision also clarified that its dietician and therapy staff would be contracted and are not included in the FTE table. This approach is reasonable.

For recruitment and retention of staff, Envision intends to use the strategies its affiliates have successfully used in the past for recruitment and retention of staff for out-of-state hospice agencies and Washington home health agencies. The strategies identified by Envision are consistent with those of other applicants reviewed and approved by the department.

Seasons provided comments criticizing Envision's staffing plans. Claiming that it will dilute existing programs' staff. Envision rebutted saying that unlike Seasons' stand-alone Pierce agency, Envision works in tandem with its adjacent affiliates. That it does not transfer employees between companies, but rather it allows for more flexibility and staff choice when scheduling its staff. This detailed explanation is sufficient to prove compliance with this sub-criterion.

Based on the information provided in the application, the department concludes that Envision has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice of Seattle

Providence provided a table with information showing its projected FTEs for 2020 through 2022. [Source: Application 39]

The table below provides a breakdown of the FTEs for the project.

Department's Table 42
Providence Incremental Pierce County
FTE's Projections

FTE Type	2021 (Year 1)	2022 (Year 2)	2023 (Year 3)
RN	2.10	4.20	5.30
Hospice Aide	0.90	1.80	2.30
Admin	0.90	1.90	2.40
Chaplain	0.30	0.60	0.80
OT	0.10	0.20	0.20
Social Worker	0.70	1.40	1.80
Manager	0.40	0.80	1.10
MDA	0.10	0.20	0.30
Other	0.70	1.30	1.70
Total FTEs	**6.20**	**12.40**	**15.90**

Providence also provided a breakdown of the intended ratios for the key staffing areas:

"*Providence Hospice of Seattle has the existing infrastructure to begin service in Pierce County upon CN approval. Administrative staff and direct care staff would be proportionally added based on census growth assumptions and the current Providence Hospice of Seattle employee mix. The direct care team that is already providing service closest to the border with Pierce County would be repositioned to provide initial service capacity in Pierce County. In the first several months of operation, 1.2 FTEs will be added to meet the service requirements, with an initial ADC of 3 in the October through December 2020 period. In addition, 5.0 incremental FTEs will be added in 2021 when ADC is estimated at 16, 6.2 incremental FTEs will be added in 2022 when ADC is 32, and 3.5 incremental FTEs will be added in 2023 when ADC is 41. This will bring the total cumulative FTEs needed to support this project to 15.9 FTEs by the end of 2023.*" [Source: Application, pdf41]

Applicant's Table

Type of Staff	Providence Hospice Staff / Patient Ratio
Skilled Nursing (RN & LPN)	1 : 11
Physical Therapist	Contracted
Occupational Therapist	1 : 200
Medical Social Worker	1 : 28
Speech Therapist	Contracted
Home Health / Hospice Aide	1 : 17
Chaplain	1 : 50

Source: Providence Hospice of Seattle

Regarding retention and recruitment of staff, Providence supplied information on their ability to recruit and retain qualified staff. [Source: Application, p43-44]

Providence Hospice of Seattle Currently Has Staff Who Reside in Pierce County.
Providence Hospice of Seattle employs more than 200 clinical and administrative staff out of its Tukwila office, with approximately a dozen existing staff members from various disciplines who reside in Pierce County. Providence Hospice of Seattle has the existing infrastructure to begin serving Pierce County immediately upon CN approval. Minimal administrative or office-based staff are needed to begin service. The direct care team that is already providing service closest to the border with Pierce County would be repositioned to ensure service capacity in Pierce County in the early period of operations. Based on our projections, growth within Pierce County includes the addition (net new) of appropriate direct caregiver staff during the first three months of operations (October – December 2020). Please see Table 14 for the existing and projected staff for Pierce County.

The co-directors of Providence Hospice of Seattle, Mackenzie Daniek and Stacey Jones, are licensed providers in Washington. Please see Exhibit 22 for their provider credentials.

Providence Health & Services Has Well-established Human Resource Capabilities.
Providence has an excellent reputation and history recruiting and retaining appropriate personnel. Providence offers a competitive wage scale, a generous benefit package, and a professionally rewarding work setting. Being a large and established provider of health care services, Providence has multiple resources available to assist with the identification and recruitment of appropriate and qualified personnel:

- *Experienced system and local talent acquisition teams to recruit qualified staff.*
- *Strong success in recruiting for critical-to-fill positions with recruiters that offer support on a national as well as local level.*
- *Career listings on the Providence Web site and job listings on multiple search engines and listing sites (e.g. Indeed, Career Builders, Monster, NW Jobs).*
- *Educational programs with local colleges and universities, as well as the University of Providence Bachelor of Science Nursing Program (operated by Providence).*

Providence Hospice of Seattle is Successful at Recruiting and Retaining Employees.
Providence Hospice of Seattle currently employs more than 200 staff members. Providence Hospice of Seattle has been highly effective in retaining current staff by offering attractive pay and benefits, maintaining a robust orientation and training program, offering ongoing education and development opportunities, engaging staff in Providence's critical mission, and by focusing on retention as a key priority.

With retention as a key priority, Providence Hospice of Seattle invests heavily in recruiting and retaining the best employees to serve our communities. Providence has an established Employee Training and Development program that includes but is not limited to the following: robust department orientation, clinical and safety training, initial and ongoing competencies assessments, and performance evaluations. Please see Exhibit 23 for a copy of the Employee Training and Development Policy. In addition, Providence has a Clinical Ladder Program. The Clinical Ladder

Program is a system whereby a nurse can demonstrate and be rewarded for excellence in patient care. The Clinical Ladder Program encourages nurses to take the initiative for professional growth and development in their clinical field, thereby enhancing quality of care, patient outcomes, and nursing satisfaction. Please see Exhibit 24 for a copy of the Clinical Ladder Handbook. These programs not only help to improve retention but also contribute to maintaining a high quality and qualified workforce to serve hospice patients."

Providence provided the following information related to their medical director:

"Providence Hospice employs Bruce Cameron Smith, MD as the Medical Director." [Source: Application pdf16]

Public Comment

Sarah Cameron, Providence Saint Joseph Home and Community Care
"Today, the way we translate our response to community need is by focusing on being the best employer of hospice caregivers in our communities. We recruit and retain committed and passionate caregivers – especially in the face of known staffing shortages and in times of crisis. As of this writing, Providence Hospice of Seattle has served more than 150 confirmed Covid positive and patients under investigation for Covid. Our caregivers sign up to serve with us to lean in towards where the need is the greatest. With that in mind, we have current caregivers who reside in Pierce County and a successful history of recruiting and retaining excellent personnel to grow services in this community."

Denice Town, Board Member – Providence Hospice of Seattle Foundation
"Providence Hospice of Seattle is innovative when it comes to hospice care and grief counseling. Its youth programs are teaching the next generation of adults to better cope with the loss of a loved one in the future. Providence Hospice of Seattle is also embarking on a nurse residency program to teach the nuances of caring for those on hospice care which will benefit our local communities and improving the nursing industry."

Bruce Smith, MD, Providence Hospice of Seattle
"Providence Hospice of Seattle has been in existence since before Medicare developed the Hospice benefit. We are part of Providence Home and Community Care, which coordinates hospice programs in 5 states as well as Hospital, Skilled Nursing, Home Health, Primary Care, and Pharmacy services. We can quickly organize to provide hospice services in Pierce County from our existing offices in Tukwila and are committed to developing new facilities in Pierce County if chosen. Providence Hospice of Seattle already employs about a dozen caregivers who reside in and can be positioned to provide services in Pierce County. Our current south King County care teams can easily be repurposed to begin seeing patients in Pierce County immediately while we increase further staffing as needed going forward. In addition, we already work collaboratively with the existing hospice agencies in Pierce County and would expect those warm relationships to continue."

Russell Hilliard, Seasons Hospice [source: public comments pdf62-63]
"Providence's projected number of employees for the project is inadequate. Again, the project proposes utilizing existing staff, but does not address current needs of existing patients in King

County and how they will be affected as staff is diverted away in Pierce County. No mention is made of any staff that live in Pierce County and whether the "repositioning" is mandatory or voluntary. New staff added to the project are substantially below that projected by Seasons Pierce County as shown in the table below. Given Providence's non-response to questions A.10.a-c, it is evident that lack of adequate planning will result in short staffing, burdensomely high patient caseloads, and quality of care will fail as a result. This cycle leads to hospice revocations by patients, and failure to serve the unmet need."

"Providence states that it will divert current staff serving King County to Pierce County, which implies a decrease in service to King County residents. Providence also briefly describes its existing recruitment, retention, and training capabilities. ***No mention is made of the availability of sufficient numbers of qualified health manpower within the application. When asked during the Screening Process (Question #5) about how they will address the staffing shortage, the response of shifting existing staff from other counties or from their Home Health Agency and calling on a staffing agency does nothing to resolve the problem. Shifting staff from other locations or programs leaves those areas and programs short-staffed, and hiring temporary staff from a third party does not introduce new hospice staff into Pierce County, but simply dilutes the staffing pool."***

Rebuttal Comment
Providence provided the following rebuttal to Seasons [source: rebuttal pdf26]

"Seasons claims that Providence Hospice's "projected number of employees for the project is inadequate." However, Seasons provides absolutely no information or data to support this claim, other than a single table which purports to compare the "Projected New Employees" at Providence Hospice and Seasons. Seasons claims that the table shows that "[n]ew staff added" by Providence Hospice for its program will be "substantially below that projected by" Seasons for its program. However, given that Seasons' projected average daily census ("ADC") and ALOS greatly exceed those of Providence Hospice, it stands to reason that Seasons' program will have a greater number of "Projected New Employees." Thus, the table provides no information whatsoever about Providence Hospice's purportedly "inadequate" staffing.

Accordingly, Seasons' claim is completely unfounded and is not supported by any evidence. The claim is misleading and disingenuous, and it must be disregarded by the Department."

Department Evaluation
As a current hospice provider, Providence has an understanding of the appropriate staffing necessary to establish a health care agency. As shown in the FTE table above, only incremental increases are needed, as many staff are already in place and reside in Pierce County. Providence also identified the projected staffing ratios. The ratios are reasonable and consistent with data provided in past hospice applications reviewed by the program. Seasons did not provide a basis for the assumption that they believed that Providence's staffing levels would be inadequate, and Providence demonstrated their ability to recruit incremental staffing needed for the project.

Providence Hospice identified its existing medical director and provided a valid job description. Providence intends to use the strategies it has successfully used in the past for recruitment and retention of staff to the hospital. The strategies identified by Providence are consistent with those of

other applicants reviewed and approved by the department. The pro forma also identifies all costs associated with the services.

The department concludes Providence Hospice has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met**.

Seasons Hospice & Palliative Care of Pierce County, LLC

Seasons Hospice provided a table with information showing its projected FTEs for years 2022 through 2024. [Source: Season's Screening Response, p85]

Department's Table 43
Seasons Pierce County
FTE's Projections

FTE Type	2022 (Year 1)	2023 (Year 2)	2024 (Year 3)
Admissions	0.00	1.00	1.00
Business Dev	3.00	3.00	4.00
Business Ops	1.00	1.00	1.00
Chaplain	1.00	1.00	1.00
Executive Director	1.00	1.00	1.00
Hospice Aide	2.00	4.00	5.00
Music Therapy	1.00	1.00	1.00
Nursing	3.00	6.00	6.00
Medical Director	0.03	0.03	0.03
Physician Team Support	0.20	0.20	0.20
Social Work	1.00	1.00	1.00
Physical Therapy	0.02	0.02	0.02
Occupational Therapy	0.01	0.01	0.01
Speech Therapy	0.03	0.03	0.03
Clinical Nutritionist	0.10	0.10	0.10
Team Assistant	1.00	1.00	1.00
Team Director	1.00	1.00	1.00
Volunteer-Department	1.00	1.00	1.00
Total FTEs	**16.4**	**22.4**	**24.4**

Regarding staffing ratios, Season's explains, *"Seasons Pierce County's staffing ratios reflect similar ratios found among other hospices across the county, including other Seasons Hospice programs and are consistent with the NHPCO Staffing Guidelines for Hospice Home Care Teams."* [Source: Season's Application, pdf65]

Regarding retention and recruitment of staff, Seasons Hospice provided the following statement.

"Pierce County was last designated as a Medically Underserved Area in 1982 with a Medical Underservice Index Score of 61.2, just below the threshold of 62.0. It has three designated geographic Health Professional Shortage Areas (HPSAs), including Buckley, Eatonville/Roy, and

Longbranch. Two primary care community health clinics with multiple locations, and two Indian Health Service/Tribal Health/Urban Indian Health Organizations also qualify as HPSA. The three geographic HPSA's 2019 population of 42,130 account for less than 5% of the county's 886,775 total population. ***Seasons Pierce County will provide outreach and education to the community health centers to assure access to hospice care for their patients.***

A 2017 report from the Health Resources and Services Administration, ***Supply and Demand Projections of the Nursing Workforce: 2014-2030*** *indicates that while Washington has an adequate supply of Registered Nurses, Licensed Practical Nurses have a deficit of 27.3% of those needed by 2030. A copy of that report is included in* ***Exhibit 17.*** *Further evidence on the need for finding appropriate clinical placements for nursing students is addressed in a news article published by the South Sound Business, The Nurse-Case Scenario.*

Seasons Pierce County supports development of new talent, actively engaging the education community, providing internship opportunities and training initiatives. Continuing educational opportunities are available to both employees and the medical community. ***Through these initiatives, Seasons Pierce County is able to build a strong workforce."*** [source: Application pdf66]

Within the application, Seasons Hospice provided a signed medical director agreement for its prospective medical director, identified as Maggie Sekeramayi Morris, M.D., for the hospice agency. The agreement describes the roles and responsibilities for the prospective medical director. [Source: Seasons Application, Exhibit 3]

Public Comment

Joy S, Schneck, MM, MT-BC

"As Seasons Hospice & Palliative Care celebrates their 21st anniversary as a family-owned hospice company providing care to over 30,000 patients annually, I continue to be impressed with their ongoing commitment to provide the highest quality of care and service. The management team and staff members whom I know personally are strongly committed to the principles of patient first quality care, to the importance of education and training for both their staff members and students preparing to work in hospice care, and to sensitively caring for their patients and families. Seasons Hospice and Palliative Care is the single highest employer of board certified music therapists in the music therapy profession, not only within hospice organizations, but among all national employers of music therapists. This special commitment to end-of-life care services is an indicator and a measure of their overall commitment to sensitively care for hospice and palliative care patients and their families in the best manner possible."

Envision Hospice of Washington, LLC [source: public comment part 3 pdf5-6]

"Nurse staffing

Seasons' revised financial projections show 6.0 FTE nurses for both 2023 and 2024. It is not clear why Nurse FTE's would remain flat while annual hospice admissions are projected to increase 20%, from 248 to 297. CON Application Question #2 under Structure and Process of Care asks the applicant to provide its Staff to Patient ratios, including for Nursing. Seasons provides such ratios, but they do not drive staffing and, instead, are a product of it. Its Skilled Nursing ratios, Year 1

through 3, are 0.130, 0.125, and 0.103. If Seasons has a standard of care and/or budget guidelines for nurse staffing, it appears either Year 1 is inefficiently staffed, or Year 3 is understaffed.

Physician staffing

Seasons' Staffing tables include two types of physician staffing:

1. *Physician---Leadership (Medical Director)*
2. *"Physician – Team Support.*

The table below reflects the physician Job Titles and FTE's for each from Seasons' financial pro formas. The Annual Admissions for 2022 through 2024 are taken from Seasons' volume projections. The table combines the .23 Total Physician FTE with the annual admissions to calculate the number of physician hours Seasons has projected per admitted patient.

	FTE's 2022-2024	Annual Hours	Physician Hours per Admission, by Year		
			2022	2023	2024
			120 Adms	248 Adms	297 Adms
Medical Director	0.03	62.4	.52	.25.	.21
Physician	0.20	416	3.5	1.7.	1.4
TOTAL FTE'	**.23**	**478.4**	**4.0**	**1.9**	**1.6**

The resulting annual hours start at 4.0 hours per admission in Seasons' first year, dropping to 40% of that, 1.6 hours per admission in year 3. Seasons sets no physician staffing ratio or assumption regarding the level of physician staffing appropriate to its patients. The ratios it reports in its Worksheets are simply a product of its planned physician staffing. While there is variation between hospices in the amount of physician staffing, Seasons itself is varying substantially from year to year. With less than half the physician resources available in Year 3 compared to Year 1, one must ask which level is the most appropriate to safe, effective and cost---effective hospice patient care.

Medical director

Seasons' presentation of its Medical Director has been inconsistent --- presented as a hybrid of contractor and employee. While the Medical Director contract is for one hour per week – equivalent to 52 hours per year --- for a flat fee of $7,500 and is the same each of three years, the FTE characterization of the Medical Director's time at 0.03 FTE and would be 64.2 hours per year.

When asked in screening to clarify the time commitment of the Medical Director under the contract, Seasons did not provide a clear response, saying the 52 hours were a "minimum." The Department requires the reimbursement for services spelled out in a medical director contract to be clearly connected to the amounts in its financial pro forma. It also expects the arrangement to clearly represent fair market value of the physicians' services and not conflict with fraud and abuse laws. Seasons' lack of clarity and specificity about its arrangement with its proposed medical director has not provided the required assurance that the arrangement proposed will withstand scrutiny."

Rebuttal Comment

Seasons provided the following rebuttal to Envision's comments:

"The revised proforma increases nursing staff in 2023 from 5.0 to 6.0 FTEs as the facility ramps up its census. See Attachment 2 of the Screening Response, Workpaper 9, pages 41-42. To elaborate,

Seasons Pierce County has a staffing model for a wide range of patient volume scenarios. Staffing levels for nurses increase in what are called step functions. The hospice, for example, must hire 2.0 RNs on the day that it opens to provide coverage and continuity of care even though its actual patient volume is not such as to require the volume of worked hours implied by two nursing FTEs. For this reason, the 2 nurses will be able to accommodate growth in patient volume up to an ADC of approximately 20 patients. Once this census is exceeded, the hospice would have to hire a third nursing FTE. With three FTEs, the hospice would be able to handle a patient census between 21 and 30 patients without having to hire a fourth nurse. Once volume exceeded 30, a fourth nurse would have to be added. Under the Season's staffing model, a staff of 6.0 FTE nurses can manage a patient volume between 47 and 59 patients. It is for this reason that the staffing levels for RNs in the financial projections call for 6.0 RN FTEs in both 2023 and 2024, years in which the ADCs are projected to be 48.0 and 58.0, respectively." [source: rebuttal pdf15]

"While the staffing schedules are built on minimum standards, the ratios provided are the result of it. Seasons Pierce County ensures sufficient staff during the ramp up period in its first two years when census is increasing at a higher rate than in later years. See Attachment 2 of the Screening Response, Workpaper 10, page 46. Assumptions are found on page 54.

As discussed in the previous response, Seasons Pierce County does have a standard of care and a staffing model. The model, however, calls for hired, full-time nurses, not agency or on-call staff. This model reflects commitment to continuity of patient care and intensive training of nursing staff. The only way to achieve the consistent staffing ratios that Envision's comment appears to advocate is through the use of agency nurses who are hired and dismissed on the basis of daily fluctuations in patient census. Seasons Pierce County does not advocate such a model." [source: rebuttal pdf15]

"Seasons Pierce County's physician staffing is based on minimum standards, increasing gradually over time. Therefore, when census numbers are low, yet increasing rapidly, the resulting ratio varies from year to year. Less variance occurs in later years when census is higher and less sensitive to a small ratio. As with nursing, the Season Pierce County's model for physician staffing works on the basis of step functions. The qualified physician commitment translates into a minimal support equal to 0.2 FTEs. This level provides Seasons Pierce County with access to more direct physician care than it will in fact ever use at the highest census levels forecast in this application. It is for this reason that the number of physician FTEs does not increase and the staffing ratios decline over the duration of the financial forecast. See Attachment 2 of the Screening Response, Workpapers 9 and 10, pages 41-46. Assumptions are found on page 54." [source: rebuttal pdf16]

Department Evaluation

As a current Hospice provider, Seasons Hospice has an understanding of the appropriate staffing necessary to establish a Hospice agency. As shown in the FTE table above, 16 FTEs are needed in partial year one, which increases to just over 24 FTEs by the end of year three. Seasons Hospice also identified the projected staffing ratios. The ratios are reasonable and consistent with data provided in past hospice applications reviewed and approved by the program. Envision noted that staffing increases for RNs are very mild in the projection period. Seasons provided appropriate rebuttal, identifying that staffing will become more efficient over time. This is acceptable.

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

Seasons Hospice provided a signed medical director agreement for its prospective medical director. The agreement identifies all roles and responsibilities of the position, and includes the compensation. Envision's comments are noted, but the medical director costs are included and can be verified in the salaries line item at the equivalent to .03 FTEs, $250,000 annually per FTE. This equates to $7,500 annually, consistent with the agreement. It does not appear that the number of hours worked per week factors into the payment. Seasons was clear in their narrative that these costs are captured in the FTE table but that this is simply the place where they are captured – it is not meant to represent an employment relationship.

The department concludes Seasons Hospice likely has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Signature Hospice Pierce, LLC

To demonstrate compliance with this sub-criterion, Signature Hospice provided its projected full time equivalents (FTEs) for the Pierce County agency. The FTE table is below. [source: Screening Response Attachment 5]

Department's Table 44
Signature Pierce County
FTE's Projections

FTE Type	2020 (Year 1)	2021 (Year 2)	2022 (Year 3)
RN	1.63	3.50	4.09
LPN	0.21	0.76	1.13
Clinical Manager	0.25	1.05	1.46
Hospice Aides	1.00	1.98	3.02
Spiritual Counseling	0.28	1.01	1.51
Volunteer Coordinator	0.17	0.61	0.91
MSW	0.56	0.97	1.51
Administrator	1.00	1.00	1.00
Business Office Manager	0.78	1.00	2.00
Intake	0.70	1.33	2.00
Community Outreach	0.67	1.58	3.00
Medical Director	0.20	0.35	0.40
Total FTEs	**7.45**	**15.14**	**22.03**

In addition to the table above, Signature Hospice clarified that the medical director is an employee and is included in the table. Physical, occupational, and speech therapies are under contract and not included in the table.

Focusing on staffing ratios, the applicant provided the following table and statements. [source: Application, pdf27]

Applicant's Staff / Patient Ratio Table-Recreated

Type of Staff	Staff / Patient Ratio
Skilled Nursing (RN)	1:10
Physical Therapist	Contract
Occupational Therapist	Contract
Medical Social Worker	1:30
Spiritual Care Coordinator	1:30
Speech Therapist	Contract
Home Health/Hospice Aide	1.10
Other	Contract music, pet, and massage therapies

"Signature is confident in our projected ratios based on quality outcomes and industry benchmarks as outlined by ACHC, NHPCO and HPNA. Further we compared our proposed staffing ratios with current and past Certificate of Need applicants in Washington, and in each case found our proposed ratios comparable to those approved projects."

Signature Hospice provided the following statements regarding the recruitment and retention of necessary staff. [source: Application, p27]
"Signature Healthcare at Home owns 29 locations in home health and hospice in four states. We have a strong and proven track record for recruiting and retaining staff. We offer competitive wages, generous benefit package, professional development and clinical ladder opportunities for continuing education and higher education opportunities with financial assistance. Signature Healthcare at Home utilizes a variety of digital strategies and platforms like LinkedIn, Glassdoor, Indeed, Monster, Facebook, Career website & twitter to both actively network and recruit top talent.

Due to the nursing shortage we focus on partnering with academic institutions to build a pipeline and opportunities for preceptorship and clinical rotations.

We have a focus on retention and clinical safety which requires onboarding and ongoing competencies to ensure quality staff are prepared and knowledgeable. Signature Hospice expects no problems finding qualified health manpower and management personnel. In addition, Signature Hospice will have access to the recruiting department of Signature Healthcare at Home who brings experience and creative solutions to staffing."

Signature Hospice provided the following statements about its plans to ensure timely patient care in the event the new facility experienced barriers to staff recruitment. [source: screening response, pdf 9]
"We plan on cross-training all required disciplines, nursing, social work, and office staff from our Federal Way Home Health agency in order to provide timely hospice services. By ensuring that the staff are cross trained ahead of time, if we do encounter a staffing shortage, we will be able to take it in stride. This business practice has shown positive quality outcomes for our other operations with both lines of business. In addition, we have a strong recruiting department with focused nursing, physician and social worker sourcing tools. If necessary, we have established relationships with necessary recruiting firms."

Public Comment
Russell Hilliard, Seasons Hospice [source: public comments pdf78]
"Although Avamere acknowledges the nursing shortage in Washington, no detail is provided. While Avamere states it will "focus on partnering with academic institutions", no specific plan, agreement, or examples are given as to how this "partnership" will increase staffing availability. While the applicant's parent states having a track record of recruiting and retaining staff, few details are provided on how this is achieved, and no numbers are given to document the "track record." Furthermore, in response to ***Screening Question #17****, Avamere states that its plan to ensure timely patient care is to cross-train their Home Health Agency staff on all required disciplines. However, while cross-training may introduce existing home care nurses to hospice care, the area-wide nursing shortage persists. This does not increase the number of nurses within the county, so providers would continue to compete for staff."*

Rebuttal Comment
None

Department Evaluation
Signature Hospice would be a new provider of Medicare and Medicaid hospice services for Pierce County and based its staffing ratios on national standards. As a new provider, this approach is reasonable.

As shown in the staff table above, 7.45 FTEs are needed in year one. The number of FTEs increases to 22.03 by the end of full year three (2023).

Signature Hospice also clarified that its medical director is an employee and included in the staff table. Therapy staff would be under contract and are not included in the table above. This approach is reasonable.

For recruitment and retention of staff, Signature Hospice intends to use the strategies it has successfully used in the past for recruitment and retention of staff for its out-of-state hospice agencies. The strategies identified by Signature Hospice are consistent with those of other applicants reviewed and approved by the department. Seasons' comments appear to contradict themselves – identifying that there would still be a shortage without identifying why cross-training to avoid this issue would be inappropriate.

Based on the information provided in the application, the department concludes that Signature Hospice has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Symbol Healthcare, Inc., dba Puget Sound Hospice
To demonstrate compliance with this sub-criterion, Symbol provided its projected full-time equivalents (FTEs) for the Pierce County agency. The FTE table is below. [source: Application, pp2-28]

Department's Table 45
Symbol Pierce County
FTE Projections

FTE Type	2021 (Year 1)	2022 (Year 2)	2023 (Year 3)
Administrator	0.5	0.5	0.5
Assistant Director or Operations	0.5	1.0	1.0
Business Manager, Medical Records, Scheduling	1.3	2.2	3.2
Intake	1.0	1.0	1.0
Community Liaison	1.3	2.2	3.2
Registered Nurse	5.8	9.7	14.4
Certified Nursing Assistant	3.9	6.5	9.6
Licensed Clinical Social Worker	1.3	2.2	3.2
Spiritual Care Coordinator	1.3	2.2	3.2
Director of Patient Services	1.0	1.6	2.4
Total FTEs	**17.9**	**29.1**	**41.7**

In addition to the preceding table, Symbol clarified that the positions of medical director, physical, occupational, and speech therapists are under contract and not included in this FTE count. Additionally, Symbol provided the following statement to clarify some staffing overlap that will occur in some of the initial years following start-up. [source: Application, pp28-29]

"*Puget Sound Hospice would like to address the key role of QAPI coordinator. From the commencement of this project through 2023, the QAPI role will be performed by the Director of Clinical Services. Therefore, only 1 FTE is required for the Director of Clinical Services and no FTEs are needed during that time for a QAPI coordinator. The administrator will continually review the hospice program with the assistance of the Director of Clinical Services to determine when additional FTEs are necessary to meet the needs of our QAPI program. It is not projected that a QAPI coordinator will be needed as a separate FTE until after the agency maintains an ADC of at least 35 consistently for 3 months.*

Our Director of Clinical Services is perfectly positioned to perform QAPI coordinator roles when necessary. The Director of Clinical Services will be responsible for ensuring Puget Sound Hospice provides all necessary hospice services that support the plan of care. Acting in the QAPI coordinator role, the Director of Clinical Services establishes, implements and evaluates goals and objectives for hospice services that meet and promote the standards of quality and contribute to the total organization and philosophy. The objectives for these two roles go hand-in-hand.

Additional QAPI-related responsibilities the Director of Clinical Services will provide include:

- *provide guidance and counseling to coordinators and Clinical Supervisors/staff to assist them in continually improving all aspects of hospice care services, provided through organization personnel.*
- *Plan and implement in-service and continuing education programs to meet education and training needs of organization personnel.*

- *Evaluation of organization performance via performance improvement program, productivity, quarterly and annual reviews. Assure for the quality and safe delivery of hospice services provided through the Organization.*
- *Responsible for the implementation and monitoring of the organization's quality assessment performance improvement (QAPI) program.*
- *Responsible for ensuring processes to monitor and evaluate safety, risk management and infection control programs*."

Focusing on staffing ratios, the applicant provided the following information and statements. [source; Application, p30]

Applicant's Staff / Patient Ratio Table-Recreated

Type of Staff	**Staff / Patient Ratio**
Registered Nurses	1:12 – 0.8:12
Certified Nursing Assistant	1:10
Social Work	1:30
Spiritual Care Coordinator	1:30

"*Puget Sound Hospice is confident that our proposed staff to patient ratio is appropriate for several reasons. First, Pennant-affiliated hospice agencies have found that operating at these ratios are optimal to produce quality outcomes. Additionally, these ratios were in our 2018 hospice CN application for Thurston County, which the CN Department found to be appropriate. Further, we compared our proposed staff/patient ratios in this application with the approved 2018 hospice CN application for Snohomish County of our affiliated hospice agency, Glacier Peak Healthcare, Inc., d/b/a Alpha Hospice, which had these same ratios.*"

Symbol provided the following statements regarding the recruitment and retention of necessary staff. [source: Application, pp30-33]
"*In addition to Symbol operating a home health agency in Pierce County, its ultimate parent company, Pennant, owns 129 healthcare organizations across 13 states in the United States, including a senior living home in Redmond, Washington, as well as home health agencies in Pierce and Snohomish counties. In the experience of Pennant's affiliate health care agencies, health care employees are drawn to the Pacific Northwest Region for its outdoor experiences, culture and vitality, and if Puget Sound Hospice has qualified and experienced staff in good standing that want to move to Pierce County, or to transition from long-term care or home health to hospice, we will be glad to support that relocation or transition.*

Symbol and its Pennant-affiliates also have strong and proven histories of recruiting and retaining quality staff. We offer a competitive wage scale, a generous benefit package, and a professionally rewarding work setting, as well as the potential for financial assistance in furthering training and education.

Both Symbol and Pennant-affiliates have access to and utilize a variety of recruitment resources, including the use of social media and internet recruitment platforms such as LinkedIn, Indeed, Monster and Glassdoor, among others, and due to our employees' high job satisfaction we have

found great success in recruiting through our staff's network of other skilled healthcare professionals.

The following provides additional details as to Puget Sound Hospice's approach to recruiting and retention.

Recruiting

Puget Sound Hospice leaders will continually perform the following recruiting activities.

- *Identify any opportunity to recruit at local job fairs.*
- *Maintain a liaison with career/placement staff at regional colleges, universities, and clinical certification organizations to actively recruit its students, including offering clinical shadowing and volunteer opportunities.*
- *Join applicable healthcare professional associations.*

Puget Sound Hospice's Administrator and DCS will continually identify open positions. Determination of open positions will be based necessary staff members needed based on hospice IDT caseloads and ADC growth. This will be continuously assessed to ensure staff to patient ratios remain appropriate to maintain consistent delivery of quality patient care and ensure the IDT team/staff are not overburdened.

Once an open position has been identified the agency's leaders will do the following.

- *Email HR/Payroll Group with the standard subject line: Recruiting Need Discipline. The content of this email will set out the following information as to the open position:*
- *FTE*
- *Discipline*
- *Territory*
- *Rate Sets*
- *Urgency of fill: Immediate, moderate, low*
- *Potential Hire date*
- *Bonus – Sign on – automatic for urgent need, hard to fill.*
- *Post open position in Workday via human resource information system provided by Pennant Services.*
- *Post open position on job boards on LinkedIn, Indeed, Career Builder, Glassdoor.*
- *Share the job posting on agency social media.*

Once a candidate has been identified the agency will follow its standard screening process:

Step 1. Perform phone interview of candidate, screening for relevant experience, positive attitude, and discuss compensation.

Step 2. DCS in-person or video conference interview with clinical candidate; Administrator or DCS in-person or video conference interview with administrative candidate.

Step 3. Ride-along with clinical staff (only clinical candidates with little or no hospice experience)

Step 4. Candidate interviewed by 2-4 agency staff.

Once agency leadership decide to extend the candidate an offer the agency will follow its standard process:

- *Agency administrator or HR designee will:*
- *Provide candidate with offer letter setting out the duties of the position, rate of compensation, start date, and directions on how to accept the offer.*
- *Perform a background check compliant with state law, which will include primary source verification of licensure, if applicable.*
- *Instruct candidate as to how to perform drug screen.*
- *Perform reference checks for references identified by candidate.*
- *Notify candidate on necessary items to bring on start date for onboarding (e.g., identification documentation for I-9).*
- *Inform agency leaders and appropriate staff regarding the candidate's acceptance/rejection of offer, candidate's start date, and any additional pertinent information.*

Retention

- *With retention even more important than recruitment, all Pennant-affiliates are provided resources and support from Pennant Services to provide rigorous department orientation, clinical and safety training, initial and ongoing competencies assessments, and performance evaluations.*
- *Staff will be trained on our core values: Celebration, Accountability, Passion for Learning, Love One Another, Customer Second, Ownership. These core values will guide all of our decisions and will form the basis for expectations of the staff.*
- *Agency will have weekly rounding/one-on-one sessions during first 90 days with director or designee. Quarterly thereafter.*
- *Staff will have 90-day and annual reviews, allowing open dialogue about the employee's performance, concerns, and feedback.*
- *We offer programs for CEU and tuition reimbursement.*
- *We offer competitive benefits, including health care, dental, vision, paid time off, and more.*
- *We perform an anonymous employee satisfaction survey annually to gauge employee satisfaction.*
- *We provide ongoing professional training based on needs identified in our QAPI program, annual compliance and profession-specific training, and regular in-service training*."

Symbol further provided the following statement about its plans to recruit its necessary staff. [source: April 22, 2020, screening response, pdf11]
"*Aside from the Administrator and Medical Director, key staff have not yet been identified. We plan to begin recruiting for key staff in July 2020, and will continue to recruit through September until all positions are filled. We currently have many home health clinicians supporting Pierce County. Several individuals in our home health organization have expressed interest in working for the hospice agency but we will not pursue this until we learn that we have been awarded the CN.*

Our recruiting practices include keeping core positions posted for all the markets we are in or anticipate being in. This allows candidates uninterrupted access to the positions we hire for. We recruit in this way both locally and nationally through job sites such as Indeed as well as Workday, which is our HR cloud based software system. We also benefit from existing employees and partners in the community helping us find and hire talented people for all of our agencies. We expect this to continue."

Public Comment
Providence Health & Services [source: public comment pdf46]
"Symbol, for example, projects registered nurses will earn $75,000 per year, which is approximately $14,000 per year less than median earnings for registered nurses in the Seattle-Tacoma-Bellevue Metropolitan Statistical Area (Seattle MSA)."

Rebuttal Comment
None

Department Evaluation
Symbol would be a new provider of Medicare and Medicaid hospice services for the residents of Pierce County and based its staffing ratios on national standards. As a new provider, this approach is reasonable.

As shown in the FTE table, 17.90 FTEs are needed in the first full year of operation (2021), which increases to 41.70 FTEs by the end of full year three (2023). Symbol also clarified that its Medical Director and therapy staff would be contracted and are not included in the FTE table. This approach is reasonable.

For recruitment and retention of staff, Symbol intends to use the strategies it has successfully used in the past for its hospice agencies. Providence provided comments stating that Symbol's projected annual salary for registered nurses is markedly below that of that of the region's median. Symbol did not provide rebuttal.

Public comments suggest that the proposal will struggle with recruitment of necessary staff. Symbol was provided the same opportunity as the other applicants to provide rebuttal on all comments submitted on its application. Given the department did not receive any rebuttal comments to address the comments about noncompetitive wages, the department has only the information provided in the initial application and screening responses for consideration under this sub-criterion. The CN program does not set wage levels for staff – though other providers may pay more, this does not automatically mean that Symbol will be unable to recruit and retain staff. Based on the information available, the department determined that Symbol likely has the ability and expertise to recruit and retain a sufficient supply of qualified staff for its Pierce County project. **This sub-criterion is met.**

Wesley Homes At Home, LLC
To demonstrate compliance with this sub-criterion, Wesley Homes provided the following staffing ratio and FTE estimates. [source: Application pdf23-24]

Type of Staff	Staff / Patient Ratio		
	2021	2022	2023
Skilled Nursing (RN & LPN)	8.8	8.3	8.9
Hospice Aide	12.1	11.7	11.9
Medical Social Worker	22.8	22.8	22.8
Spiritual Care	30.4	32.4	32.4
Volunteer Coordinator	32.4	32.4	32.3

Source: Applicant

Department's Table 46
Wesley Homes Pierce County
FTE Projections

FTE Type	2021 (Year 1)	2022 (Year 2)	2023 (Year 3)
Registered Nurse	1.5	3	4
Home Health Aide	2	3	4
Social Work	0.6	1	1.6
Volunteer Coordinator	0.6	0.8	1.2
Bereavement	0.6	1	1.2
Administrative Assistant	0.5	0.5	0.5
Manager	0	0.8	1
Total	**5.8**	**10.1**	**13.5**

In addition to the table above, Wesley Homes identified the services that would be provided under contract, including Physical Therapy, Occupational Therapy, and Medical Director services.

"Wesley Hospice's staffing ratios are in-line with national averages. In fact, Wesley Hospice proposes lower (better) staff to patient ratios for nursing and medical social work than the national average. This is based on our experience that carrying a higher skilled nursing and social work staff is often necessary to address the complex and changing needs of hospice patients." [source: Application, pdf24]

Wesley Homes provided the following statements regarding the recruitment and retention of necessary staff.

"Management as well as some of the clinical staff are already in place. WHAH has home health nurses that are also cross trained in hospice and can be shared with the two programs. This also helps with continuity of care as some patients can have the same caregiver regardless if they are in home health or hospice. Wesley is a well-established, highly regarded long-term care provider. Because of this distinction, we have historically not experienced any major difficulty recruiting qualified personnel. These facts, coupled with: 1) the relatively small number of staff needed to operate in Pierce County, and 2) our ability to recruit from both King and Pierce Counties, has led us to conclude that we will not have any significant problems recruiting the needed staff." [source: Application, pdf25]

"Wesley has had great success with recruiting and retaining staff and has consistently been able to ensure timely care through sufficient staffing. Wesley posts open positions on a number of job boards such as LinkedIn, Indeed, Career Builder and Glassdoor. We also use the various State Association sites and Leading Age (the State's long-term care association). We attend job fairs and work closely with local colleges for clinical rotations and recruiting. We have also experienced success by promoting the Wesley Employee referral bonus policy and have been very successful in utilizing 'word of mouth' and other personal referral processes in our recruitment efforts.

Because of our location in South King County we also outreach to specific underserved populations to make them aware of our unique training program. Ethnic and minority groups are often traditionally underserved by hospice programs, and with our focus on South King and Pierce

County, diversity is a fact we embrace. Wesley has comprehensive cultural competency and outreach programs that have enjoyed great success. These programs use our multicultural staff to train other staff in recognizing and valuing different cultures, including various aging beliefs and rituals surrounding death and dying. During the past three years throughout the Wesley system we have been able to maintain a highly diverse employee base with a number of first-generation immigrant staff from the Ukraine, Philippines, and Kenya. Our hospice patients and their families have been receptive to/comforted by having their beliefs and traditions represented by caregiver staff. These culturally diverse teams that are inclusive and reflective of the communities that they serve will help ensure culturally sensitive information is available and accessible to traditionally underserved groups." [source: screening response pdf7]

Public Comment

Russell Hilliard, Seasons Hospice [source: public comments pdf39-40, 42]

"Wesley identifies new staff for its Pierce County operations, yet states that it can open "immediately upon CN approval". Wesley also does not address the staffing shortage. Therefore, the hospice will not be able to meet its projections until it has time to hire the necessary staff."

"Wesley Homes at Home has an existing hospice program serving adjacent King County, but fails to provide existing staffing. Projected staffing appears low, totaling 5.8, 10.1 and 13.5 FTEs, respectively for the first three years, and is insufficient to adequately serve projected unmet needs in Pierce County."

"Wesley fails to address staffing availability issues within Washington, and provides no information on recruitment and retention efforts until responding to Screening Question #11. As one solution, Wesley states having existing home health nurses that are cross trained in hospice that can be shared between the two programs. However, rather than providing continuity of care, this may limit availability and quality of services as nursing staff are spread over a larger number of patients with a greater variety of needs."

"Wesley states having experience through its independent, assisted and skilled nursing services since 1944 in King County, and now includes Pierce County. The Executive Director and her professional license (RN) number is identified, along with a list of credentialed staff. However, no specific hospice experience is demonstrated and no resumes are included.

Furthermore, in response to Screening Question #13 requesting a timeline for the recruitment and hiring of key staff, Wesley boasts of being staffed and positioned to start providing hospice services in Pierce County "immediately upon CN approval". Although Wesley has a waiver under the Governor's Proclamation 20-36 to temporarily provide hospice services in Pierce County, the waiver in no way suggests that service continue or that Wesley should receive any preference for the CN award. Attachment 3 to the Screening Response is a Staffing Table, demonstrating that the only overlapping staff are administrative staff. Therefore, Wesley would not be able to immediately start providing service in Pierce should the waiver expire and until the program is licensed and staffed appropriately subsequent to approval. Any shift in nursing staff from King to Pierce County would dilute the staffing pool, which in turn would decrease access."

Puget Sound Hospice [source: public comment pdf7]

Wesley' staffing table shows the RN, LPN, MSW and Chaplain FTE's as static for years 2020- 2023. While the financials show a significant increase in hospice patient revenue year over year from 2020 to 2023, which requires an increase in census year over year, the FTE's stay the same. Under normal conditions the FTE number will go up with significant census increases.

Rebuttal Comment

"Staffing is not "static" or nor insufficient (Symbol, p. 6 and Seasons, p. 39). Consistent with each of the seven other applicants, Wesley proposes to add incremental clinical staff as census grows. For example, RNs will increase from 1.5 FTEs to 4.0 FTEs by 2023 and both the Chaplain and Volunteer Coordinator FTEs increase over the three-year project. However, because Wesley is simply adding the Pierce County operations to King County, some administrative positions will not be increased (Executive Director, Business Director and Billing Specialists).

Providence misunderstood Wesley's allocation of shared staffing. Wesley identified the staff to be shared (hourly rate x FTE). These total costs to be shared were then divided by estimated patient days for both King and Pierce County to determine the average cost per patient day.

Wesley has already demonstrated that it will have sufficient staff to meet projected census. Wesley is an existing provider of hospice services and as such, has staff already available and willing to serve Pierce County hospice patients (demonstrated by its ability to begin providing services under the Governor 's COVID-19 related Proclamation 20-36)."

Department Evaluation

Wesley Homes would not be a new provider of Medicare and Medicaid hospice services for Washington State, but would be a new provider for Pierce County. They based staffing ratios on existing experience, exceeds national standards. As an existing provider in the state, this approach is reasonable.

As shown in the FTE table, 5.8 FTEs are needed in the first full year of operation, which increases to 13.5 FTEs by the end of full year three. Wesley Homes also clarified which staff would be contracted.

For recruitment and retention of staff, Wesley Homes intends to use the strategies they have successfully used in the past for recruitment and retention of staff for their existing operations in Washington state. The strategies identified by Wesley Homes are consistent with those of other applicants reviewed and approved by the department. Public comment questioned the reliability of Wesley Homes staffing assumptions, and the reasonableness of the ratios over time. Wesley Homes provided rebuttal clarifying their position.

Based on the information provided in the application, the department concludes that Wesley Homes has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. The department concludes that **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) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that an agency must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's ability to establish and maintain appropriate relationships.

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

In response to this sub-criterion, Bristol provided the following information. [source: Application, pp23-24]

"*Bristol uses the following support services partners and services for ancillary needs.*

Durable Medical Equipment	*X-Ray*
Pharmacy	*Laboratory*
Medical Supplies	*Ambulance or medical transport*
Physical Therapy	*Biowaste disposal*
Dietitian	*Inpatient Care*"

Bristol provided a copy of every other page of a Medical Director and Physician Services Agreement between Sabine Von Preyss-Friedman, MD and Bristol Hospice-Pierce, LLC. [source: Application, Exhibit 2]

Public Comment

Puget Sound Hospice [source: public comment pdf5]

"*Bristol's Medical Director Contract is missing every other page and there is no contracted MD pay rate. An MD pay rate of $300 per hour is referenced, which is approximately $110 per hour more than the market rate. The State is left with no MD pay rate to work with, which means financial feasibility and cost containment cannot be determined. This application must be denied for these reasons*."

Rebuttal Comment

Bristol provided the following rebuttal comments directly related to the public comments received by the department related to this sub-criterion.

Bristol Hospice – Pierce, L.L.C. Response: [source: Bristol's July 17, 2020, rebuttal comments, pdf2-3]

"*Symbol submitted a brief note with concerns on MD rates, overhead allocation, and startup costs. On January 28th the DOH asked that Bristol mail in hard copies of their application, within these hard copies that were mailed in there is not a scanning issue with every other page. If there is further concern with this Bristol is happy to provide another copy as a condition of being awarded the CON. The startup costs and overhead costs are very standard industry amounts. Bristol started in 2006 and has locations across 8 states, its costs are validated by years of experience and industry knowledge*."

Department Evaluation
Bristol is not currently a Medicare and Medicaid hospice provider in Washington State; however the organization does operate hospice agencies in a number of other states. This project proposes to serve the Pierce County patients from a new office in Pierce County.

Bristol provided a listing of the types of ancillary and support agreements it would use for the new hospice agency. Given that the facility is not yet operational, none of the agreements have been executed. Bristol twice provided a copy of every other page of its executed Medical Director and Physician Services Agreement. First in its initial application materials as Exhibit 2, and then again in response to screening, as Attachment 6. Bristol asserts in rebuttal that on January 28 the department requested and received hard copies of this Exhibit without missing pages. A month later on February 28 the department sent out screening questions letting the applicant know that the pages were missing. In screening responses received by the department on April 22, Bristol acknowledged the question about missing pages and sent a response with the required pages still missing.

Based on the information available, the department is unable to conclude that Bristol has the experience and expertise to establish appropriate ancillary and support relationships for the new hospice services in Pierce County. Based on the information, the department concludes **this sub criterion is not met.**

Continuum Care of Pierce LLC
In response to this sub-criterion, Continuum provided the following statements and information.
"Continuum will directly provide the majority of ancillary and support services needed. Continuum will solicit the following ancillary and support services and will finalize vendor selection after CN approval.

- *Inpatient Care*
- *PT/OT/ST*
- *X-Ray*
- *Pharmacy*
- *Durable Medical Equipment*
- *Medical Supplies*
- *Laboratory*
- *Dietary/Nutritionist*
- *Ambulance*
- *Biowaste removal*
- *Specialty therapies*"
  [source: Application, p33]

"*Continuum proposes to work closely with local physicians, hospitals and other providers to ensure patients' comprehensive medical, social, and spiritual needs are met. In addition to these direct care providers/referring agencies, and while no agreements are in place at this time, specific providers that Continuum intends to develop working relationships with include:*

- *Pierce County Area Agency on Aging.*
- *Home Care Association of Washington and the National Association for Home Care*
- *DSHS, Aging and Disability Services*
- *Home Health and home care agencies*

- *Nursing Homes, Assisted Living and Adult Family Homes*
- *VA*
- *HMOs and other payers*
- *Washington State and Pierce County Veteran's Programs.*
- *Tacoma Pierce County Health Department*

In addition, because we will have a specific focus on building trust with and providing care to the underserved populations in the County, we will seek to partner with existing community resources serving these populations including but not limited to a variety of social, community organizations and places of worship, such as:

- *For African American community, the local Chapter of the NAACP, Urban League, Black Collective, Churches and Community Centers.*
- *For the American Indian community, Tribal leadership and tribal health care.*
- *For the Asian community, Asian Pacific Islander Coalition (APIC), churches.*

Continuum will develop transfer agreements with local hospitals and nursing homes. Informal cooperative agreements-but not formal written agreements, are also planned with ambulance, the Fire Department and the Coroner's office." [source: Application, p34]

Continuum provided a copy of the executed Medical Director Services Agreement between Continuum Care of Pierce LLC and Don Nguyen, MD. The agreement was executed on January 31, 2020, and outlines roles and responsibilities for each. The agreement is effective for one year, with automatic annual renewals in perpetuity (evergreen clause). [sources: Application, Exhibit 2 and March 31, 2020 screening response, p14 and Attachment 2]

Public Comment

During the review of this project, two entities provided comments related to this sub-criterion. The comments are restated below.

Envision Hospice, LLC

"Medical Director hours and pay

In its unsigned contract, Continuum proposes to pay its medical director the same amount each year, regardless of patient volume and workload. The dollar amount paid to the medical director for the care of each patient over the average 60 day stay starts at $571 in 2021 and drops to $116 by 2024.

Medical director compensation per patient episode, Continuum Hospice, Pierce County				
	2021 (6 months)	2022	2023	2024
Projected Patient Admissions	42	231	316	413
Compensation per Patient @ $48,000 per year	$571	$208	$152	$116

It is unclear whether appropriate patient care and oversight can be provided in light of Continuum's proposed medical director agreement. While the unsigned contract states the medical director payment is based on "fair market value" the payment changes by a factor of five and does not appear to be related to the work required."

Puget Sound Hospice [source: public comment pdf4]
"Continuum Hospice's medical director compensation structure is inconsistent with the Federal Anti-kickback Statute and cannot be relied on when analyzing its financial projections. Continuum's MD contract States, "ORGANIZATION will pay MEDICAL DIRECTOR as follows: $4000 Monthly Stipend". This stipend arrangement, which provides a payment of $4,000 even if no services are performed, does not comply with the Anti-kickback Safe Harbor provisions requiring compensation to be fair market value.

This comment is not intended to be an accusation that Continuum is in violation of Federal criminal law or has any intention to violate Federal law. Only, that its proposed medical director compensation is not allowed under the law; which means it must provide a compensation structure that is different from the one it has presented. In lieu of this, there is no way for the State to accurately analyze the costs presented by Continuum in its application. Its application must be denied."

Rebuttal Comment
Continuum provided the following rebuttal comments directly related to the public comments received by the department related to this sub-criterion.

Continuum Care of Pierce LLC Response: [source: Continuum's August 1, 2020, rebuttal comments, p4]
"▪ ***Continuum's medical director agreement and fees meet CMS requirements. The fees are also an exact match with the pro forma.***
Competing applicants raise false and inaccurate claims about Continuum's medical director agreement. As can be clearly identified in our CN application and again in the Attachment 2 Addendum in our screening response, the Medical Director agreement is a signed and valid agreement. The duties referenced in the agreement are fully compliant with Medicare regulations, and importantly, this arrangement is compliant with federal anti-kickback regulations under a "safe harbor" scenario – with compensation set in advance and not connected to volumes or referrals."

Department Evaluation
Continuum is not currently a Medicare and Medicaid hospice provider in Washington State; however the organization does operate hospice agencies in a number of other states. This project proposes to serve the Pierce County patients from a new office in Pierce County.

Continuum provided a listing of the types of ancillary and support agreements it would use for the new hospice agency. Given that the agency is not yet operational, none of the agreements have been executed. Continuum provided a copy of its executed Medical Director Services Agreement and Addendum. While Continuum's medical director contract came under scrutiny from two of the other applicants related to the nature of compensation – alleging that the compensation is in violation of federal regulations. The department declines to reach a conclusion on this criticism as it is outside the purview of the Certificate of Need program.

Information provided demonstrates that the proposed hospice agency would have the experience and likely access to all hospice ancillary and support services used by the facility. Based on the information reviewed, the department concludes that Continuum has the experience and expertise to establish appropriate ancillary and support relationships for the new hospice services in Pierce County. Based on the information, the department concludes **this sub criterion is met.**

Envision Hospice of Washington, LLC

In response to this sub-criterion, Envision provided the following information. [Source: Application, pp52-53]

"***Vendors***

Please see Appendix U for a list of proposed vendors. This list is based heavily on vendor relationships already in place for Envision Home Health of Washington and Envision Hospice of Washington in King, Snohomish, and Thurston and Counties.

Inpatient contractors

For General Inpatient Care and for Respite Care, the proposed hospice will develop contracts with one or more local facilities.

General Inpatient Care

For Pierce County, Envision will initiate relationships on approval of its Pierce County CON and anticipates developing 'general inpatient care' contracts with local hospitals that serve the area. In particular, Envision expects to develop GIP contracts with

- *any Pierce County hospitals whose physicians and discharge planners refer patients to Envision Hospice and with*
- *the regional hospital systems that serve the Pierce County inpatient market, to include CHI-Franciscan/VM, MultiCare, Providence St. Joseph including Swedish and UW/Harborview.*

Respite Care

Respite care is typically provided in skilled nursing facility or nursing home beds. In Pierce County, Envision does has [sic] not yet initiated contracts with Pierce County nursing facilities for respite care. On receipt of a Pierce County Certificate of Need, Envision will reach out to local nursing facilities to determine the best option for contracting for respite care for Pierce County hospice patients.

In-home care for nursing home residents

In addition to arranging for General Inpatient Care and Respite Care, Envision will also make arrangements with area nursing homes so that long term residents, for whom the facility is home, are able to receive routine in-home hospice services there.

Criteria for selection

In selecting inpatient providers with which to contract, Envision will apply the following criteria:

Of the potential hospital contracts available, Envision believes each provides high quality care. Envision plans to contract with each facility willing to do so. Criteria for contracting and referral of specific patients will include:

a) *availability of inpatient hospice beds appropriate to GIP admissions (i.e., least restrictive environment and/or availability of a home-like setting*
b) *availability of appropriate clinical resources and beds for Envision's patients*
c) *relative geographic access of the facility for the patient's primary care team and/or potential visitors.*
d) *availability of a palliative care in-patient team or a hospitalist team that includes individuals with palliative care expertise.*

e) compatibility with Envision's adopted policies honoring a patient's End of Life choices
f) cost containment

<u>Respite Care</u>

a) availability of inpatient hospice beds appropriate to 'respite care'
b) availability of clinical resources needed for Envision's patients
c) relative geographic access for the patient's primary care team and/or potential visitors.
d) compatibility with Envision's adopted policies honoring a patient's End of Life choices
e) cost containment
f) availability of a home-like setting
g) nursing facilities already contracting with Envision for it to provide in-home hospice visits to its long-term care residents"

Envision also provided a list of vendors that would be used at the new Pierce County agency. [Source: Application, Exhibit U]

Vendor List, Envision Hospice of Washington LLC

Alphagraphics	business cards
BKD CPA's/Advisors	cost reports and consulting services
Blue Fin Office Group	office supplies
Briggs Corporation	medical forms
Comcast Business	Communications technology
Comprehensive Home & Companion Svcs. LLC	Temporary staffing agency
Copiers NorthWest	Copier service
Corporation Service Company	Marketing services
De Lage Landen	Office equipment
Ducky's Office Furniture	Office furniture
FastSigns	Signage
First Advantage Background Services Corp	Background checks
GoDaddy.com	Website design
Gordon's Copy Print	Printing
Gulf South Medical Supply	medical supplies
Hansen Creative	marketing designs and layouts
Heath & Company CPA, LLC	Accountants
Home Health Coding Solutions	Medical records management
Independence Rehab	contract therapy services
Integra Telecom	Internet and phone
Kleenwell Biohazard Waste	Bio-waste management
Les Olson Company	Office equipment
McGee's Stamp & Trophy Co	name badges
McKesson Medical Surgical	Medical supplies
MedForms, Inc.	Medical forms
Medical Forms Management, Inc.	Medical forms
Oldham Technology	IT services
Optum Healthbank	health savings account
Payroll Experts	Payroll processing
Philadelphia Insurance	liability insurance
Quality Logo Products	Marketing
Roadrunner Print & Copy	Printing
Seagull Printing	printing services
Shred-IT USA	Document shredding
Smart Scrubs	nursing and aides scrubs/uniforms
Stericycle, Inc.	Sharps management & hazardous waste
Strategic Healthcare Programs, LLC	Clinical & financial benchmarking
T-Mobile	Mobile phones
The UPS Store	Document shipping
United Health Care	company health benefits
USPS	Document shipping
Verizon Wireless	cell phone service
Washington Labor & Industries department	workers compensation
Waste Management	Waste management & recycling

Envision provided a copy of the medical director's job description since the Medica Director, Rebecca March, DO will be a direct employee of Envision. Since the hospice anticipates in year two to exceed the average daily census which equates an appropriate staffing ratio for the Medical Director, it anticipates hiring additional physicians to meet client needs. The job description includes the required qualifications and expectations of the Medical Director. [source: Application, p8, Appendix C]

To clarify the role of the hospice physician, Envision provided the following statement and a Draft Job Description. [sources: April 30, 2020 screening response, p7 and May 27, 2020 screening response, Attachment C]]

"*Role of 'hospice physician' at Envision*

Because CMS requires a hospice have a single medical director, it is important for every hospice to have physicians who can provide back-up for the hospice medical director, such as taking call and covering for the medical director while he or she is on vacation. Large hospices that cover multiple

service areas also rely on a single overall medical director - as CMS requires - and augment the medical director's role by adding 'area medical directors,' 'associate medical directors' or 'hospice physicians."

Note that the proposed staffing and financial proformas in the Envision applications for Pierce and Kitsap Counties provide for a combination of the medical director plus the additional FTEs for the job title of "hospice physician."

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Envision is currently a Medicare and Medicaid hospice provider in Washington State. This project proposes to expand an existing agency to serve patients in Pierce County. The proposed hospice agency would be co-located with its home health affiliate in Tacoma within Pierce County, while maintaining a mailing address at its parent's office in Olympia.

Envision provided a list of ancillary and support services it would use for the proposed project. Included is a Medical Director Job Description, with the candidate's resume. Information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all hospice ancillary and support services used by the facility.

Based on the information reviewed, the department concludes that Envision has the experience and expertise to establish appropriate ancillary and support relationships for the proposed project in Pierce County. If this project is approved, the department would attach a condition requiring the applicant to provide a signed job description consistent with the one provided. The department concludes that **this sub-criterion is met**.

Providence Health & Services-Washington dba Providence Hospice of Seattle
Providence provided the following information in response to this sub-criterion:

"Providence Hospice of Seattle has deep roots in the community and has been providing hospice services for more than three decades. Consequently, Providence Hospice of Seattle has well-established existing internal and external relationships able to provide ancillary and support services. The existing ancillary and support services include but are not limited to the following:

- ***Physical Therapy and Speech Therapy:*** *Providence Hospice of Seattle contracts for these services with Providence Home Health – King County (internal agency).*
- ***Dietary Services:*** *Providence Hospice of Seattle contracts for these services with Providence Home Health – King County (internal agency).*
- ***Home Medical Equipment:*** *Providence Hospice of Seattle has an agreement with Bellevue Healthcare to provide home medical equipment.*

- ***Pharmacy:*** *Providence has relationships with various pharmacies and pharmacy benefit managers to provide appropriate pharmaceutical care (please see the answer to question 10 below for a detailed list of providers).*
- ***Respite Care:*** *Providence Hospice of Seattle has agreements with several skilled nursing facilities in King County to provide respite care services (please see the answer to question 10 below for a detailed list of nursing homes).*
- ***Massage and Music Therapy:*** *Providence Hospice of Seattle contracts with various massage and music therapists to provide services to Providence Hospice of Seattle patients. Please see Table 19 for a list of massage and music therapists contracted by Providence Hospice of Seattle."*
- ***Bereavement Services:*** *Bereavement services are provided by Providence Hospice of Seattle for 15 months after the death of a loved one. Services include a wide variety of educational bereavement support groups, individual counseling, and memorial events. These services also are provided to anyone in the community, even if they do not receive our hospice services.*
- ***Safe Crossings:*** *Pediatric grief support services are provided by Providence Hospice of Seattle to children, teens, and their families prior to and after the death of a loved one. Services include individual counseling, support groups, and memorial events. These services are provided to anyone in the community, even if they do not receive our hospice services, and also include bereavement groups in schools and trauma-informed grief services.*
- ***Camp Erin:*** *Providence Hospice of Snohomish started Camp Erin with a seed grant from the Moyer Foundation in partnership with the parents of the camp's namesake, Erin Metcalf, a 17-year-old hospice patient who passed away in 2000. Providence Hospice of Seattle was the second organization to hold Camp Erin and has been holding one annual camp session for both children and teens since 2004. Camp Erin is a camp for children who have had a significant death in their family. The camp supports children in building a community and feeling they are not alone in their grief. The camp provides grief education and fun camp activities.*

The relationships demonstrate Providence Hospice of Seattle has the capabilities to meet the service demands for the project. Once the project is approved, Providence Hospice of Seattle will work to make any necessary adjustments or amendments to the agreements in order to provide the full spectrum of hospice services in Pierce County. In cases where the expansion of ancillary services into Pierce County is not possible with the existing provider, Providence Hospice of Seattle will develop new relationships to meet the needs of hospice patients in Pierce County.

In addition, support services, including finance, billing (revenue cycle), human resources, and compliance and risk, are provided by internal shared services staff located in the Tukwila office. The existing support staff is sufficient to support additional services in Pierce County. [source: Application pdf47-49]

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Providence Hospice of Seattle is currently a Medicare and Medicaid hospice provider. This project proposes to establish a new service in Pierce County. The proposed hospice agency would be located in Tukwila, just across the King County and Pierce County border. Information provided in the application demonstrates that the hospice agency would continue to have access to all ancillary and support services used. This includes the existing medical director arrangement.

Information reviewed in the application demonstrates that Providence has the experience and expertise to maintain appropriate ancillary and support relationships for their hospice agency's operations in Pierce County. Based on the information, the department concludes **this sub criterion is met.**

Seasons Hospice & Palliative Care of Pierce County, LLC
Seasons Hospice provided the following statement related to the proposed hospice agency ancillary and support services. [Source: Season's Application, pdf72, Exhibit 18]

"Seasons Pierce County uses employees to deliver services, and contract personnel to supplement the skills that may not be routinely available among the employees when the plan of care requires such services. Most often, these contract services include physical, respiratory, speech, and occupational therapists. A patient may also require acupuncture, massage, or other palliative treatments for which a licensed professional is required.

Because ancillary personnel serve under contracts, they augment the plan of care by adding some additional services specified in the plan of care. At all times, Seasons employees are in control of the delivery of care, and retain control, thus assuring that the contracted personnel can meet the service demand. Contract employees are also discussed in previously mentioned policies, appearing in Exhibit 18.

Some hospices consider music therapy and dieticians as ancillary services but Seasons identifies them as core team members; they are included in the interdisciplinary group."

Season's also provided copies of the following policies that outline the details and procedures with the services.
- Standards of Practice
- Contracted Services
- Financial Management

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Seasons Hospice is not currently a Medicare and Medicaid hospice provider in Washington State. The Seasons organization does operate hospice agencies in a number of other states. This project

proposes to establish a new service in Tacoma, within Pierce County. Information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all ancillary and support services proposed to be used by Seasons Hospice.

Information reviewed in the application demonstrates that Seasons Hospice has the experience and expertise to establish appropriate ancillary and support relationships for a new hospice agency. Based on the information, the department concludes **this sub criterion is met.**

Signature Hospice Pierce, LLC

In response to this sub-criterion, Signature Hospice provided the following information. [source: Application, pdf28]

"Signature Hospice Pierce anticipates using many of the same support services as our sister companies, Queen Anne Healthcare (Avamere Group facility), Signature Home Health in Bellevue & Federal Way currently utilize. Upon CN approval Signature Hospice will enter into new contracts with vendors to include, Physical, Occupational, Speech, dietary, pharmacy, inpatient, respite in addition to pet, massage or art therapy etc. In addition, Signature Hospice Pierce will utilize the Avamere Health services management company for legal, IT, HR & accounting, and revenue cycle support."

Even though the medical director is an employee, a medical director agreement will be established for those services. A copy of the draft agreement was provided in the application, along with the job description. The draft agreement was initialed by both Floyd Sekeramayi, MD and a representative of Signature Hospice. The agreement and outlines roles and responsibilities for each. The agreement is effective for one year, with automatic annual renewals in perpetuity. [source: screening response, Attachment 2]

Public Comment
None

Rebuttal Comment
None

Department Evaluation

The applicant, Northwest Hospice, LLC, is not currently a Medicare and Medicaid hospice provider in Washington State; however the organization does operate home health agencies in Bellingham, Federal Way, and Seattle. The applicant also operates both home health and hospice agencies in the states of Idaho, Oregon and Utah. This project proposes to serve the Pierce County patients from a new office in Federal Way.

The applicant provided a listing of the types of ancillary and support agreements it would use for the new hospice agency. Further some services would be provided by its parent Avamere Health for legal, IT, HR & accounting, and revenue cycle support. Given that the facility is not yet operational, relationships have yet to be established. However, information provided in the application demonstrates that the new hospice agency would likely access appropriate support services if this project is approved.

Signature Hospice provided a copy of its draft Medical Director and Physician Services Agreement. In conclusion, information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all hospice ancillary and support services used by the facility.

Based on the information reviewed in the application, the department concludes that Signature Hospice-Pierce has the experience and expertise to establish appropriate ancillary and support relationships for the new hospice services in Pierce County. As previously stated, if this project is approved, the department would include a condition requiring a copy of the executed Medical Director Agreement. Provided the applicant agrees with the condition, the department concludes **this sub criterion is met.**

Symbol Healthcare, Inc., dba Puget Sound Hospice

In response to this sub-criterion, Symbol provided the following information. [source: Application, pp34-35]

"*Puget Sound Hospice anticipates leveraging Puget Sound Home Health staff to provide the ancillary services of physical therapy, occupational therapy, and speech-language pathology. Support services that will be provided via contract include: alternative therapies (pet, music, art, etc.), dietary, pharmacy and inpatient/respite. With our numerous preferred providers; Northwest Physician Network, Washington's Largest Specialist Network, and The Home Doctor, a locally owned and operated visiting physician group, we will continue to be a strong community partner delivering a high level of quality care, through a well-established clinical and administrative team. Symbol is also a member of the Rainier Health Network, an Accountable Care Organization solely owned by CHI Franciscan Health whose hospitals include St. Josephs, St. Anthony's, and St. Clare's within Pierce County.*

Puget Sound Hospice is well aware of the fact that Medicare, Medicaid, and health care in general is a heavily regulated and complex. This demands that hospice providers have sophisticated processes, personnel, and expertise in order to meet the compliance, clinical, and operational standards required of it. To ensure Puget Sound Hospice has this level of sophistication, it contracts with its affiliate, Pennant Services. See attached Operational Support Agreement, Exhibit 12. Pennant Services will provide Puget Sound Hospice with teams of experts in the field of hospice to provide expertise in areas including quality integrity and improvement, human resources, legal, accounting, revenue cycle management, information technology, business data analytics, compliance auditing and assessment, and clinical education and training. With Pennant Service's support, Puget Sound Hospice already has the infrastructure, support, and platforms to provide a high degree of care. And while Pennant Services offer contracted services, the relationship between Pennant Services and Puget Sound Hospice is truly viewed as a partnership. This piece of Puget Sound Hospice's model provides it with more than consultative service, it provides it with teams of partners at Pennant Services whose success will be measured by the success of Puget Sound Hospice.

Much like the Hospitals for Healthier Community (HHC) Priorities have outlined (CHNA, 2019), Symbol commits to aligning with hospitals/health systems, and the post-acute care community to improve access to care for Pierce County residents.

Puget Sound Hospice is currently developing formal relationships with a medical director, local hospitals, nursing homes, including our sister facility, Olympia Transitional Care and Rehabilitation, and healthcare facilities and payers who will collaborate with Puget Sound Hospice to facilitate quick referral uptake (timely patient care), and coordinate care for our patients. Many of these relationships are already established due to our long term presence in the community with our home health service line. We intend to leverage these already existing relationships to help support the community by being able to offer the hospice service line."

Symbol provided a copy of the executed Medical Director Service Agreement between Elizabeth Black, MD and Symbol Healthcare, Inc., dba Puget Sound Hospice. The agreement was executed on February 20, 2020 and outlines roles and responsibilities for each of the parties, as well as compensation. Additionally, there is an expense line item to account for this cost in Symbol's pro forma operating statement. The agreement is effective for one year, with automatic annual renewals in perpetuity (evergreen clause). [source: April 22, 2020 screening response, Exhibit 2]

Further, Symbol provided a copy of the executed Operational Support Services Agreement between Pennant Services, Inc. and Symbol Healthcare, Inc. dba Puget Sound Hospice. The agreement was executed on October 1, 2019 and outlines roles and responsibilities for each of the parties, as well as compensation. Additionally, there is an expense line item to account for this cost in Symbol's pro forma operating statement. The agreement is effective for one year, with automatic annual renewals in perpetuity (evergreen clause). [source: Application, Exhibit 12]

Public Comment

Russell Hilliard, Seasons Hospice [source: public comments pdf11,19]

"The Medical Director Service Agreement submitted with the Screening Response is between the intended licensee (Symbol) and Dr. Elizabeth Black, rather than with the applicant, The Pennant Group, Inc. Therefore, the applicant fails to meet this criterion."

"Pennant anticipates "leveraging Puget Sound Home Health staff to provide the ancillary services of physical therapy, occupational therapy, and speech-language pathology," but does not state whether this will be through a contract with the home health agency or whether the existing agency has the capability to support the hospice without hiring additional staff. Therefore, insufficient information fails to document the capability to meet service demands."

Envision Hospice of Washington, LLC [source: public comment part 3 pdf26-28]

"Medical director arrangement

Pennant claims its Pierce County project is an expansion of a Thurston hospice agency. If one were to accept that claim, then Pennant's medical director agreement does not conform to the Medicare Conditions of Participation for hospice.

According to Pennant, its Thurston County hospice will be Medicare---certified in time for the proposed Pierce agency to become an "additional location" (branch office) of the established Thurston agency. This means Pennant intends that Symbol's Thurston and Pierce agencies will share a single Medicare provider number. The Symbol application for Thurston County identified and contracted for medical director services with Stanley Flemming, MD. The Thurston agreement between Symbol and Dr. Flemming includes a medical director job description and payment

agreement assuming ".75 hour per ADC" and "hourly rate of $200." Please see Appendix PC---6 for a copy of the Thurston County hospice's medical director agreement and included job responsibilities, approved by the Department less than six months ago.

While the Symbol agency already has contracted with Dr. Flemming to be hospice medical director for its hospice, it has now also contracted with Elizabeth Black MD to act as medical director for the Pierce County portion of the agency. The Pierce medical director agreement between Symbol and Dr. Black includes a medical director job description and payment agreement assuming ".75 hour per ADC" and "hourly rate of $190."In response to screening question #3 asking Pennant about the situation of multiple medical directors, Pennant responded:

> *The Medical Director will not be shared with the existing home health or hospice agencies.*

A reading of Pennant's agreement with Dr. Flemming and that with Dr. Black show they include mutually exclusive terms and therefore are in conflict with each other; two separate persons cannot each fulfill the agency's lead role as medical director despite the two agreements saying they will.

Envision explained the CMS requirement there be a single hospice medical director in its response to screening. Medicare Conditions of Participation require that a hospice is allowed to have only a single medical director under any given Medicare certification number. Please see the discussion of this matter provided at Appendix PC---7 by NHPCO

Pennant's lack of understanding of the hospice Conditions of Participation is a concern and raises the questions where the locus of responsibility for quality assurance lies for Symbol.

- *Symbol explains it relies on Pennant consultants to assure it follows the hospice rules and regulations.*
- *Dr. Black is already medical director for Pennant's hospice in eastern Washington.*
- *Dr. Flemming is medical director for Symbol's Pierce County home health agency.*

The Medical Director Responsibilities listed in the agreement includes, at Quality Assurance,

> *"b. Maintains knowledge of state and national standards for and regulations applicable to the rendering of hospice services, and ensures that the Agency meets the existing standards of care and conditions of participation."*

Given that Pennant/Symbol has its administrative staff and at least these three sources of expertise to rely on, how did such a lack of coordination and unawareness of the medical director Conditions of Participation result in two medical director agreements when there can only be one under its purported plan to share a single provider number thus allowing immediate opening upon CON approval?

The Department is clear that a hospice CON applicant must provide the name of a medical director for its hospice proposal and must include either a contract signed by the parties or a signed agreement by the parties to execute the terms of the contract provided upon receipt of a Certificate of Need. Pennant has provided a contract that cannot be executed, or, if executed, would prevent its proposed hospice from becoming Medicare certified since it would not meet the CMS certification

standards. Thus, Pennant has not met a requirement of the the same time, has proposed a project that is not eligible for Medicare certification, the entire purpose of the CON application.

A review of the two medical director agreements for the purported two-county hospice agency also raises questions about how medical director compensation is portrayed in Pennant's Pierce County pro forma financials that combine two hospices with two separate medical directors with one of them not permitted under CMS rules. Neither medical director agreement mentions the agency's service area, so the two agreements are clearly overlapping with regard to the ADC basis of compensation as it relates to patient census and geography for which they are responsible."

Rebuttal Comment
None

Department Evaluation
Symbol was recently approved to serve Medicare and Medicaid hospice patients in Thurston and Snohomish counties within Washington State, both approvals were late in 2019. Symbol's parent organization operates hospice agencies in a number of other states. Symbol also operates a home health agency which serves the residents of Pierce County. This project proposes to serve Pierce County hospice patients from the same office as its home health agency in the county.

Symbol provided a description of the types of ancillary and support agreements it would use for the new hospice agency. Symbol also provided a copy of its executed Medical Director Service Agreement and Operational Support Services Agreement. Given that the agency is not yet operational, none of the ancillary vendors were listed; however, since Symbol will be partnering with its home health agency, it stated that it will be leveraging some of the home health agency's contacts.

Information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all hospice ancillary and support services used by the agency. Seasons provided comments questioning who the true applicant is and the sharing of existing affiliate's staff. Envision commented on Symbol's proposed staffing plans, conflicting information, and questions whether the medical director agreement is executable for the Pierce agency. None of these criticisms were rebutted by the applicant.

Symbol was provided the same opportunity as the other applicants to provide rebuttal on all comments submitted on its application. Given the department did not received any rebuttal comments to address the issues regarding its medical director agreement and proposed staffing plans, the department has only the information provided for consideration under this sub-criterion. Based on the information reviewed, the department is unable to conclude whether Symbol has the experience and expertise to establish appropriate ancillary and support relationships for the hospice services proposed in Pierce County. Based on the information, the department concludes **this sub criterion is not met.**

Wesley Homes At Home, LLC
In response to this sub-criterion, Wesley Homes provided the following information. [source: Application, pdf26]

"Given the strength, breadth, and expertise of Wesley's existing long-term care operations in King and Pierce Counties, (skilled nursing, assisted living, home health), WHAH has been able to share staff between programs and/or utilize existing collaborative relationships. For this reason, we have not had any difficulty meeting the ancillary service demands, and anticipate no difficulties doing the same when our Pierce County hospice program is operational." [source: Application pdf26]

Wesley Homes provided their executed medical director agreement with Dr. Jude Gerard Verzosa. The agreement was executed in December 2016 for their current hospice agency and is in effect indefinitely. The agreement outlines roles and responsibilities for each. [source: Application Exhibit 2]

Public Comment

Russell Hilliard, Seasons Hospice [source: public comments pdf41]

"Wesley indicates that given its skilled nursing, assisted living, and home health operations, it will "share staff between programs and/or utilize existing collaborative relationships." However, no mention is made of contracting with affiliates, or how this will effect current and proposed service delivery and increasing demand for such services upon approval of the hospice program."

Envision Hospice of Washington, LLC [source: public comment part 4 pdf7]

"Medical director stipend

The WH hospice payments to its medical director remain static even as the WH projected hospice utilization and resulting medical director workload would be increasing. The medical director contract specifies a monthly payment of $2,500 per month. Since this payment is the same regardless of workload, it is not clear a fair market value is being placed on the Wesley Homes' medical director's work; the Department will need to determine if WH has demonstrated the arrangement is consistent with all applicable federal laws."

Puget Sound Hospice [source: public comment pdf7]

"Wesley Hospice's medical director compensation structure is inconsistent with the Federal Anti-kickback Statute and cannot be relied on in determining its financial projections. Wesley's MD contract States, "Compensation: $2500 per month of service to Wesley Homes in Pierce County…"This arrangement, which provides a payment of $2,500 even if no services are performed, does not comply with the Anti-kickback Safe Harbor provisions requiring compensation to be fair market value.

This comment is not intended to be an accusation that Wesley is in violation of Federal criminal law or has any intention to violate Federal law. Only, that its proposed medical director compensation is not allowed under the law; which means it must provide a compensation structure that is different from the one it has presented. In lieu of this, there is no way for the State to accurately analyze the costs presented by Continuum in its application and its application must be denied."

Rebuttal Comment

Wesley Homes provided the following response:

"Wesley's medical director agreement is consistent with all Federal Rules and Regulations; it is not in violation of any Anti-Kickback provisions (Symbol, p. 6) and contrary to Envision's arguments (p.

7) it is at fair market value. The duties referenced in the agreement are fully compliant with Medicare regulations, and importantly, this arrangement is compliant with federal anti-kickback regulations under a "safe harbor" scenario – with compensation set in advance and not connected to volumes or referrals. Finally, as part of our initial certification process, it was reviewed and found to be compliant with applicable Medicare Conditions of Participation."

Department Evaluation

The applicant is currently a Medicare and Medicaid hospice provider in Washington State with all ancillary and support agreements already in place, including the Medical Director agreement.

The applicant identified that existing agreements would suffice for both the King and Pierce County operations.

Concerns were raised about the medical director agreement by two of the competing applicants.

The concern that the medical director agreement is inconsistent with federal law is addressed through Wesley Homes' rebuttal – this agreement was in effect at the time of certification and was deemed acceptable by CMS. The CN program will not supersede the authority of CMS on their own processes and standards.

The second issue raised in comment by Seasons was that Wesley Homes did not provide an agreement with their affiliate in order to potentially share staff. As the Pierce County agency would be operated as an extension of the King County agency, this is not a concern shared by the department.

Based on the information reviewed in the application, the department concludes that Wesley Homes has the experience and expertise to establish appropriate ancillary and support relationships for the new hospice services in Pierce County. T**his sub criterion is met.**

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

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

As part of this review, the department must also conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.[43] To accomplish this task, the department reviews the quality of care compliance history for all Washington State and out-of-state healthcare facilities and agencies owned, operated, or managed by an applicant, its parent company, or its subsidiaries.

[43] WAC 246-310-230(5).

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

In response to this sub-criterion and the sub-criterion under WAC 246-310-230(5), Bristol provided the following statement. [source: Application, p25]
"*Bristol Hospice has no history with respect to the question.*"

Bristol provided the following statement and discussion regarding its proposed assessment for training quality staff, customer satisfaction, and quality improvement. [source: Application, p23]

"*Bristol Hospice uses an e-learning nationally recognized platform named Relias for its trainings, but it also has frequent in person training sessions with the staff that are conducted by its managers or outside training venues, and staff work with an experienced preceptor. See* ***Exhibit 18*** *for a curriculum summary for all titles in Relias and training manuals*.

Bristol Hospice utilizes industry leading systems to track satisfaction and quality on a real time basis. Bristol's EMR systems send charting information into a tracking system that is reviewed every two weeks for trends. Examples of these comprehensive reports are found in ***Exhibit 19***. *These are reviewed by leadership to set plans for enhanced care regularly.*

Bristol Hospice will have a QAPI committee that will involve at a minimum the medical director, executive director and clinical manager. This committee will routinely review the available quality data from both the government sources and internal tracking as described and available in ***Exhibit 20***. *The goals of this committee are to provide ongoing clinical processes in the following ways:*

- *Root cause analysis on any issues and recommended changes to improve outcomes.*
- *Identify and implement performance improvement plans or (PIP's) for clinical teams.*
- *Monitor customer satisfaction scores and turn feedback into relevant PIP's.*
- *Review all medical categories of care to ensure areas are met.*

Provide a compliance review of clinical guidelines and new regulations to ensure compliance."

Further, Bristol provided the following statement regarding experience and qualifications of the applicant. [source: Application, pp25-26]
"*Bristol Hospice operates hospice services as one of the largest providers in the state of Oregon.*

Bristol Hospice sister companies and affiliates operate hospice, palliative care, and supportive care programs in California, Georgia, Hawaii, Oklahoma, Oregon, Texas, Colorado, Florida and Utah, providing high-quality comprehensive Hospice and Palliative Care Services to our patients, families, and communities. All Bristol Hospice locations are licensed and certified in accordance to the state and federal hospice regulations. In addition, all programs voluntarily seek Community Health Accreditation Partner (CHAP) Accreditation. CHAP Accreditation publicly certifies that an organization has voluntarily met the highest standards of excellence for home and community based health care.

There are 26 Bristol Hospice, L.L.C. programs located in 8 states. It employs a diverse skilled workforce to meet the needs of its patients with more than 1,600 employees. Bristol Hospice would get vast benefits by being able to lean on literally hundreds of Hospice professionals that have seen or experienced any imaginable hospice circumstance. The ability to back fill any issues with access to the broad Bristol platform is invaluable to ensure the community of Pierce county will get 24/7

consistent service every time every day every year. This depth and breadth of experience and service will be put to good use in Pierce county.

Each Bristol Hospice program operates out of a community office, which is typically staffed with an Executive Director ('ED') who is responsible for the overall operations of their location. The ED oversees all staff and is responsible for identifying and contracting with Medical Directors and Associate Medical Directors to serve its patients. The Director of Patient Care Services ('DPCS') is the leading force in all clinical matters. The DPCS reports to the ED but is responsible for overseeing all matters relating to patient care including supervision of RNs, LPNs, CNAs and other disciplines that provide direct care to patients. The number of employees in each facility is based on the census with a constant watch to ensure that there is sufficient staff to provide its expected level of quality care. Office functions such as billing, A/P, contract management, payroll and HR are standardized and provide consistent compliant services. These services have been time tested and have been proven to provide reliable quality care that currently is not in Washington.

The Bristol Hospice local offices are individualized hospice operations, supported by a national office. Each hospice program provides custom tailored hospice services to meet the physical, psychosocial, and spiritual needs of our patients and their families/caregivers. An interdisciplinary group of professionals and volunteers develops an individualized plan of care which includes, as appropriate, the following services: nursing, physicians, home health aides, counseling, spiritual support, therapy, dietary, durable medical equipment, supplies, volunteer services and bereavement services. All departments receive robust support from the national support services. Every chaplain has hundreds of chaplains standing behind them in the Bristol Hospice family. This is true for every other discipline. That said the local leader is free to give the local touch necessary to ensure we are giving Washington residents Washington care.

Bristol Hospice patients are diverse in ethnic background and religious practices. The Bristol Hospice team develops programs and hires its clinical team based on the specific culture of its patients at the local level. It goes the extra mile to ensure that the culture is understood and respected by the staff working with patients in each location. Bristol Hospice understands each patient brings unique clinical, cultural and spiritual needs and that as a national hospice system, programs and staffing recognize the importance of this and strive to accommodate these personal and regional variations. It's key leadership consistently travels to its locations and frequently engages community leaders, clinicians, and our patient base to ensure we tailor our programs to meet the special needs of the patients. Bristol Hospice's boutique hospice model provides a community focused approach which also incorporates a sophisticated national infrastructure to ensure that its programs meet all relevant legal and accreditation standards while incorporating best practices in CHAPs accreditation standards and the Hospice Conditions of Participation. Members of the Bristol parent company's advisory board are also on the CHAP board and review compliance and survey performance nationally. These members are in ***Exhibit 22*** *and show the depth and breadth of support that is backing the Bristol Hospice model of Care.*

Bristol Hospice focuses on providing customized care which meets and/or exceeds national standards for quality care delivery yet is tailored for the specific needs of each patient. In addition to each individualized patient care plan, Bristol Hospice produces an individualized service plan for each location, to ensure that all services are tailored to the communities it serves. This care model

is customized prior to its entry into new markets to ensure its success in becoming a valued part of the community. Bristol Hospice leadership personally visit the community to best understand the cultural and care needs so that tailor core programs can be tailored to meet the community's needs. Frequent additional visits once the hospice is open, ensure that Bristol Hospice is truly a community hospice."

Public Comment
During the review of this project, comments related to this sub-criterion and WAC 246-310-230(5) were provided, the comments are below.

Envision Hospice of Washington, LLC
"Prohibited use of "per diem staff"
Bristol's application states it plans to use per diem staff to "get through Medicare survey" before January 2021 and then to start staff recruitment after that. Whether Bristol has revised its unrealistic start date or not, this plan reflects a poor understanding and lack of compliance with the Medicare Conditions of Participation. Hospices are prohibited by CMS rules from using temporary staff for any of their core services. Certainly, a plan to use temporary "per diem" staff in place to "get through" accreditation raises questions about Bristol's likelihood of following all required rules and regulations meant to support the quality of care to vulnerable, terminally ill persons. The relevant CMS language:

> *A hospice is required to, with the exception of physician services, substantially provide all core services directly by hospice employees on a routine basis. These services must be provided in a manner consistent with acceptable standards of practice. The following are hospice core services:*
>
> *g. Physician services*
> *h. Nursing services, (routinely available and/or on call on a 24---hour basis, 7 days a week) provided by or under the supervision of a Registered Nurse (RN) functioning within a plan of care developed by the hospice Interdisciplinary Group (IDG) in consultation with the patient's attending physician, if the patient has an attending physician*
> *i. Medical social services by a qualified Social Worker under the direction of a physician*
> *j. Counseling (including, but not limited to, bereavement, dietary, and spiritual counseling) with respect to care of the terminally ill individual and adjustment to death; the hospice must make bereavement services available to the family and other individuals identified in the bereavement plan of care up to 1 year following the death of the patient*

The hospice may contract for physician services as specified in 42 CFR 418.64(a).

A hospice may use contracted staff, if necessary, to supplement hospice core services in order to meet the needs of patients under extraordinary or other non---routine circumstances.

Hospice agencies are also required by the CoPs at 42 CFR 418.100 to make nursing services, physician services, drugs, and biologicals routinely available on a 24---hour basis, 7 days a week. It also has to make all other covered services available on a 24--- hour basis, 7 days a week, when reasonable and necessary to meet the needs of the patient and family.

CoP/L tag Reference: (418.64) (L587) (L588) (L589)

Lack of response to requested data
Screening question # 47 requested that Bristol provide an Excel file with a listing with necessary information about of all of Bristol's out of state affiliates. Bristol's Attachment 4 provided in response did not include such a file."

Rebuttal Comment
None

Department Evaluation
As stated in the Applicant Description section of this evaluation, Bristol Hospice, LLC is the applicant. According to this application, Bristol Hospice, LLC or one of its subsidiaries operates in the following states: Arizona, California, Colorado, Florida, Georgia, Hawaii, Nevada, Oregon, Texas, and Utah. In California, Bristol operates under the subsidiary of Optimal Hospice Care. Inn Colorado, it operates under the subsidiary of Suncrest Hospice. For the remaining states, the agencies are operated under the name of Bristol Hospice.

Bristol or one of its subsidiaries operates 19 hospice agencies in the following ten states.

Home Health or Hospice Agencies-Total 19

State	# of Facilities	State	# of Facilities
Arizona		Hawaii	1
California	9	Nevada	
Colorado	1	Oregon	3
Florida	1	Texas	2
Georgia	1	Utah	1

Washington State Healthcare Facilities
As of the writing of this evaluation, Bristol does not operate any in home service facilities in Washington State.

Out-of-State Healthcare Facilities
All 19 hospice agencies are located out of state. The department reviewed the survey history for the applicant using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review included full years 2017 through 2019 and partial year 2020.

Two of the 19 agencies did not experience any surveys for full years 2017 through 2019 and partial year 2020. Those two agencies are Bristol in Clackamas Oregon and Bristol in Honolulu Hawaii.

For the remaining 17 agencies, each was surveyed at least once in the timeframe reviewed. Many had few or no deficiencies with no required follow up survey. One facility located in Denver, Colorado had 8 standard citations that required follow up visits in 2017; 23 standard citations and 3 condition citations that required follow up visits in year 2018; and 3 standard citations that required

a follow-up visits in 2019. The facility was not surveyed in 2020. Of the 17 agencies surveyed, this is the only facility with high citations and follow up visits.

Bristol Hospice provided the name and professional license number for the proposed medical director, Sabine M. Von Preyss, MD. Using data from the Medical Quality Assurance Commission, the department found that Dr. Von Preyss is compliant with state licensure and has no enforcement actions on the license. Additional key staff identified Mary A. Nester, a licensed RN that will serve as compliance officer for the new agency.

Given that Bristol proposes a new facility, other staff have not been identified. If this project is approved, the department would attach a condition requiring Bristol to provide the name and professional license number of its hospice agency staff prior to providing services.

In review of this sub-criterion, the department considered the total compliance history of the applicant and the facilities owned and operated by them. The department also considered the compliance history of the proposed medical director that would be associated with the facility and any known staff of the proposed agency. Public comment was provided by Envision as to the appropriate use of staff in relation to federal guidelines and CMS. The CN program will not supersede the authority of CMS on their own processes and standards.

The department concludes that Bristol and its subsidiaries have been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a new hospice agency in Washington State would not cause a negative effect on the compliance history of Bristol. The department concludes that this project **meets this sub-criterion.**

Continuum Care of Pierce LLC

In response to this sub-criterion and the sub-criterion under WAC 246-310-230(5), Continuum provided the following statement. [source: Application, p35]

"*Neither Continuum, its Members or its leadership team have any history with respect to the actions noted in the above questions.*"

Continuum provided the following statement and discussion regarding its proposed assessment for customer satisfaction, and quality improvement.

"*Continuum's Quality Assessment and Performance Improvement (QAPI) Committee will oversee patient/family/caregiver satisfaction and quality improvement. It will be responsible for identifying and addressing quality issues and implementing corrective action plans as necessary. The Administrator will be the chairperson for the Committee and responsible for creating the QAPI culture, environment for change and facilitating quality assessment and performance improvement process. Committee members include the following required members:*

- *Administrator serves as chairperson*
- *Clinical Director*
- *Medical Director*
- *3-5 members of the agency staff*

Ad hoc teams may be appointed by the QAPI Committee to participate in quality projects. Team members will be selected depending on the Performance Improvement Project (PIP) problem or issue identified.

The QAPI Committee has the overall responsibility and authority to conduct a confidential review of information for the identification of concerns and trends for negative findings. The completion of tasks may be accomplished through designated individuals or quality project teams. Specific responsibilities include:

- *Identify trends in clinical outcomes*
- *Evaluation of data related to systems and services offered to patients*
- *Monitor new systems and services*
- *Monitor customer and patient satisfaction*

Through QAPI activities, Continuum provides a mechanism for identification and prioritization of opportunities for problem identification and improvement in care and operations. Routine Measurement of Indicators for review are summarized in Table 12." [source: Application, p31]

Applicant's Table

Table 12
Quality Indicators

Indicator/Outcome	Sources of Data	Frequency of Measurement	Sample Size	Accountability
Patient & Family Centered Care				
Family willingness to refer	DEYTA[9]	Quarterly	100%	Administrator
Overall Quality of Care	DEYTA	Quarterly	100%	Administrator
Response after hours/weekend	DEYTA	Quarterly	100%	Administrator
Bereavement POC meets family needs	Bereavement Records	Quarterly	10%	Administrator
Ethical Behavior and Consumer Rights				
Employees oriented to Ethics Policy	Employee Files	On-hire	100%	Office Manager
Patient Eligibility	Admission and Recert documentation	Quarterly	10%	Clinical Director
Clinical Excellence & Safety				
Pain assessment/management	Chart Audit	Quarterly	10%	Clinical Director / Direct Manager
Appropriate use of GIP	Chart Audit	Twice yearly	100%	Clinical Director
Respite available for caregiver Need	Chart Audit	Twice Yearly	100%	Clinical Director
Continuous Care utilization	Chart Audit	Twice Yearly	100%	Clinical Director
Evaluation of contracted services	Contract Reviews	Annually	100%	Administrator
Evaluation of adverse events	Incident Log	Each Event	100%	Administrator
Organizational Excellence				
Governing Body achieves functions of hospice care	Governing Body Minutes	Annually	100%	Administrator
Workforce Excellence				
Staff competency evaluated	Personnel Files	Annually	100%	Office Manager
Required in-services	Personnel Files	Annually	100%	Office Manager
All employees complete on-hire orientation	Personnel Files	Annually	100%	Office Manager
Compliance with Laws & Regulations				
Survey Readiness/ mock survey	Chart Audits/ administrative records	Annually	10%	Administrator / Clinical Director
CMS mandatory quality reporting: NQF measure	Chart Audits	Monthly	10%	Clinical Director
CMS mandatory quality reporting: Structural measure	QAPI plan approved by governing body	Annually		Administrator
Stewardship & Accountability				
Met budget and financial goals set by Members	Financials	Annually	100%	Administrator
Performance Measurement				
Staff in-services provided on QAPI	Service log	Annually	100%	Administrator
QAPI planned carried out by Governing Body	QAPI minutes	Annually	100%	Administrator

Source: Applicant

Continuum provided the following statement and draft In Service Training Plan regarding its plan for training staff. [source: Application, p29 and Exhibit 11]

"*New staff are provided with training and orientation and work under direct supervision during their initial period of employment. The length of direct supervision is related to their existing level of experience and the judgment of their supervisors*."

Continuum provided the following statement regarding experience and qualifications of the applicant. [source: Application, p35]
"*The applicant's Members and leadership team have extensive experience operating hospice and palliative care programs. For example, Continuum's principal and CEO has started and operated successful Hospices in California, Rhode Island and Massachusetts. Continuum's COO and Chief Clinical Officer possess years of relevant experience – having operated Hospice programs for Kindred Hospice, Heartland/ HCR Manorcare, Amedisys, and other nationally recognized Hospice and Palliative care programs. Continuum leadership is process of receiving Medicare and Medicaid Certification for the Snohomish agency which has recently received state licensure*."

Public Comment
None

Rebuttal Comment
None

Department Evaluation
As stated in the Applicant Description section of this evaluation, Continuum Care of Pierce LLC is the applicant. According to this application, Continuum has affiliates operating in the following states: California, Massachusetts, New Hampshire, Rhode Island, and Washington.

Home Health or Hospice Agencies-Total 9

State	# of Facilities
California	4
Massachusetts	2
New Hampshire	1

State	# of Facilities
Rhode Island	1
Washington	1

Washington State Healthcare Facilities
Continuum operates one hospice agency in Washington State. The facility is located in Everett, within Snohomish County and has been operational for less than two years. The department reviewed the survey history for this applicant using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review included full years 2017 through 2019 and partial year 2020.

Specific to the Everett agency, the federal survey was completed in year 2020 and there were no deficiencies found.

Out-of-State Healthcare Facilities
Of the remaining eight hospice agencies, two had not experienced any surveys for full years 2017 through 2019 and partial year 2020. One facility is located in Capitola, California and the other is located in Fall River Massachusetts.

For the remaining six agencies, each was surveyed at least once in the timeframe reviewed. Five of the six had no deficiencies. One facility in Rhode Island had two surveys—one in 2017 and one in 2019. The 2017 survey revealed three standard citations with no follow up survey required. The 2019 survey had no deficiencies.

Continuum provided the name and professional license number for the proposed medical director Don Nguyen, MD. Using data from the Medical Quality Assurance Commission, the department found that Dr. Nguyen is compliant with state licensure and has no enforcement actions on their license.

Given that Continuum proposes a new facility, other staff have not been identified. If this project is approved, the department would attach a condition requiring Continuum to provide the name and professional license number of its hospice agency staff prior to providing services.

In review of this sub-criterion, the department considered the total compliance history of the Continuum Care of Pierce LLC, its affiliates, and agencies owned and operated by them. The department also considered the compliance history of the proposed medical director that would be associated with the facility and any known staff of the proposed agency. The department concludes that Continuum's related entities have been operating in compliance with applicable state and federal licensing and certification requirements. If this project is approved, the department would attach a condition requiring the applicant to submit a list of its credentialed staff, including full name and license number; as well as a final copy of its In Service Training Plan consistent with the one submitted in the application, prior to providing services. With the applicant's agreement to this condition, **the department concludes this sub-criterion is met.**

Envision Hospice of Washington, LLC

In response to this sub-criterion and the sub-criterion under WAC 246-310-230(5), Envision provided the following statement. [source: Application, p54]
"*There is no such history*."

Related to training, Envision provided the following statement and policies and procedures its affiliates currently uses at its operational locations. These include policies and procedures on recruitment, personnel retention, inservice education, safety education, hospice aide training program, orientation, and staff competency. [source: Application, Appendix T]
"*Please see Appendix T for copies of the in-service training policies and plan for Envision Hospice of Washington, LLC staff including continuing education and training to meet Medicare criteria.*

Additional training components that will reflect service to identified special populations include:

- *Cultural competence including Latino and Spanish-speaking outreach including Diversity Toolbox and NHPCO Latino outreach materials*
- *Veterans outreach 'We Honor Veterans' program training*
- *Palliative care training corresponding to accreditation specialty*
- *Understanding 'Death with Dignity' law and Envision policies*
- *Specialized clinical training addressing care of Alzheimer's and dementia patients and caregivers*
- *Optimizing use of tele-medicine*"

[source: Application, pp50-51]

Envision provided the following statement related to assessing customer satisfaction and quality improvement. [source: Application, p51]
"*Envision Hospice of Washington, LLC's methods for assessing customer satisfaction and quality improvement being put in place for its existing three-county hospice agency will be applicable to the Pierce County hospice as well:*

- *To assess customer satisfaction for the Pierce County hospice, Envision Hospice of Washington, LLC will extend its current Thurston County hospice contract with the CMS-approved vendor of customer satisfaction surveys which is CMS-certified and works collaboratively with the National Hospice and Palliative Care Organization to establish national norms. This approach allows a hospice to compare itself to others and identify and prioritize benchmark approaches for areas needing improvement.*
- *Starting with FY 2016-2017, CMS required all Medicare hospices to submit required data needed for a new nation-wide program of hospice quality improvement. Envision Hospice of Washington, LLC will comply with all CMS requirements including training staff in the required submitting all required data."*

Further, Envision provided the following statement regarding experience and qualifications of the applicant. [source: Application, p55]
"*The members of Envision Hospice of Washington, LLC also operate home health and hospice agencies elsewhere as Envision Home Health & Hospice, LLC, as shown at Appendix B. As a group of health care professionals, these members are trained in and have practiced in a variety of health care disciplines as shown in the response to Question 12 above. The clinical training and professional experience of these members provides a core set of values that acknowledges the need for patient- centered care. It also reflects the hands-on background of these members and their ability to grasp the vulnerability of each patient when a caregiver comes into the intimacy of the patient's home environment.*

With the same members as Envision Home Health and Hospice in Utah and Envision Home Health of Washington, Envision Hospice of Washington, LLC possesses the clinical and management knowledge to successfully establish a hospice in Pierce County. Building on the Thurston hospice experience and forthcoming initiation of services in Snohomish and King Counties, Envision's leadership will develop a local Pierce County team responsible for supporting implementation of the new hospice in accordance with rules and law for the establishment and operations of hospices in Washington."

Public Comment
None

Rebuttal Comment
None

Department Evaluation

As stated in the Applicant Description section of this evaluation, Envision Hospice of Washington, LLC is the applicant. According to this application, Envision has affiliates operating in Utah and Washington State.

Home Health or Hospice Agencies-Total 4

State	# of Facilities
Utah	2
Washington	2

Washington State Healthcare Agencies

Envision operates one hospice agency and one home health agency in Washington State. The Department of Health's Office of Health Systems Oversight (OHSO) conducted surveys for the facilities owned or operated by Envision. Using its own internal database, the department reviewed the historical survey data for the healthcare facilities associated with Envision. The survey data is summarized by in the table below. [Source: DOH Office of Health System Oversight]

Department's Table 47
Envision's List of Facilities in Washington

Licensed As	License #	Type of Survey
Envision Home Health	IHS.FS.60521160	State
Envision Hospice	IHS.FS.60952486	State

Information provided by the Department of Health internal database show that the applicant's facilities are substantially compliant. For survey deficiencies identified, Envision provided plan of corrections that were accepted. OHSO has not taken action against any of two facilities licenses. [Source: Department of Health Integrated Licensing and Regulatory System database]

CMS Survey Data

The department reviewed the survey history for this applicant using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review included full years 2017 through 2019 and partial year 2020. Using the Center for Medicare and Medicaid Services Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the historical survey information for the Envision facilities. An Envision Hospice QCOR review shows that it has been surveyed twice since 2016 (2016 & 2018). In each instance, the standard survey showed no deficiencies.

Envision provided the name and professional license number for the Medical Director, Rebecca March, DO. Using data from the Medical Quality Assurance Commission, the department found that Dr. March is compliant with state licensure and has no enforcement actions on their license.

In the application, Envision did not provide the names of the key staff necessary for the hospice agency; nor did it identify the timeline it would use to recruit the key staff. Envision states, "*Due to its ownership and operation by clinicians and rehabilitation specialists themselves, Envision has*

been very successful in attracting and retaining the clinical staffing it requires. Envision-Hospice of Washington has access to an active recruiting function for the relevant professionals.

Envision has also been very fortunate that its existing staff has been a substantial source of professional contacts in the area and that those have frequently resulted in new hires." [source: Application, Appendix R]

To ensure the hospice agency has appropriate staffing, if this project is approved, the department would attach a condition requiring that prior to providing services, Envision submit a listing of its key staff to the department. The listing of key staff shall include the names and professional license numbers.

With Envision agreement to the condition identified above, and given the compliance history of the facilities own or operated by the applicant, the department concludes there is reasonable assurance the proposed hospice agency would be operated in conformance with applicable state and federal licensing and certification requirements. Based on the information, the department concludes that **this sub-criterion is met**.

Providence Health & Services-Washington dba Providence Hospice of Seattle
In response to this criterion, Providence reported no history of adverse actions.

Providence also provided the policy associated with their Quality Assessment and Improvement Program. [Source: Application Exhibit 26]

Public Comment
Envision provided comments related to this sub-criterion under the "applicant description" section, which will not be repeated here.

Rebuttal Comment
None

Department Evaluation
Washington State Survey Data
The eight Providence hospitals currently operating include Providence Holy Family Hospital, Providence St Joseph's Hospital, Providence Mount Carmel Hospital, Providence Centralia Hospital, Providence Sacred Heart Medical Center and Children's Hospital, Providence St Mary Medical Center, Providence St Peter Hospital, and Providence Regional Medical Center Everett. Swedish Health Services and Western Health Connect also operate under the Providence umbrella – their Washington State hospitals include Swedish Edmonds, Swedish First Hill, Swedish Issaquah, Swedish Cherry Hill, and Kadlec Regional Medical Center.

The department also reviewed the survey deficiency history for year 2017 through current for all Providence and Providence-affiliated hospitals and in-home services agencies located in Washington State. Of the Washington State hospitals, 13 had surveys in the last several years. Any deficiencies were corrected with no outstanding compliance issues.

In addition to the hospitals above, the department also reviewed the compliance history for 12 in-home service agency licenses. Using its own internal database, the survey data showed that 13 surveys have been conducted and completed by Washington State surveyors since year 2017. All surveys resulted in no significant non-compliance issues. [Source: ILRS survey data and Department of Health Office of Health Systems Oversight]

CMS Survey Data
Using the Center for Medicare and Medicaid Services Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the historical survey information for the operational Providence home health and hospice agencies. A Providence in-home services QCOR review shows that the 36 existing agencies have been surveyed 48 times since 2017. None of the surveys since 2017 resulted in condition level findings and the majority had no deficiencies.

Providence provided the name and professional license number for its existing medical director, Dr. Bruce Cameron Smith. The department confirmed using data from the Washington State Medical Quality Assurance Commission that Dr. Smith is currently licensed in Washington State without restrictions.

In public comment, Envision noted that Providence failed to provide surveys for all of their hospice agencies. This was an error on the part of the department – not Providence. The department requests copies of surveys from all applicants in order to ensure we accurately capture and review the compliance history of our applicants. In the case of many applicants, it can be difficult to identify every single agency in order to accomplish this goal. In this case, the department was able to assess all needed quality data from the QCOR CMS database.

Given the compliance history of the facilities Providence owns or operates, as well as that of the agency's key staff, the department concludes there is reasonable assurance the hospice agency expansion would be operated in conformance with applicable state and federal licensing and certification requirements. Based on the information reviewed, the department concludes **this sub criterion is met**.

Seasons Hospice & Palliative Care of Pierce County, LLC
In response to this sub-criterion, Seasons Hospice States, "*Seasons Pierce County (thereference for the applicant, Seasons Hospice & Palliative Care of Pierce County, LLC) has no history and no principles in Washington. The entity is a newly created limited liability company formed for the purpose of obtaining a certificate of need for a hospice entity that will operate in the state, serving residents of Peirce County. No hospice nor any principle affiliated wit hteh applicant have had any denials or revocations of licenses nor criminal convictions."* [Source: Season's Application, pdf74]

Public Comment
None

Rebuttal Comment
None

Department Evaluation
As stated in the applicant description section of this evaluation, Seasons is not a current provider of health care services in Washington State.

CMS Survey Data
Using the Center for Medicare and Medicaid Services Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the historical survey information for all available Season's affiliated facilities. A QCOR review shows that since 2017, several facilities have received citations. However, none of these citations appear to have resulted in decertification and all facilities appear to be in compliance.

Season's provided the name and professional license number for the proposed medical director, Dr. Maggie Sekeramayi. Using data from the Medical Quality Assurance Commission, the department found that Dr. Sekeramayi is compliant with state licensure and has no enforcement actions on their license.

Given the compliance history available for the facilities it owns or operates, the department concludes there is reasonable assurance the proposed hospice agency would be operated in conformance with applicable state and federal licensing and certification requirements. Based on the information reviewed, the department concludes **this sub criterion is met**.

Signature Hospice Pierce, LLC
In response to this sub-criterion and the sub-criterion under WAC 246-310-230(5), the applicant provided the following statements. [source: Application, pdf29]
"Northwest Hospice, LLC and Avamere Home Health Care, LLC dba Signature Healthcare at Home does not have any history of criminal convictions or denial or revocation of license to operate a healthcare facility or decertification of a Medicare or Medicaid service program.

However, per our Legal Counsel, in March 2010 a related party of Avamere Group, LLC, called Belair Rehab, LLC, had its skilled nursing facility license terminated in Tacoma. The facility, which contained a ventilator unit operated by a third party, ALS, was unable to clear surveys related to the operations and compliance of the vent unit. Since that time, the State has licensed both a memory care and several SNFs to be operated by Avamere Group."

The applicant provided the following discussion regarding its proposed assessment for customer satisfaction and quality improvement. [source: Application, pdf28]
"Signature Hospice Pierce, LLC will utilize Pinnacle Quality Insight to obtain customer satisfaction survey information via phone call post discharge. In addition, we will utilize Strategic Healthcare Programs (SHP) to monitor the Hospice Item Set (HIS) quality metrics."

Public Comment
Russell Hilliard, Seasons Hospice [source: public comment pdf81]
"Avamere states that a related party of Avamere Group, LLC had a skilled nursing facility license terminated in Tacoma, Pierce County due to its inability to clear surveys for its ventilator unit."

"Avamere identifies licenses held by the applicant(s), but does not disclose any licenses or credentials held by the principles."

Envision Hospice of Washington, LLC [source: public comment part 3 pdf17]
"Background and assurances
Robert Thomas is an applicant by virtue of his owning 15% of Northwest Hospice. In doing so, he also owns 15% of Signature's Pierce County entity.

- *Signature's application did not provide the required assurance regarding the history of the applicant entity and principles in Washington.*
- *Signature's application provided no background information or experience for Robert Thomas, one of its principles."*

Rebuttal Comment
None

Department Evaluation
As stated in the 'Applicant Description' section of this evaluation, Northwest Hospice, LLC owns 100% of Signature Hospice, LLC, a Washington State corporation. Northwest Hospice, LLC is owned by Avamere Group, LLC (85%) and Robert Thomas (15For this project, Avamere Group, LLC is considered the applicant.

Avamere Group, LLC operates its 'in home service' healthcare facilities, such as home health and hospice agencies, under the Signature name. The nursing homes and community based or assisted living facilities are operated under the Avamere name. The table below shows the states where the applicant has healthcare facilities.

Home Health or Hospice Agencies-Total 17

State	# of Facilities	State	# of Facilities
Idaho	6	Utah	3
Oregon	5	Washington	3

Nursing Homes or Assisted Living Facilities-Total 64[44]

State	# of Facilities	State	# of Facilities
Arizona	1	New Mexico	3
Colorado	2	Oregon	39
Idaho	1	Utah	1
Nebraska	1	Washington	15
Nevada	1		

Washington State Healthcare Facilities
Focusing on the in home service agencies, the department reviewed the survey history using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports

[44] Within this application, Signature Hospice identified a total of 63 nursing homes/assisted living facilities. During the quality of care review for this project, staff found 64 facilities. The facility not identified in the application is Avamere Twin Oaks of Sweet Home, a nursing home located in Sweet Home, Oregon.

(QCOR) website. The review included full years 2017 through 2019 and partial year 2020. Of the 17 total facilities, three are located in Washington State.

Home Health/Hospice		
Year(s) Surveyed	**Facility Name**	**Type of Survey**
2018	Signature Home Health-Bellevue	Federal
2017	Signature Home Health-Bellingham	Federal
2017 2020	Signature Home Health-Federal Way	Federal

All three facilities had been surveyed at least once in the 3+ year review. None of the three had been cited for more than 5 standards and all citations focused on record keeping and policies, rather than patient care. None of the citations required a follow up visit.

Avamere Group also owns and operates a total of 64 nursing homes or assisted living facilities, and of those, 15 are located in Washington State. Using the CMS QCOR website and full years 2017 through 2019 and partial year 2020, the surveys showed that 9 of the facilities had been surveyed during the timeframe and all had at least one survey where deficiencies were noted. Many of the surveys had severity and scope of level F or below. While a plan of corrections from the nursing home is required, no actual harm was found. For those facilities that had a level G and above citations, only two facilities had a level J or K citation. The remedy for these citations is a plan of correction and follow up surveys. All Washington State facilities are in substantial compliance.

Out-of-State Healthcare Facilities

Of the 17 total in home services facilities, 14 are located in the states of Idaho, Oregon, or Utah and six had not experienced any surveys for full years 2017 through 2019 and partial year 2020. For the remaining 8 agencies surveyed, all had less than 8 deficiencies and many had zero deficiencies. One facility—Signature Hospice located in Payette, Idaho—had 15 standard citations in its year 2019 survey. The citations focused on record keeping and policies. No follow up surveys were necessary for any of the 15 citations.

For the out-of-state nursing homes and assisted living facilities, the department again used CMS QCOR data for full years 2017 through 2019 and partial year 2020 for its review. Of the 64 total facilities, 49 are located in the states of Arizona, Colorado, Idaho, Nebraska, Nevada, New Mexico, Oregon, and Utah, and of those 25 had surveys between 2017 through partial year 2020. All facilities surveyed had deficiencies noted, however, many of the surveys had severity and scope of level F or below. While a plan of corrections from the nursing home is required, no actual harm was found. For those facilities that had a level G and above citations, five facilities had a level J or K citation. The remedy for these citations is a plan of correction and follow up surveys. All out-of-state facilities are in substantial compliance.

Signature Hospice provided the name and professional license number for the proposed medical director, Floyd Sekeramayi, MD. Using data from the Medical Quality Assurance Commission, the department found that Dr. Sekeramayi is compliant with state licensure and has no enforcement actions on their license. Additional key staff identified Navjot Kaur Cheema, a licensed RN that will

be the clinical manager and Kristina M. Kizer, a licensed physical therapist that will be the administrator. Both are in compliance with state licensure with no enforcement action.

Given that Signature Hospice proposes a new facility, other staff have not been identified. If this project is approved, the department would attach a condition requiring Signature Hospice to provide the name and professional license number of its hospice agency staff prior to providing services.

In review of this sub-criterion, the department considered the total compliance history of the parent, Avamere Group, and the facilities owned and operated by them or any subsidiaries. The department also considered the compliance history of the proposed medical director that would be associated with the facility and any known staff of the proposed agency. The department concludes that Avamere Group, through its subsidiary of Signature Hospice has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a new hospice agency in Washington State would not cause a negative effect on the compliance history of Avamere Group. The department concludes that this project **meets this sub-criterion.**

Symbol Healthcare, Inc., dba Puget Sound Hospice

In response to this sub-criterion and the sub-criterion under WAC 246-310-230(5), Symbol provided the following statement. [source: Application, pp35-36]

"*Neither Symbol, Cornerstone, nor Pennant have any history of criminal convictions, denial or revocation of license to operate a health care facility, revocation of license to practice a health profession, or decertification as a provider of services in the Medicare or Medicaid program. Further, they have never been adjudged insolvent or bankrupt in any state or federal court. And, none have been involved in a court proceeding to make judgment of insolvency or bankruptcy with respect to the applicants*."

Symbol provided the following statements and discussion regarding its proposed assessment for training quality staff, customer satisfaction, and quality improvement.

"*Acting in the QAPI coordinator role, the Director of Clinical Services establishes, implements and evaluates goals and objectives for hospice services that meet and promote the standards of quality and contribute to the total organization and philosophy. The objectives for these two roles go hand-in-hand.*

Additional QAPI-related responsibilities the Director of Clinical Services will provide include:

- *provide guidance and counseling to coordinators and Clinical Supervisors/staff to assist them in continually improving all aspects of hospice care services, provided through organization personnel.*
- *Plan and implement in-service and continuing education programs to meet education and training needs of organization personnel.*
- *Evaluation of organization performance via performance improvement program, productivity, quarterly and annual reviews. Assure for the quality and safe delivery of hospice services provided through the Organization.*
- *Responsible for the implementation and monitoring of the organization's quality assessment performance improvement (QAPI) program.*

- *Responsible for ensuring processes to monitor and evaluate safety, risk management and infection control programs*." [source: Application, pp28-29]

"*Puget Sound Hospice has the structure, resources, and support to enable it to frequently measure and monitor quality of care and customer satisfaction in multiple ways. For example, as an affiliate of Pennant, Puget Sound Hospice has established vendor rates and relationship with Strategic Health Programs (SHP), which is a third party platform that will allow us to effectively assess care delivery and analyze patient interactions. SHP has been found by our affiliate agencies to enhance their ability to identify opportunities for improvement, compare our performance to that of our national and state peers, monitor our quality of care delivery, and analyze patient satisfaction data in real-time using. SHP is also the Home Health CAHPS and CAHPS Hospice vendor. Patient satisfaction surveys are sent out via mail on a monthly basis and submitted as required by CMS quarterly by SHP. The data we receive allows us to track, monitor, and respond to outcomes that align with our goals and benchmarks.*

Further, and as required by CMS, Symbol will participate in the Hospice Item Set which measures items such as treatment preferences, beliefs/values, pain screening and assessment and dyspnea screening and assessment.

A key component to Puget Sound Hospice's ability to address quality improvement is through its QAPI program. Pennant Services provides clinical and compliance resources who will help train our staff how to develop an exceptional QAPI program, monitor the effectiveness of our QAPI program, and provide resource, tool, and templates to use to fully meet our QAPI obligations under the law. [source: Application, pp33-34]

"*As stated earlier, Symbol is owned by Cornerstone Healthcare. For approximately 10 years, Cornerstone was a wholly owned subsidiary of the Ensign Group, owning and operating all of Ensign's home health and hospice agencies. Due in large part to Cornerstone's success in its home health and hospice operations, on October 1, 2019, Ensign spun Cornerstone and some of Ensign's senior living facilities into its own publicly traded company: the Pennant Group. Pennant now owns 129 healthcare facilities (33 of which are hospice agencies), and, because it includes Cornerstone, enjoys extensive experience owning and operating healthcare agencies and facilities. Pennant's history and expertise in healthcare operations will contribute to the success of Puget Sound Hospice in Pierce County*." [source: Application, p36]

Public Comment
None

Rebuttal Comment
None

Department Evaluation
As stated in the Applicant Description section of this evaluation, Symbol Healthcare, Inc., d/b/a Puget Sound Hospice, is a Washington State foreign profit corporation, and is owned by The Pennant Group, Inc. (Pennant) who owns Cornerstone Healthcare, Inc., which owns Paragon Healthcare, Inc.,

which ultimately owns Symbol Healthcare, Inc. Which results in Pennant being considered the applicant for this project.

Pennant operates 40 home health or hospice agencies in the following nine states.

Home Health or Hospice Agencies-Total 17

State	# of Facilities
Arizona	6
California	7
Colorado	1
Iowa	2
Idaho	10

State	# of Facilities
Oregon	1
Texas	3
Utah	8
Washington	2

Washington State Healthcare Facilities

Pennant operates two agencies in Washington State—Elite Home Health and Hospice located in Clarkston and Puget Sound Home Health located in Tacoma. The department reviewed the survey history for the applicant using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review included full years 2017 through 2019 and partial year 2020.

Both of the Washington State facilities have had at least one federal survey for the years reviewed. The Clarkston facility showed no deficiencies found; the Tacoma facility showed 1 standard condition with no follow up visit.

Out-of-State Healthcare Facilities

Of the remaining 38 home health or hospice agencies, 25 had not experienced any surveys for full years 2017 through 2019 and partial year 2020. The majority of these facilities are located in the states of California, Idaho, and Utah.

For the remaining 13 agencies, each was surveyed at least once in the timeframe reviewed. Many had few or no deficiencies with no required follow up survey. One facility located in Meridian, Idaho had both home health and hospice surveys. For home health, this facility had 22 standard citations and 1 condition citation that required a follow up survey in year 2017. For the hospice agency, this facility had 17 standard citations with no follow up survey in 2018 and year 2019 showed 6 standard citations and 1 condition survey that required a follow up visit. Of the 13 agencies surveyed, this is the only facility with high citations and follow up visits.

Symbol provided the name and professional license number for the proposed medical director, Elizabeth L. Black, MD. Using data from the Medical Quality Assurance Commission, the department found that Dr. Black is compliant with state licensure and has no enforcement actions on their license.

Given that Symbol proposes a new facility, other staff have not been identified. If this project is approved, the department would attach a condition requiring Symbol to provide the name and professional license number of its hospice agency staff prior to providing services.

In review of this sub-criterion, the department considered the total compliance history of the Pennant organization, and the facilities it owns and operates. The department also considered the compliance history of the proposed medical director that would be associated with the agency. The department concludes that Pennant has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a new hospice agency in Washington State would not cause a negative effect on the compliance history of Pennant. The department concludes that this project **meets this sub-criterion.**

Wesley Homes At Home, LLC
Wesley Homes provided the following statement in response to this sub-criterion:

"Neither Wesley nor WHAH has any history with respect to the actions noted in CN regulation WAC 248-19-390(5)(a) (now WAC 246-310-230)." [source: Application pdf27]

Public Comment
Envision Hospice of Washington, LLC [source: public comment part 4 pdf7]
"Wesley Homes did not provide required survey documents. When it was not provided with the application as required, screening question #14 requested the "accreditation survey referenced."

In reply WH indicated it was providing "the plan of corrections from the initial survey," along with other related documents "in Attachment 4." Nevertheless, Wesley Homes did not provide the plan of corrections in Attachment 4 or elsewhere.

In light of the fact the King hospice is Wesley Homes' only hospice and that most of the seven other applicants have provided the required documentation, this omission is material. Without it, the Wesley Homes application is not complete. The Department cannot determine that Wesley Homes meets the Process of Care review criteria."

Rebuttal Comment
Wesley Homes provided the following rebuttal. [source: rebuttal pdf9]

"Envision stated that Wesley did not provide a plan of correction related to its initial survey. Our screening intended to state that, as is typical for all initial surveys, we were given a plan of correction and that we submitted the plan and received certification. The screening response included a copy of letter from Accreditation Commission for Health Care indicating that it had accepted our plan of corrections and was recommending us for deemed status."

Department Evaluation
Washington State Healthcare Agencies
Washington State in-home services agencies are listed below:

Department's Table 48
Wesley's List of DOH-licensed Facilities in Washington

Site Address/County	License #	Type of Survey
Wesley Homes Community Health Services	IHS.FS.00000028	State
Wesley Homes at Home	IHS.FS.60276500	State

No enforcement actions resulted from either of the above-referenced surveys. Wesley Homes provided the name and professional license number for the proposed medical director, Jude Verzosa, MD. Using data from the Medical Quality Assurance Commission, the department found that Dr. Verzosa is compliant with state licensure and has no enforcement actions on their license.

In review of this sub-criterion, the department considered the total compliance history of the Wesley Homes organization, and the facilities it owns and operates. The department also considered the compliance history of the proposed medical director that would be associated with the agency. The department concludes that Wesley has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a new hospice agency in Washington State would not cause a negative effect on the compliance history of Wesley Homes. Federal survey information shows no deficiencies. The department concludes that this project **meets this sub-criterion.**

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

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

Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.

Bristol provided the following information under this sub-criterion. [source: Application, p24]

"*Across all of Bristol Hospice sister companies' year to date we have served over 2,000 different referral sources. This includes referrals from Assisted Living Facilities, Hospitals, Skilled Nursing Facilities, and Physicians. Each of these referral sources exhibited confidence in Bristol to promote continuity and unwarranted fragmentation in services. It takes pride in providing care for each patient on an individual level based on their specific needs and disease process. Bristol Hospice will develop relationships with the entire continuum of care in Pierce County including:*

- *Local government agencies providing guidance to the community such as the Area Agency of Aging*
- *Local chapters of AARP*
- *Local chapter of National Hospice and Palliative .Care Organization*
- *Local Home Health Agencies*
- *Local Nursing Homes*
- *Local chapter of the Alzheimer's Association*

- *Local Veterans Association. Bristol has participated in the Honors flight and some sister companies are We honor Veterans level 4.*
- *Local insurance providers such as Asuris Northwest Health, Molina Healthcare, Bridgespan, Coordinated Care, Lifewise Health Plan of Washington, Kaiser Permanente, and Regence BlueSheild.*
- *Local Senior Centers and Community Centers*
- *Local Senior Olympics*
- *Local Emergency Preparation & Disaster Recovery with Local Fire/EMS/Police Departments*
- *Local radio and television news stations*
- *Local support groups and grief discussions*
- *Local groups that support Diversity and Inclusion such as Zoo Walk, Memory Cafe, Tacoma Traumatic Brain Injury Group, Tacoma Caregiver Matters, Hearing Loss Association of Tacoma, DadsMOVE, Northwest Parkinson's Foundation, Kinship Caregiving, Northwest Parkinson's Foundation*"

Bristol provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, p23]
"Bristol Hospice general office hours are from 0800 to 1700; our actual operations are 24/7/365. There are always staff that are required to work after hours, weekends and holidays to meet patient needs. Further it does not rely solely on third party answers services after office hours. All calls are routed to Bristol Hospice hired and trained on call RN's [sic] for resolution. This is done through advanced technology that can hunt for available staff. If all staff are on visits a call will NEVER go to voicemail. A live clinically trained person will answer 100% of the time to address any need. Our lights are always on. We dispatch trained staff at any hour of the day and night and our goal is to arrive within 30 minutes of any needed after hours visit."

Public Comment
During the review of these projects, Bristol provided public comments on the competing projects. Those comments are included and addressed in each appropriate section of this evaluation. In addition to those public comments, Bristol submitted more than 180 form letters of support for its own four projects submitted during the 2019 hospice concurrent review cycles. The majority of the form letters are from healthcare facilities in California, Colorado, Georgia, Oregon, Tennessee, Texas, and Utah.[45] One letter was from a healthcare facility in Washington State, however, the name of the facility was not identified. An example of the form letter is below.

Bristol Form Letter of Support
"As [representative name here]*,* [representative title here] *I would like to offer my full support of Bristol Hospice being awarded certificates of need in King, Snohomish, Pierce and Thurston Counties.*

In my role as [representative title here] *I am aware of the needs for Hospice in King, Snohomish, Pierce and Thurston Counties and feel that the area could use an exceptional patient focused Hospice service. The communities could use the specialty programs Bristol offers as well as the prompt response and admission times.*

[45] Other states may be included because not all of the form letters provided the address of the representing healthcare facility.

The focus of Bristol Hospice is to provide a family-centered approach in the delivery of hospice care throughout all the communities it serves. With above National average survey scores in patient preferences and managing pain and treating symptoms, Bristol Hospice programs are designed to promote quality and comprehensive services to patients and their families. Bristol Hospice prides itself in keeping a standard one-hour wait time for patient consults, and admissions within four hours of a referral being received.

The caring staff at Bristol Hospice and its subsidiary programs embrace a reverence for life. All Bristol Hospice programs are licensed and certified in accordance to the state and federal hospice regulations.

Given Bristol reputation in the area and the industry, as well as the need for an additional hospice provider, it seems clear that Bristol Hospice would bring a new and fresh approach to serving King, Snohomish, Pierce and Thurston."

Russell Hilliard, Seasons Hospice [source: public comments pdf7]
Bristol identifies potential referral sources, but does not describe how continuity of care is achieved, or how fragmentation of services is avoided. There are no sample agreements for the provision of any ancillary or support services.

Rebuttal Comment
None

Department Evaluation
Certificate of Need evaluations always take into account any public comments submitted during a review. While it is not unusual for an applicant to coordinate a "form letter campaign" during a review, form letters are not as helpful as one might imagine. Form letters commonly provide support in broad discussion and, as noted in rebuttal, the majority are not signed or on letterhead. Helpful public comment in a Certificate of Need review would focus on informative comments, rather than sheer numbers of letters. In other words, quality public comment that addresses specific criteria is more useful information in a review, rather than comments regarding a general endorsement of an applicant. For this review, the form letters are not discounted as the rebuttal suggests; rather they are considered and given the appropriate weight under this sub-criterion.

The evaluation of this sub-criterion also takes into account the department's evaluation of the project of the sub-criterion reviewed under WAC 246-310-210, 220, and 230. For this project, the department could not substantiate the information provided in WAC 246-310-220(1), financial feasibility. For those reasons, the department concludes that approval of Bristol's project may result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met**.

Continuum Care of Pierce LLC
In response to this sub-criterion, Continuum provided the following statements and information. [source: Application, p34]
"*Continuum proposes to work closely with local physicians, hospitals and other providers to ensure patients' comprehensive medical, social, and spiritual needs are met. In addition to these direct care*

providers/referring agencies, and while no agreements are in place at this time, specific providers that Continuum intends to develop working relationships with include:

- *Pierce County Area Agency on Aging.*
- *Home Care Association of Washington and the National Association for Home Care*
- *DSHS, Aging and Disability Services*
- *Home Health and home care agencies*
- *Nursing Homes, Assisted Living and Adult Family Homes*
- *VA*
- *HMOs and other payers*
- *Washington State and Pierce County Veteran's Programs.*
- *Tacoma Pierce County Health Department*

In addition, because we will have a specific focus on building trust with and providing care to the underserved populations in the County, we will seek to partner with existing community resources serving these populations including but not limited to a variety of social, community organizations and places of worship, such as:

- *For African American community, the local Chapter of the NAACP, Urban League, Black Collective, Churches and Community Centers.*
- *For the American Indian community, Tribal leadership and tribal health care.*
- *For the Asian community, Asian Pacific Islander Coalition (APIC), churches.*

Continuum will develop transfer agreements with local hospitals and nursing homes. Informal cooperative agreements-but not formal written agreements, are also planned with ambulance, the Fire Department and the Coroner's office."

Continuum provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, p33]
"*Continuum's business hours will be Monday through Friday from 8:30 a.m. to 5:00 p.m. However, a Hospice nurse will be available 24 hours a day/7 days per week. Patients and families will have access no matter what time of the day or night, and a Hospice RN, familiar with their needs, will assist them with any concerns and help manage their symptoms and facilitate any needed additional care. Families will be able to access the hospice nurse after hours by calling the 24/7/365 triage phone line. Response time is programmed to be 30 minutes or less*."

Public Comment
None

Rebuttal Comment
None

Department Evaluation
Continuum provided a listing of potential referral sources for its proposed hospice agency in Pierce County and also submitted statements assuring that relationships and referral sources would be sought in the county.

The evaluation of this sub-criterion also takes into account the department's evaluation of the project of the sub-criterion reviewed under WAC 246-310-210, 220, and 230. For this project, the department could not substantiate the information provided in WAC 246-310-220(1), financial feasibility. For those reasons, the department concludes that approval of Continuum's project may result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met**.

Envision Hospice of Washington, LLC

The applicant provided the following information under this sub-criterion. [source: Application, pp53-54]

"*It is in the very nature of the Medicare-certified hospice benefit to assure continuity and to avoid unwarranted fragmentation. The core purpose of the interdisciplinary hospice team is to develop the patient's plan of care and to manage the care on a daily basis to support the individual patient's needs. In particular, the per diem payment to the hospice for all services puts the control of the full range of care in the hands of that core team.*

One key to effective continuity is to admit patients to hospice as early as appropriate during the course of illness. Waiting until the last week or two of life substantially reduces the ability of the team to plan ahead, to address bereavement issues early, to manage pain effectively, etc. Envision Hospice is committed to community education in support of earlier admission to hospice when needed. Its relationship to Envision Physician Services, which can provide regular medical care to residents of assisted living facilities and adult family homes, will increase the potential of earlier identification of persons eligible for hospice.

As part of its Latino outreach program, Envision plans to develop working relationship with organizations such as Centro Latino of Pierce County, Sea Mar, Community Health Care Clinics (FQHC's) and others that frequently address the needs of minority communities.

Envision Hospice of Washington, LLC is committed to Pierce County residents' having desired control over their own health care choices. The majority vote by Washington residents for the 'death with dignity' statewide ballot measure indicates this is an important value to the community. Envision Hospice of Washington, LLC intends to include in its network providers who will actively support patients pursuing their 'death with dignity' options as available under Washington law. As part of this effort, Envision Hospice will continue to reach out to End of Life for their advice and support in locating needed resources."

Envision provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, p51]

"*The office hours will be 8 a.m. to 5 p.m. Monday through Fridays.*
At all other times, Envision will have paid staff on call and accessible by telephone via a phone call to a main number.

Envision Hospice patients who elect to participate in its tele-medicine option will have 24/7 access through their own dedicated electronic tele-medicine device."

Public Comment
Jerry Lee, Executive Director – Brookdale
"I am writing to support Envision Hospice's expansion into Pierce and Kitsap counties. As the ED of a Memory Care community, I see a huge need for timely Hospice admissions and I am in favor of Envision growing into these areas to respond to the urgent need.

I am asking you to please grant Envision Hospice the Certificate of Need for Pierce and Kitsap counties. I am happy to refer to Envision Hospice when end of life care is needed."

Ranu Choudhary, MD
"I have had the occasion to work with Envision Home Health in King County. I would welcome the opportunity to expand the relationship with them into the hospice area and I anticipate referring 2-4 patients to hospice services every month. It would be very beneficial to my patients to have another option to choose from for hospice services in Pierce and Kitsap Counties. I support the continued ability to work with Envision."

James Buttitta, MD
My experience with Envision Home Health Services has been outstanding. I find they provide quick, reliable home care to those in need. This group as a whole has the experience and knowledge to begin providing excellent hospice services to the local area. They have shown to me their ability to work cooperatively with the local health care systems. They show compassion and respect each patient's end of life desires. I have seen first hand their ability to coordinate in an exemplary fashion with the care teams in my nursing homes. In my experience they have made the transition for these patients to hospice much easier than some of the current hospice groups have done in the past.

Envision is established and quite stable, having been owned and operated in Utah by the same partnership of health care professionals for over ten years. They have established a location on both Capital Medical Center in Olympia as well as a location in Marysville.

Rebuttal Comment
None

Department Evaluation
Envision provided a listing of potential referral sources for its proposed hospice agency in Pierce County and also submitted statements assuring that relationships and referral sources would be sought in the county.

The evaluation of this sub-criterion also takes into account the department's evaluation of the project of the sub-criterion reviewed under WAC 246-310-210, 220, and 230. For this project, the department could not substantiate the information provided in WAC 246-310-220(1), financial feasibility. For those reasons, the department concludes that approval of Envision's project may result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met**.

Providence Health & Services-Washington dba Providence Hospice of Seattle
In response to this criteria, Providence provided the following information:

"As an established provider in the community, Providence Hospice of Seattle works closely with local hospitals, physicians, and other providers to ensure continuity of care while avoiding fragmentation of care. Providence Hospice of Seattle will leverage its existing relationships, both inside and outside of Pierce County, and will build additional relationships as needed to ensure a full spectrum of care. In cases where Providence Hospice of Seattle has an existing relationship that does not include Pierce County, Providence Hospice of Seattle will amend those contracts or agreements to include Pierce County where applicable.." [source: Application, pdf49]

Providence provided a listing of their relationships, which are not restated in this evaluation for the sake of brevity.

Public Comment

Jeffrey Robert, Chief Operating Officer – Swedish Health Services

"As part of an integrated care delivery system. Providence Hospice of Seattle works closely with existing Providence providers and partners in Seattle and the Puget Sound region, including those in Pierce County. Providence and Swedish have a significant presence in the Seattle area with 5 hospitals and numerous external hospital relationships serving patients from across the region, including Pierce County. With this depth of expertise, we are well positioned to identify and share best practices, improve quality outcomes, promote financial stewardship, increase access, and improve patient satisfaction across the care continuum.

I encourage the DOH to approve Providence Hospice of Seattle's request to provide hospice services in Pierce County, thus ensuring Providence can bring high qualify hospice service to Pierce County."

Bellevue Healthcare

"Bellevue Healthcare has been a partner with Providence for 20 years serving the Hospice population. Time and again we see Providence provide exemplary services while accepting any patient – regardless of ability to pay. While there are many hospice agencies who are solely focused on cost containment, Providence always goes above what is required and provides patient centric care so that they can live their last days with dignity.

Providence is a long-term, known and dependable care partner in the greater Pacific Northwest. Beyond providing hospice care, it is an organization committed to a holistic approach, offering a comprehensive care model including physical, emotional and spiritual care. The grief counselling and resources Providence provides families and loved ones are second to none, including Camp Erin and other grief programs for children. Providence also provides a comprehensive pediatric palliative and hospice program which is unique in the markets they serve and will be a big asset for Pierce County families."

Sarah Cameron, Providence Saint Joseph Home and Community Care

"Unlike the other seven applicants, Providence has a long-established, well-respected presence in the Puget Sound region, and we are best positioned to support care continuity and avoid unnecessary fragmentation of care. That means we already have the existing infrastructure and partnership with

local hospitals, skilled nursing facilities, other health care facilities, physicians, and other caregivers to effectively coordinate care. None the other applicants have these advantages."

Cynthia Dold, Associate Vice President Clinical Operations – UW Medicine
"UW Medicine has a Post-Acute Care Network which is comprised of skilled nursing facilities, adult day health, home care agencies and home health and hospice agencies. We collaborate closely with these vetted partners for shared problem solving and improved coordination of care and communication to support a positive patient experience across the continuum. Providence has been a part of our Network for several years and their well-established infrastructure, significant presence in the Puget Sound area and reputation for high quality care is often why our providers and patients choose Providence for hospice care.

Providence Hospice of Seattle is part of an integrated care delivery system and also has existing relationships with many health systems across the region. Other local hospice providers have also chosen to refer their patients and families to Providence Hospice of Seattle for bereavement services as they are well-known in the community for having a robust grief support program. Expanding their hospice services into Pierce county will allow greater access to underserved populations, including pediatric patients and veterans who may otherwise not have access to these important services."

Rebuttal Comment
None

Department Evaluation
Providence currently operates a Medicare and Medicaid hospice agency in the adjacent counties. Details in the application demonstrate that the basic infrastructure has been planned for and a location secured. Further, Providence demonstrated a reasonable patient base for the new hospice agency.

With the approval of Providence's proposed project, residents in Pierce County would have access to hospice services. Based on the conclusions reached in WAC 246-310-220(1) above, the department concludes that approval of this project may result in an unwarranted fragmentation of Medicare and Medicaid certified hospice services in the county. **This sub-criterion is not met**.

Seasons Hospice & Palliative Care of Pierce County, LLC
Seasons Hospice provided the following statements related to this sub criterion.

"The application requires a certificate of need in order to implement a hospice program. Persons who receive a physician-determined terminal prognosis may qualify for hospice for end of life care. Some individuals also may elect home health agency care.

Under the hospice benefit and program of care, the hospice's interdisciplinary team coordinates a range of palliative care and provides patient and family support for end of life care. The patient's attending physician participates with the hospice medical director and the interdisciplinary team, of which the patient and family belong, to identify the services that will maintain comfort for the patient based on his or her terminal diagnosis.

Seasons Pierce County's plan for general inpatient care requires contracts with nursing homes to serve as the short-term placement of the patient to stabilize the patient and control symptoms, including medicinal management, so that the patient attains a level of comfort and returns home. Nursing homes also provide the family with respite care, caring for the patient for a brief stay, so that the family caregiver has a break from daily care of the patient. A sample copy of a nursing facility services agreement is found as ***Exhibit 8.***

Seasons Pierce County intends to work with nursing homes and assisted living facilities that are residences of patients enrolled in the hospice program. These facility residences also have staff that provide services to those who reside within them. Seasons Pierce County's training program for nursing home and assisted living facilities' employees explains the roles and responsibilities, the accountability for care, and defines the roles of the facility staff and that of the hospice staff. The result in cooperation and avoidance of duplication while ensuring care for the hospice patients.

In the proposal, another specialty population ***subgroup are the homeless.*** *Seasons Pierce County's commitment to this group requires cooperation and coordination with agencies and advocates that serve the homeless, as well as hospitals and emergency departments that also may encounter the homeless. Promotional materials and direct outreach to hospitals, fire departments, police departments and advocacy groups about the program acts as a coordination hub for assuring that homeless* ***persons do not die alone.*** *The homeless program provides housing vouchers and other means to provide a qualifying home with caregiver so that hospice services can be provided to them.*

Seasons Pierce County's ***Inclusive Initiative*** *develops diversity councils to identify impediments for those groups to hospice services, and to create pathways to remove them. Volunteers with hospice employees staffing the councils work cooperatively within and across the broader communities within the county to provide appropriate and sensitive materials that address those identified factors that can be overcome. Ways of outreach, such as community meetings, church visits, special programs, revised or newly developed educational materials, expand how minority groups can reach out to hospice. One important lesson learned from other states is to diversify the workforce so that the workforce' s diversity reflects the broader community' s makeup.*

Hospitals are often the place where case identification occurs for end of life prognosis. The hospice social workers share information with hospital discharge planners and patient advocates about the program and services, and explain that Seasons Pierce County's staff will make assessment visits 24 hours a day, seven days a week. The ability to interact with the patient and family and provide assessments with care and compassion relieves the hospital of longer stays.

Seasons Pierce County targets community physicians to provide CEUs and other information about hospice, informing them of the benefits the hospice provides and the services. Information regarding how to open communication about palliative care and end of life care equips the community physicians with the material to engage in productive communication with the patient and family. Seasons Pierce County' s assessment team or other personnel offer the community physicians to pursue palliative care discussions and planning for end of life care. (The medical director' s contract appears in ***Exhibit 4.)****".* [source: Season's Application, pdf73-74]

Public Comment
A representative sample of supportive public comment is included below:

Sharon Holes, Administrator – Puyallup Nursing & Rehabilitation
I serve as Administrator at Puyallup Nursing & Rehabilitation Center and this morning I learned that state has identified the need for a new hospice provider in Pierce County, Washington. While our facility enjoys a good working relationship with the current hospice providers in our community, I am glad to hear our patients and their families may soon have additional providers from which to choose.

After meeting today with representatives from Seasons Hospice & Palliative Care, I am glad to hear of their interest in serving our community. I understand they have a 20+ year track record of serving patients in 19 states across the country. I also learned about some of their unique programs and services like music therapy, open access, and their bereavement services like Camp Kangaroo - a retreat for children who have experienced a traumatic loss.

Should Seasons Hospice & Palliative Care be awarded the Certificate of Need in Pierce County, our facility would consider referring patients to their services. Puyallup Nursing and Rehabilitation would also consider a General Inpatient Partnership with Seasons, to better meet the growing need for end of life care in Pierce County."

Taylor Naden, Assisted Living Director – Cedar Ridge by Bonaventure
My name is Taylor Naden and I serve as Assisted Living Director at Cedar Ridge by Bonaventure. It is often we have residents on hospice care. In fact, just last week three of our residents passed away while in the care of hospice. While the level of care from the current hospice providers is good, we would benefit as a facility with a greater level of communication from the providers.

This morning I met with Seasons Hospice and Palliative Care and I understand they're seeking to become licensed in Pierce County. After learning about their philosophy of care and unique programs like music therapy and We Honor Veterans, I am happy to offer this letter in support of their application. I am glad to hear we will soon have an additional hospice provider in our community, as patient choice is important when it comes to end-of-life care. Should Seasons Hospice become licensed, we would welcome them within our facility to meet the needs of our residents."

Peter Roderick, Case Worker – Guadalupe House
"For nearly a decade I worked and/or volunteered with hospice organizations on the east coast I've seen first- hand the difference hospice services provides those in need of end-of-life care. Even to this day, I volunteer with a local hospice in our community, because I believe so strongly in the benefit of the work they do.

As a volunteer Case Worker here at Guadalupe House, I work day in and day out in service to those transitioning out of homelessness. I have seen so many guests come through our doors facing many challenges. We always want to be a resource and help in connecting our guests with the services they may need. One of those services is hospice care, which I believe people of all walks of life should have access to. After learning about Seasons Hospice and Palliative Care's Homeless Voucher

Assistance Program, their music therapy program, Namaste Care, and other specialty programs and services, I am happy to offer this letter on their behalf.

No one should have to die on the street. The fact that Seasons Hospice is proposing an innovative housing voucher assistance program to those in need of hospice care speaks to their commitment to being of service to the most vulnerable. Their ability to partner with organizations like ours in service to our fellow human, offering dignity and peace at end of life, would be a welcomed asset to our community as a whole, but especially those we serve here. I support their application for the Certificate of Need in Pierce County, and hope to have the opportunity to partner with them in the future."

Rebuttal Comment
None

Department Evaluation
Seasons Hospice does not currently operate a Medicare and Medicaid hospice agency in the state and will be establishing a location in Tacoma if this application is approved. Details in the application demonstrate that the basic infrastructure has been planned for and a location secured. Further, Seasons Hospice demonstrated a reasonable patient base for the new hospice agency.

In the financial feasibility section of this evaluation, the department concluded that it could not determine whether the new agency's immediate and long-range capital and operating costs are reasonable. This resulted in a failure of the application under WAC 246-310-220(1).

Based on the conclusions reached in WAC 246-310-220(1) above, the department concludes that approval of this project may result in an unwarranted fragmentation of Medicare and Medicaid certified hospice services in the county. **This sub-criterion is not met**.

Signature Hospice Pierce, LLC
The applicant provided the following information under this sub-criterion. [source: Application, pdf29]
"In addition to our sister companies as noted above we will seek out preferred partnerships with local hospitals, physician groups, skilled nursing, memory care and community-based care (assisted living), and senior communities. We will look for respite, GIP and continuous care partners to ensure timely and seamless care transitions for ease and comfort for patients and families when necessary."

Public Comment
Ronda Putney, Referral Coordinator – Franciscan Medical Pavilion – Bonney Lake
"I am the referral coordinator for CHI Franciscan clinic in Bonney Lake, WA. We work with our community partners daily in finding the proper resources needed for our patient's continuity of care. I do believe with our fast growing, ageing population in Pierce County, there is need for additional licensed Hospice services.

I have referred to Signature Home Health as one of our primary resources for our patients Home Health needs. I believe they possess the qualities that are needed in a reputable Hospice company."

Diana Chatelain, Community Relations Manager – Franklin Place
"I am the community relations manager at Franklin Place in Sumner, WA.

We are an assisted living community in Pierce County. We develop individual care plans for our residents and have a full time registered nurse available 24 hours a day to provide clinical oversight and coordination of care.

Our coordination of care at time involves Home Health agencies, such as Signature Home Health. Sometimes that need is also a Hospice situation.

It's my understanding that Signature has applied to the state of Washington for a hospice certificate of need In Pierce County. Signature Home Health would be a welcome addition of hospice services for our community."

Steven Rudknick, MD
"At Noble Physicians, we work with Post-Acute and Long-Term Care patients. Our providers help our patients manage complex medical problems and regain their best level of function, with a goal of helping them restore their health and reduce their need to a lower level of care or independent living when possible.

Signature Home Health has been a vital community partner to has providing continued care for patients who are able to discharge to their homes. Signature provides quality and timely home health care and I am certain they would take the same approach if they were given the opportunity to provide hospice care."

Russell Hilliard, Seasons Hospice [source: public comment pdf80]
"Avamere indicates it will seek partnerships with hospitals, physician groups, skilled nursing, memory care, and other senior communities to provide respite, general inpatient care and continuous care partners. However, no mention is made to describe these relationships, how continuity of care is achieved, or how fragmentation of services is avoided."

Rebuttal Comment
None

Department Evaluation
Signature Hospice did not provide a listing of potential referral sources for its proposed hospice agency in Pierce County, rather the applicant submitted statements assuring that relationships and referral sources would be sought in the county.

The evaluation of this sub-criterion also takes into account the department's evaluation of the project of the sub-criterion reviewed under WAC 246-310-210, 220, and 230. For this project, the department could not substantiate the information provided in WAC 246-310-220(1), financial feasibility. For those reasons, the department concludes that approval of Signature Hospice's project may result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met**.

Symbol Healthcare, Inc., dba Puget Sound Hospice

The applicant provided the following information under this sub-criterion. [source: Application, p35]
"*Much like the Hospitals for Healthier Community (HHC) Priorities have outlined (CHNA, 2019), Symbol commits to aligning with hospitals/health systems, and the post-acute care community to improve access to care for Pierce County residents.*

Puget Sound Hospice is currently developing formal relationships with a medical director, local hospitals, nursing homes, including our sister facility, Olympia Transitional Care and Rehabilitation, and healthcare facilities and payers who will collaborate with Puget Sound Hospice to facilitate quick referral uptake (timely patient care), and coordinate care for our patients. Many of these relationships are already established due to our long term presence in the community with our home health service line. We intend to leverage these already existing relationships to help support the community by being able to offer the hospice service line."

Symbol provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, p34]
"*Puget Sound Hospice's hours of operation will be 8 am to 5 pm, Monday through Friday, however, we will provide hospice services 24 hours a day, 7 days a week. Puget Sound Hospice admissions documents will include instructions to the patient and family/caregiver as to how to reach the agency at all hours. During non-business hours, Puget Sound Hospice's main phone number will be rolled to an on-call phone. This phone will be assigned to an on-call nurse.*

If the on-call nurse does not answer (extraneous circumstance), the outgoing message will instruct the client/caregiver to call the nurse administrator on-call if no return call occurs within 15 minutes."

Public Comment
None

Rebuttal Comment
None

Department Evaluation

Symbol did not provide a listing of potential referral sources for its proposed hospice agency serving the residents of Pierce County, rather the applicant submitted statements assuring that relationships and referral sources would be sought in the county.

The evaluation of this sub-criterion also takes into account the department's evaluation of the project of the sub-criterion reviewed under WAC 246-310-210, 220, and 230. For this project, the department could not substantiate the information provided in WAC 246-310-220(1), financial feasibility. For those reasons, the department concludes that approval of Symbol's project may result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met**.

Wesley Homes At Home, LLC

The applicant provided the following information under this sub-criterion. [source: Application, pdf27]

"WHAH has an established hospice agency in King County that works closely with local physicians, hospitals, family and other providers to ensure patients' comprehensive medical, social, and spiritual needs are met. In addition to these direct care providers/referring agencies, specific Pierce County providers that we maintain or will establish working relationships are likely to include:

- *MultiCare Health System Franciscan Health*
- *Primary care and specialty providers*
- *Lifecare Center of Puyallup (particularly for residents of Bradley Park requiring skilled nursing care prior to return to BP campus)*
- *Home Health agencies*
- *Pierce County Human Services Department*
- *Other long-term care providers including Tacoma Lutheran and Frank Tobey Jones*
- *Churches*

Public Comment

Russell Hilliard, Seasons Hospice [source: public comments pdf42]

"Wesley indicates it works with physicians, hospitals and other providers in King County and lists providers that it will maintain or establish a new relationships with. No mention is made to describe these relationships, how continuity of care is achieved, or how fragmentation of services is avoided. The application contains no reference to relationships with providers in Pierce County."

Judy Dunn, President and CEO – Franke Toby Jones

At its very best, hospice is available to support persons with terminal illness and their families by managing pain and distress and by helping them to maintain dignity through the end-of-life. Given our history and experience with Wesley, we are confident that a CN award to them to provide hospice services will benefit our residents as well as those throughout the County."

Bruce Dammeir, Pierce County Executive

"Pierce County was honored to have Wesley's Bradley Park in Puyallup open in 2019. Bradley Park's campus is beautiful, but more importantly, its programming which includes extended learning opportunities s through Pierce College, health and wellness, spiritual and recreational opportunities for almost 200 today, with plans to add additional phases, is exactly the type of development the County is eager to support.

Nearly all of us have experience with family members needing support at end of life. Wesley is already a proven and known quality provider to many in our community. Extending its extensive hospice programming from King County into Pierce County and offering the same quality, compassion and expertise should be a priority for the State's endorsement."

Kevin McFeely, President & CEO – Tacoma Lutheran Retirement Community

"Assuring that our community has access to the full range of services they need to be able to stay home is more challenging when hospice needs arise. Despite having a number of quality hospice agencies in the County, timely access has become an increasing concern for our community in the past few years. Caseloads at the existing hospice agencies are up, traffic congestion has increased and their availability to respond timely has been impacted. Hospice supports persons with terminal illness and their families by managing pain and distress and by helping them to maintain dignity

through the end-of-life. While TLRC staff is available and serves as caregiver to a number of hospice patients each year, our staff benefits by the access to experts in medical (including pain and symptom management) and psychological services. When care is delayed or not available as the patient's need demand, the patient and family are impacted.

Working in partnership with a hospice provider to understand what we can do to tailor our services to meet the specific needs of each resident is invaluable. Given that the State has determined that Pierce County is underserved for hospice, and further given our long-standing relationship with Wesley and our shared values, we are confident that a CN award to provide hospice services will benefit our residents as well as those throughout the County."

Rebuttal Comment
None

Department Evaluation
Wesley Homes provided a listing of known referral sources for its proposed operations in Pierce County, as well as a number of other entities with which it intends to work Letters of support demonstrate that Wesley Homes would benefit from a number of partners in the healthcare community of Pierce County.

The evaluation of this sub-criterion also takes into account the department's evaluation of the project of the sub-criterion reviewed under WAC 246-310-210, 220, and 230. For this project, the department could not substantiate the information provided in WAC 246-310-220(1), financial feasibility. For those reasons, the department concludes that approval of Wesley Homes' project may result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met**.

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

This sub-criterion is addressed in sub-section (3) above and **is met for** following applicant(s)**.**

- Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.
- Continuum Care of Pierce LLC
- Envision Hospice of Washington, LLC
- Providence Health & Services-Washington dba Providence Hospice of Seattle
- Seasons Hospice & Palliative Care of Pierce County, LLC
- Signature Hospice Pierce, LLC
- Symbol Healthcare, Inc., dba Puget Sound Hospice
- Wesley Homes At Home, LLC

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

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable structure and process of care criteria in WAC 246-310-240:**

- Providence Health & Services-Washington dba Providence Hospice of Seattle
- Seasons Hospice & Palliative Care of Pierce County, LLC
- Signature Hospice Pierce, LLC
- Wesley Homes At Home, LLC
- Bristol Hospice, LLC dba Bristol Hospice - Pierce, L.L.C.
- Continuum Care of Pierce LLC
- Envision Hospice of Washington, LLC
- Symbol Healthcare, Inc., dba Puget Sound Hospice

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

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

WAC 246-310-290(10) provides the following direction for review this sub-criterion of applications for hospice agencies. It states:
"In addition to demonstrating numeric need under subsection (7) of this section, applicants must meet the following certificate of need requirements:
(a) Determination of need under WAC 246-310-210;
(b) Determination of financial feasibility under WAC 246-310-220;
(c) Criteria for structure and process of care under WAC 246-310-230; and
(d) Determination of cost containment under WAC 246-310-240."

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria is in WAC 246-310-290(11) provides the superiority criteria used to compare competing projects and make the determination between two or more approvable projects, which is the best alternative.

All Applicants

None of the applicants met all of the review criteria under WAC 246-310-210, -220, and -230. As a result, all applicants fail to move past Step 1. For all applicants, **this sub-criterion is not met.**

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

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

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

None of the applicants' proposals required construction. Therefore this sub-criterion does not apply to any of these applicants.

(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.

All Applicants

None of the applicants met all of the review criteria under WAC 246-310-210, -220, and -230. As a result, all applicants fail to move past Step 1 of cost containment. For all applicants, **this sub-criterion is not met.**

APPENDIX A

Department of Health
2019-2020 Hospice Numeric Need Methodology
Admissions - Summarized

0-64 Total Admissions by County

Sum of 0-64	Column Labels		
Row Labels	2016	2017	2018
Adams	6	4	6
Asotin	10	7	6
Benton	106	110	118
Chelan	35	44	34
Clallam	6	14	16
Clark	310	282	336
Columbia	0	1	1
Cowlitz	105	124	107
Douglas	19	19	10
Ferry	3	7	6
Franklin	16	15	30
Garfield	0	1	1
Grant	42	44	41
Grays Harbor	66	72	35
Island	32	35	38
Jefferson	15	14	21
King	906	862	1,009
Kitsap	132	104	180
Kittitas	20	46	15
Klickitat	30	17	10
Lewis	53	45	56
Lincoln	4	3	7
Mason	18	34	14
Okanogan	35	34	21
Pacific	15	17	13
Pend Oreille	11	8	8
Pierce	453	419	543
San Juan	11	3	6
Skagit	62	61	48
Skamania	14	4	2
Snohomish	366	339	422
Spokane	367	397	400
Stevens	13	25	30
Thurston	132	144	114
Wahkiakum	0	1	2
Walla Walla	45	45	24
Whatcom	122	139	117
Whitman	9	29	19
Yakima	179	188	248
Grand Total	**3,768**	**3,757**	**4,114**

65+ Total Admissions by County

Sum of 65+	Column Labels		
Row Labels	2016	2017	2018
Adams	25	30	34
Asotin	47	85	121
Benton	751	875	887
Chelan	305	319	386
Clallam	110	143	187
Clark	1,737	1,898	2,124
Columbia	19	17	23
Cowlitz	645	695	600
Douglas	102	129	136
Ferry	18	37	29
Franklin	110	122	155
Garfield	3	1	2
Grant	179	216	261
Grays Harbor	264	292	180
Island	195	364	348
Jefferson	120	167	155
King	6,510	6,739	6,359
Kitsap	938	1,156	1,021
Kittitas	79	134	135
Klickitat	72	82	81
Lewis	378	420	1,164
Lincoln	17	22	29
Mason	191	232	161
Okanogan	133	132	148
Pacific	99	106	72
Pend Oreille	56	55	53
Pierce	3,401	3,356	3,175
San Juan	70	70	79
Skagit	591	616	680
Skamania	35	21	20
Snohomish	2,228	2,084	2,636
Spokane	2,176	2,467	2,248
Stevens	120	128	121
Thurston	880	899	936
Wahkiakum	5	4	5
Walla Walla	273	276	227
Whatcom	712	766	770
Whitman	207	248	227
Yakima	937	962	977
Grand Total	**24,738**	**26,365**	**26,951**

Total Admissions by County - Not Adjusted for New Approvals

Column1	Total 201	Total 201	Total 201	Average
Adams	31	34	40	**35.00**
Asotin	57	92	127	**92.00**
Benton	857	985	1,005	**949.00**
Chelan	340	363	420	**374.33**
Clallam	116	157	203	**158.67**
Clark	2,047	2,180	2,460	**2,229.00**
Columbia	19	18	24	**20.33**
Cowlitz	750	819	707	**758.67**
Douglas	121	148	146	**138.33**
Ferry	21	44	35	**33.33**
Franklin	126	137	185	**149.33**
Garfield	3	2	3	**2.67**
Grant	221	260	302	**261.00**
Grays Harbor	330	364	215	**303.00**
Island	227	399	386	**337.33**
Jefferson	135	181	176	**164.00**
King	7,416	7,601	7,368	**7,461.67**
Kitsap	1,070	1,260	1,201	**1,177.00**
Kittitas	99	180	150	**143.00**
Klickitat	102	99	91	**97.33**
Lewis	431	465	1,220	**705.33**
Lincoln	21	25	36	**27.33**
Mason	209	266	175	**216.67**
Okanogan	168	166	169	**167.67**
Pacific	114	123	85	**107.33**
Pend Oreille	67	63	61	**63.67**
Pierce	3,854	3,775	3,718	**3,782.33**
San Juan	81	73	85	**79.67**
Skagit	653	677	728	**686.00**
Skamania	49	25	22	**32.00**
Snohomish	2,594	2,423	3,058	**2,691.67**
Spokane	2,543	2,864	2,648	**2,684.83**
Stevens	133	153	151	**145.67**
Thurston	1,012	1,043	1,050	**1,035.00**
Wahkiakum	5	5	7	**5.67**
Walla Walla	318	321	251	**296.67**
Whatcom	834	905	887	**875.33**
Whitman	216	277	246	**246.17**
Yakima	1,116	1,150	1,225	**1,163.67**

Total Admissions by County - Adjusted for New Approvals

Adjusted Cells Highlighted in YELLOW

Column1	Total 201	Total 201	Total 201	Average
Adams	31	34	40	**35.00**
Asotin	57	92	127	**92.00**
Benton	857	985	1,005	**949.00**
Chelan	340	363	420	**374.33**
Clallam	116	157	416	**229.50**
Clark	2,047	2,180	2,460	**2,229.00**
Columbia	19	18	24	**20.33**
Cowlitz	750	819	707	**758.67**
Douglas	121	148	146	**138.33**
Ferry	21	44	35	**33.33**
Franklin	126	137	185	**149.33**
Garfield	3	2	3	**2.67**
Grant	221	260	302	**261.00**
Grays Harbor	330	364	215	**303.00**
Island	227	399	386	**337.33**
Jefferson	135	181	176	**164.00**
King	7,629	7,796	7,581	**7,668.17**
Kitsap	1,070	1,260	1,201	**1,177.00**
Kittitas	99	180	150	**143.00**
Klickitat	102	291	280	**224.00**
Lewis	431	465	1,220	**705.33**
Lincoln	21	25	36	**27.33**
Mason	209	266	175	**216.67**
Okanogan	168	166	169	**167.67**
Pacific	114	123	85	**107.33**
Pend Oreille	67	63	61	**63.67**
Pierce	3,854	3,775	3,718	**3,782.33**
San Juan	81	73	85	**79.67**
Skagit	653	677	728	**686.00**
Skamania	49	25	22	**32.00**
Snohomish	2,594	2,423	3,908	**2,975.00**
Spokane	2,543	2,864	2,648	**2,684.83**
Stevens	133	153	151	**145.67**
Thurston	1,012	1,043	1,475	**1,176.67**
Wahkiakum	5	5	7	**5.67**
Walla Walla	318	321	251	**296.67**
Whatcom	834	905	887	**875.33**
Whitman	216	277	246	**246.17**
Yakima	1,116	1,150	1,225	**1,163.67**

Agencies that have operated for <3 years:

Wesley Homes Hospice - approved in 2015, operational since 2017 in King County. 2018 volumes exceed "default" - no adjustment for 2018.

Heart of Hospice - approved in August 2017. Operational since August 2017 in Klickitat County.

Envision Hospice - approved in September 2018 for Thurston County.

Source:

Self-Report Provider Utilization Surveys for Years 2016-2018

Vital Statistics Death Data for Years 2016-2018

Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
Admissions - Summarized

Continuum Care of Snohomish - approved in July 2019 for Snohomish County.
Olympic Medical Center - approved in September 2019 for Clallam County
Symbol Healthcare - approved in November 2019 for Thurston County
Heart of Hospice - approved in November 2019 for Snohomish County
Envision Hospice - approved in November 2019 for Snohomish County
Glacier Peak Healthcre - approved in November 2019 for Snohomish County

Calculation for "default values" per WAC 246-310-290(7)(b), assumption of 35 ADC, 60.13 ALOS per CMS

35 ADC * 365 days per year = 12,775 default patient days
12,775 patient days/60.13 ALOS = 212.5 default admissions
212.5 Default
For affected counties, the actual volumes from these recently approved agnecies will be subtracted, and default values will be added.

Note: Kindred Hospice in Whitman and Spokane Counties did not respond to the department's survey. As a result, the averageof 2016 and 2017 data was used as a proxy for 2018.

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
including corrections received by 10/31/19

WAC246-310-290(8)(a) Step 1:

Calculate the following two statewide predicted hospice use rates using department of health survey and vital statistics data:

WAC 246-310-290(8)(a)(i) The percentage of patients age sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients sixty five and over by the average number of past three years statewide total deaths age sixty-five and over.
WAC246-310-290(8)(a)(ii) The percentage of patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients under sixty-five by the average number of past three years statewide total of deaths under sixty-five.

Hospice admissions ages 0-64	
Year	Admissions
2016	3,768
2017	3,757
2018	4,114
average:	**3,880**

Deaths ages 0-64	
Year	Deaths
2016	13,557
2017	14,113
2018	14,055
average:	**13,908**

Use Rates	
0-64	27.89%
65+	61.56%

Hospice admissions ages 65+	
Year	Admissions
2016	24,738
2017	26,365
2018	26,951
average:	**26,018**

Deaths ages 65+	
Year	Deaths
2016	41,104
2017	42,918
2018	42,773
average:	**42,265**

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
including corrections received by 10/31/19

WAC246-310-290(8)(b) Step 2:
Calculate the average number of total resident deaths over the last three years for each planning area by age cohort.

0-64				
County	2016	2017	2018	2016-2018 Average Deaths
Adams	34	38	28	**33**
Asotin	50	49	52	**50**
Benton	352	385	331	**356**
Chelan	123	124	130	**126**
Clallam	172	180	191	**181**
Clark	781	883	874	**846**
Columbia	12	19	6	**12**
Cowlitz	290	351	300	**314**
Douglas	56	71	51	**59**
Ferry	20	30	28	**26**
Franklin	115	133	145	**131**
Garfield	4	6	5	**5**
Grant	191	203	195	**196**
Grays Harbor	233	238	227	**233**
Island	134	166	135	**145**
Jefferson	69	69	64	**67**
King	3,204	3,256	3,264	**3,241**
Kitsap	518	485	515	**506**
Kittitas	59	91	68	**73**
Klickitat	50	63	58	**57**
Lewis	194	210	227	**210**
Lincoln	26	20	25	**24**
Mason	164	169	158	**164**
Okanogan	110	119	103	**111**
Pacific	59	88	64	**70**
Pend Oreille	35	34	43	**37**
Pierce	1,883	1,936	1,964	**1,928**
San Juan	36	18	19	**24**
Skagit	248	271	231	**250**
Skamania	39	16	27	**27**
Snohomish	1,440	1,483	1,533	**1,485**
Spokane	1,168	1,147	1,177	**1,164**
Stevens	103	96	113	**104**
Thurston	485	530	554	**523**
Wahkiakum	10	3	13	**9**
Walla Walla	123	123	110	**119**
Whatcom	365	367	360	**364**
Whitman	42	57	66	**55**
Yakima	560	586	601	**582**

65+				
County	2016	2017	2018	2016-2018 Average Deaths
Adams	92	78	72	**81**
Asotin	192	190	214	**199**
Benton	1,075	1,081	1,125	**1,094**
Chelan	535	556	573	**555**
Clallam	762	842	871	**825**
Clark	2,589	2,579	2,767	**2,645**
Columbia	48	116	43	**69**
Cowlitz	863	917	840	**873**
Douglas	227	232	255	**238**
Ferry	64	60	55	**60**
Franklin	242	284	278	**268**
Garfield	20	17	30	**22**
Grant	479	509	524	**504**
Grays Harbor	606	622	647	**625**
Island	565	630	675	**623**
Jefferson	293	308	336	**312**
King	9,766	10,039	9,917	**9,907**
Kitsap	1,704	1,780	1,713	**1,732**
Kittitas	243	237	239	**240**
Klickitat	145	151	158	**151**
Lewis	676	721	730	**709**
Lincoln	102	105	94	**100**
Mason	494	550	526	**523**
Okanogan	303	350	332	**328**
Pacific	222	262	279	**254**
Pend Oreille	120	133	130	**128**
Pierce	4,751	5,019	4,926	**4,899**
San Juan	126	115	114	**118**
Skagit	979	1,007	1,001	**996**
Skamania	64	65	56	**62**
Snohomish	3,857	4,118	4,055	**4,010**
Spokane	3,356	3,527	3,556	**3,480**
Stevens	336	376	373	**362**
Thurston	1,661	1,768	1,823	**1,751**
Wahkiakum	39	37	33	**36**
Walla Walla	485	501	445	**477**
Whatcom	1,353	1,329	1,252	**1,311**
Whitman	212	236	199	**216**
Yakima	1,458	1,471	1,517	**1,482**

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
including corrections received by 10/31/19

WAC246-310-290(8)(c) Step 3.
Multiply each hospice use rate determined in Step 1 by the planning areas' average total resident deaths determined in Step 2, separated by age cohort.

0-64		
County	2016-2018 Average Deaths	Projected Patients: 27.90% of Deaths
Adams	33	9
Asotin	50	14
Benton	356	99
Chelan	126	35
Clallam	181	50
Clark	846	236
Columbia	12	3
Cowlitz	314	87
Douglas	59	17
Ferry	26	7
Franklin	131	37
Garfield	5	1
Grant	196	55
Grays Harbor	233	65
Island	145	40
Jefferson	67	19
King	3,241	904
Kitsap	506	141
Kittitas	73	20
Klickitat	57	16
Lewis	210	59
Lincoln	24	7
Mason	164	46
Okanogan	111	31
Pacific	70	20
Pend Oreille	37	10
Pierce	1,928	538
San Juan	24	7
Skagit	250	70
Skamania	27	8
Snohomish	1,485	414
Spokane	1,164	325
Stevens	104	29
Thurston	523	146
Wahkiakum	9	2
Walla Walla	119	33
Whatcom	364	102
Whitman	55	15
Yakima	582	162

65+		
County	2016-2018 Average Deaths	Projected Patients: 61.56% of Deaths
Adams	81	50
Asotin	199	122
Benton	1,094	673
Chelan	555	341
Clallam	825	508
Clark	2,645	1,628
Columbia	69	42
Cowlitz	873	538
Douglas	238	147
Ferry	60	37
Franklin	268	165
Garfield	22	14
Grant	504	310
Grays Harbor	625	385
Island	623	384
Jefferson	312	192
King	9,907	6,099
Kitsap	1,732	1,066
Kittitas	240	148
Klickitat	151	93
Lewis	709	436
Lincoln	100	62
Mason	523	322
Okanogan	328	202
Pacific	254	157
Pend Oreille	128	79
Pierce	4,899	3,016
San Juan	118	73
Skagit	996	613
Skamania	62	38
Snohomish	4,010	2,469
Spokane	3,480	2,142
Stevens	362	223
Thurston	1,751	1,078
Wahkiakum	36	22
Walla Walla	477	294
Whatcom	1,311	807
Whitman	216	133
Yakima	1,482	912

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
including corrections received by 10/31/19

Washington State Department of Health

WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

0-64								
County	Projected Patients	2016-2018 Average Population	2019 projected population	2020 projected population	2021 projected population	2019 potential volume	2020 potential volume	2021 potential volume
Adams	9	17,899	18,160	18,291	18,456	9	10	10
Asotin	14	16,842	16,715	16,652	16,596	14	14	14
Benton	99	165,123	167,984	169,415	171,026	101	102	103
Chelan	35	61,755	62,227	62,463	62,512	35	35	35
Clallam	50	52,605	52,494	52,439	52,233	50	50	50
Clark	236	399,287	411,278	417,273	421,901	243	247	249
Columbia	3	2,905	2,822	2,780	2,745	3	3	3
Cowlitz	87	85,617	85,817	85,917	85,843	88	88	88
Douglas	17	34,335	35,130	35,527	35,803	17	17	17
Ferry	7	5,731	5,628	5,577	5,541	7	7	7
Franklin	37	83,832	88,012	90,102	92,443	38	39	40
Garfield	1	1,623	1,581	1,560	1,541	1	1	1
Grant	55	83,784	86,033	87,158	88,240	56	57	58
Grays Harbor	65	58,246	57,387	56,958	56,679	64	63	63
Island	40	62,814	63,114	63,264	63,280	41	41	41
Jefferson	19	20,670	20,705	20,722	20,636	19	19	19
King	904	1,841,848	1,885,115	1,906,749	1,918,470	925	936	942
Kitsap	141	215,543	218,538	220,035	220,614	143	144	144
Kittitas	20	37,330	38,453	39,015	39,286	21	21	21
Klickitat	16	15,955	15,702	15,575	15,439	16	16	15
Lewis	59	62,097	62,700	63,001	63,164	59	60	60
Lincoln	7	7,982	7,864	7,805	7,751	7	6	6
Mason	46	49,652	50,632	51,122	51,397	47	47	47
Okanogan	31	32,726	32,364	32,183	32,087	31	30	30
Pacific	20	14,830	14,545	14,403	14,322	19	19	19
Pend Oreille	10	9,952	9,859	9,812	9,769	10	10	10
Pierce	538	738,738	756,339	765,139	769,918	551	557	560
San Juan	7	11,084	10,863	10,753	10,730	7	7	7
Skagit	70	99,346	100,807	101,537	101,887	71	71	72
Skamania	8	9,260	9,248	9,242	9,223	8	8	8
Snohomish	414	683,800	705,787	716,781	721,527	428	434	437
Spokane	325	418,875	423,256	425,447	426,740	328	330	331
Stevens	29	34,343	34,109	33,992	33,917	29	29	29
Thurston	146	231,571	238,190	241,500	243,867	150	152	154
Wahkiakum	2	2,612	2,498	2,441	2,405	2	2	2
Walla Walla	33	50,328	50,763	50,981	51,028	33	34	34
Whatcom	102	180,629	185,418	187,812	189,267	104	106	106
Whitman	15	43,051	43,222	43,308	43,315	15	15	15
Yakima	162	219,328	222,774	224,497	225,822	165	166	167

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
including corrections received by 10/31/19

Washington State Department of Health

WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

65+								
County	Projected Patients	2016-2018 Average Population	2019 projected population	2020 projected population	2021 projected population	2019 potential volume	2020 potential volume	2021 potential volume
Adams	**50**	**2,000**	2,227	2,341	2,383	55	58	59
Asotin	**122**	**5,426**	5,812	6,005	6,175	131	135	139
Benton	**673**	**28,657**	30,986	32,150	33,373	728	755	784
Chelan	**341**	**14,811**	15,876	16,408	17,052	366	378	393
Clallam	**508**	**20,867**	21,800	22,267	22,901	531	542	557
Clark	**1628**	**71,564**	78,605	82,125	85,686	1,788	1,869	1,950
Columbia	**42**	**1,169**	1,236	1,269	1,287	45	46	47
Cowlitz	**538**	**20,505**	22,148	22,969	23,719	581	602	622
Douglas	**147**	**7,213**	7,976	8,358	8,666	162	170	176
Ferry	**37**	**2,022**	2,168	2,241	2,289	39	41	42
Franklin	**165**	**8,343**	9,188	9,610	10,083	182	190	199
Garfield	**14**	**620**	645	658	669	14	15	15
Grant	**310**	**13,628**	14,861	15,477	16,071	338	352	366
Grays Harbor	**385**	**15,064**	16,123	16,653	17,133	412	425	438
Island	**384**	**19,163**	20,239	20,777	21,412	405	416	429
Jefferson	**192**	**10,916**	11,588	11,924	12,323	204	210	217
King	**6099**	**282,395**	310,572	324,660	337,771	6,707	7,012	7,295
Kitsap	**1066**	**49,743**	53,833	55,878	58,185	1,154	1,198	1,247
Kittitas	**148**	**7,055**	7,647	7,943	8,266	160	166	173
Klickitat	**93**	**5,310**	5,829	6,088	6,268	102	107	110
Lewis	**436**	**15,987**	16,808	17,219	17,697	459	470	483
Lincoln	**62**	**2,755**	2,891	2,959	3,039	65	66	68
Mason	**322**	**14,717**	15,905	16,499	17,167	348	361	376
Okanogan	**202**	**9,624**	10,475	10,901	11,210	220	229	235
Pacific	**157**	**6,421**	6,747	6,910	7,035	165	168	172
Pend Oreille	**79**	**3,560**	3,925	4,107	4,239	87	91	94
Pierce	**3016**	**119,836**	130,688	136,114	142,422	3,289	3,425	3,584
San Juan	**73**	**5,322**	5,768	5,991	6,174	79	82	85
Skagit	**613**	**25,308**	27,881	29,168	30,314	675	706	734
Skamania	**38**	**2,414**	2,670	2,798	2,923	42	44	46
Snohomish	**2469**	**107,560**	119,333	125,219	131,978	2,739	2,874	3,029
Spokane	**2142**	**80,834**	87,852	91,361	94,670	2,328	2,421	2,509
Stevens	**223**	**10,407**	11,360	11,837	12,214	243	253	261
Thurston	**1078**	**46,608**	50,757	52,832	54,900	1,174	1,222	1,269
Wahkiakum	**22**	**1,379**	1,503	1,565	1,580	24	25	26
Walla Walla	**294**	**10,881**	11,006	11,068	11,350	297	299	306
Whatcom	**807**	**37,426**	40,902	42,640	44,217	882	920	954
Whitman	**133**	**4,948**	5,526	5,815	6,008	148	156	161
Yakima	**912**	**35,809**	37,530	38,391	39,475	956	978	1,006

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
including corrections received by 10/31/19

Washington State Department of Health

WAC246-310-290(8)(e) Step 5:
Combine the two age cohorts. Subtract the average of the most recent three years hospice capacity in each planning area from the projected volumes calculated in Step 4 to determine the number of projected admissions beyond the planning area capacity.

County	2019 potential volume	2020 potential volume	2021 potential volume	Current Capacity	2019 Admits (Unmet)	2020 Admits (Unmet)	2021 Admits (Unmet)
Adams	65	68	69	**35.00**	30	33	34
Asotin	145	149	153	**92.00**	53	57	61
Benton	829	857	887	**949.00**	(120)	(92)	(62)
Chelan	401	414	429	**374.33**	27	39	54
Clallam	581	592	607	**229.50**	351	363	378
Clark	2,032	2,115	2,199	**2,229.00**	(197)	(114)	(30)
Columbia	48	49	50	**20.33**	28	29	30
Cowlitz	668	690	710	**758.67**	(90)	(69)	(49)
Douglas	179	187	193	**138.33**	41	49	55
Ferry	47	48	49	**33.33**	13	14	15
Franklin	220	229	240	**149.33**	71	80	90
Garfield	16	16	16	**2.67**	13	13	13
Grant	395	409	424	**261.00**	134	148	163
Grays Harbor	476	489	501	**303.00**	173	186	198
Island	446	457	470	**337.33**	109	119	132
Jefferson	223	229	236	**164.00**	59	65	72
King	7,633	7,948	8,237	**7,668.17**	(35)	280	568
Kitsap	1,297	1,342	1,392	**1,177.00**	120	165	215
Kittitas	181	187	194	**143.00**	38	44	51
Klickitat	118	122	125	**224.00**	(106)	(102)	(99)
Lewis	518	530	543	**705.33**	(187)	(176)	(163)
Lincoln	71	73	75	**27.33**	44	45	47
Mason	395	408	423	**216.67**	178	192	206
Okanogan	251	259	266	**167.67**	83	92	98
Pacific	184	188	190	**107.33**	76	80	83
Pend Oreille	97	101	104	**63.67**	33	37	40
Pierce	3,839	3,982	4,144	**3,782.33**	57	200	362
San Juan	86	89	91	**79.67**	6	9	11
Skagit	746	778	806	**686.00**	60	92	120
Skamania	50	52	54	**32.00**	18	20	22
Snohomish	3,166	3,308	3,466	**2,975.00**	191	333	491
Spokane	2,656	2,751	2,839	**2,684.83**	(29)	66	155
Stevens	272	282	290	**145.67**	126	136	144
Thurston	1,324	1,374	1,423	**1,176.67**	147	197	246
Wahkiakum	27	28	28	**5.67**	21	22	22
Walla Walla	330	332	340	**296.67**	34	36	43
Whatcom	986	1,025	1,060	**875.33**	111	150	185
Whitman	164	171	177	**246.17**	(82)	(75)	(70)
Yakima	1,121	1,144	1,173	**1,163.67**	(43)	(19)	9

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
including corrections received by 10/31/19

Washington State Department of Health

WAC246-310-290(8)(f) Step 6:
Multiply the unmet need from Step 5 by the statewide average length of stay as determined by CMS to determine unmet need patient days in the projection years.

				Step 6 (Admits * ALOS) = Unmet Patient Days			
County	**2019 Admits (Unmet)**	**2020 Admits (Unmet)**	**2021 Admits (Unmet)**	**Statewide ALOS**	**2019 Patient Days (unmet)**	**2020 Patient Days (unmet)**	**2021 Patient Days (unmet)**
Adams	30	33	34	**60.13**	1,788	1,962	2,029
Asotin	53	57	61	**60.13**	3,182	3,441	3,668
Benton	(120)	(92)	(62)	**60.13**	(7,216)	(5,519)	(3,733)
Chelan	27	39	54	**60.13**	1,622	2,368	3,262
Clallam	351	363	378	**60.13**	21,133	21,813	22,728
Clark	(197)	(114)	(30)	**60.13**	(11,876)	(6,847)	(1,811)
Columbia	28	29	30	**60.13**	1,679	1,749	1,785
Cowlitz	(90)	(69)	(49)	**60.13**	(5,429)	(4,128)	(2,949)
Douglas	41	49	55	**60.13**	2,442	2,920	3,304
Ferry	13	14	15	**60.13**	792	868	918
Franklin	71	80	90	**60.13**	4,252	4,809	5,433
Garfield	13	13	13	**60.13**	782	797	811
Grant	134	148	163	**60.13**	8,031	8,919	9,775
Grays Harbor	173	186	198	**60.13**	10,387	11,171	11,889
Island	109	119	132	**60.13**	6,529	7,182	7,948
Jefferson	59	65	72	**60.13**	3,543	3,900	4,317
King	(35)	280	568	**60.13**	(2,127)	16,807	34,179
Kitsap	120	165	215	**60.13**	7,228	9,924	12,921
Kittitas	38	44	51	**60.13**	2,272	2,663	3,077
Klickitat	(106)	(102)	(99)	**60.13**	(6,380)	(6,114)	(5,932)
Lewis	(187)	(176)	(163)	**60.13**	(11,257)	(10,566)	(9,773)
Lincoln	44	45	47	**60.13**	2,645	2,733	2,839
Mason	178	192	206	**60.13**	10,707	11,516	12,411
Okanogan	83	92	98	**60.13**	4,982	5,510	5,894
Pacific	76	80	83	**60.13**	4,595	4,823	4,999
Pend Oreille	33	37	40	**60.13**	2,002	2,241	2,414
Pierce	57	200	362	**60.13**	3,419	12,015	21,768
San Juan	6	9	11	**60.13**	357	537	687
Skagit	60	92	120	**60.13**	3,608	5,513	7,197
Skamania	18	20	22	**60.13**	1,058	1,179	1,296
Snohomish	191	333	491	**60.13**	11,506	20,029	29,529
Spokane	(29)	66	155	**60.13**	(1,727)	3,966	9,299
Stevens	126	136	144	**60.13**	7,587	8,194	8,676
Thurston	147	197	246	**60.13**	8,841	11,851	14,815
Wahkiakum	21	22	22	**60.13**	1,264	1,322	1,335
Walla Walla	34	36	43	**60.13**	2,027	2,137	2,597
Whatcom	111	150	185	**60.13**	6,681	9,016	11,111
Whitman	(82)	(75)	(70)	**60.13**	(4,961)	(4,493)	(4,181)
Yakima	(43)	(19)	9	**60.13**	(2,556)	(1,161)	558

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
including corrections received by 10/31/19

Washington State Department of Health

WAC246-310-290(8)(g) Step 7:
Divide the unmet patient days from Step 6 by 365 to determine the unmet need ADC.

				Step 7 (Patient Days / 365) = Unmet ADC		
County	**2019 Patient Days (unmet)**	**2020 Patient Days (unmet)**	**2021 Patient Days (unmet)**	**2019 ADC (unmet)**	**2020 ADC (unmet)**	**2021 ADC (unmet)**
Adams	1,788	1,962	2,029	5	5	6
Asotin	3,182	3,441	3,668	9	9	10
Benton	(7,216)	(5,519)	(3,733)	(20)	(15)	(10)
Chelan	1,622	2,368	3,262	4	6	9
Clallam	21,133	21,813	22,728	58	60	62
Clark	(11,876)	(6,847)	(1,811)	(33)	(19)	(5)
Columbia	1,679	1,749	1,785	5	5	5
Cowlitz	(5,429)	(4,128)	(2,949)	(15)	(11)	(8)
Douglas	2,442	2,920	3,304	7	8	9
Ferry	792	868	918	2	2	3
Franklin	4,252	4,809	5,433	12	13	15
Garfield	782	797	811	2	2	2
Grant	8,031	8,919	9,775	22	24	27
Grays Harbor	10,387	11,171	11,889	28	31	33
Island	6,529	7,182	7,948	18	20	22
Jefferson	3,543	3,900	4,317	10	11	12
King	(2,127)	16,807	34,179	(6)	46	94
Kitsap	7,228	9,924	12,921	20	27	35
Kittitas	2,272	2,663	3,077	6	7	8
Klickitat	(6,380)	(6,114)	(5,932)	(17)	(17)	(16)
Lewis	(11,257)	(10,566)	(9,773)	(31)	(29)	(27)
Lincoln	2,645	2,733	2,839	7	7	8
Mason	10,707	11,516	12,411	29	32	34
Okanogan	4,982	5,510	5,894	14	15	16
Pacific	4,595	4,823	4,999	13	13	14
Pend Oreille	2,002	2,241	2,414	5	6	7
Pierce	3,419	12,015	21,768	9	33	60
San Juan	357	537	687	1	1	2
Skagit	3,608	5,513	7,197	10	15	20
Skamania	1,058	1,179	1,296	3	3	4
Snohomish	11,506	20,029	29,529	32	55	81
Spokane	(1,727)	3,966	9,299	(5)	11	25
Stevens	7,587	8,194	8,676	21	22	24
Thurston	8,841	11,851	14,815	24	32	41
Wahkiakum	1,264	1,322	1,335	3	4	4
Walla Walla	2,027	2,137	2,597	6	6	7
Whatcom	6,681	9,016	11,111	18	25	30
Whitman	(4,961)	(4,493)	(4,181)	(14)	(12)	(11)
Yakima	(2,556)	(1,161)	558	(7)	(3)	2

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
including corrections received by 10/31/19

Highlighted counties have pending applications from the 2018 concurrent review. If you are interested in applying in one of these counties, please contact the CN program for more information.

WAC246-310-290(8)(h) Step 8:
Determine the number of hospice agencies in the planning area that could support the unmet need with an ADC of thirty-five.

Application Year

Step 7 (Patient Days / 365) = Unmet ADC				Step 8 - Numeric Need	
County	2019 ADC (unmet)	2020 ADC (unmet)	2021 ADC (unmet)	Numeric Need?	Agencies Needed?
Adams	5	5	6	FALSE	FALSE
Asotin	9	9	10	FALSE	FALSE
Benton	(20)	(15)	(10)	FALSE	FALSE
Chelan	4	6	9	FALSE	FALSE
Clallam	58	60	62	TRUE	1.78
Clark	(33)	(19)	(5)	FALSE	FALSE
Columbia	5	5	5	FALSE	FALSE
Cowlitz	(15)	(11)	(8)	FALSE	FALSE
Douglas	7	8	9	FALSE	FALSE
Ferry	2	2	3	FALSE	FALSE
Franklin	12	13	15	FALSE	FALSE
Garfield	2	2	2	FALSE	FALSE
Grant	22	24	27	FALSE	FALSE
Grays Harbor	28	31	33	FALSE	FALSE
Island	18	20	22	FALSE	FALSE
Jefferson	10	11	12	FALSE	FALSE
King	(6)	46	94	TRUE	2.68
Kitsap	20	27	35	TRUE	1.01
Kittitas	6	7	8	FALSE	FALSE
Klickitat	(17)	(17)	(16)	FALSE	FALSE
Lewis	(31)	(29)	(27)	FALSE	FALSE
Lincoln	7	7	8	FALSE	FALSE
Mason	29	32	34	FALSE	FALSE
Okanogan	14	15	16	FALSE	FALSE
Pacific	13	13	14	FALSE	FALSE
Pend Oreille	5	6	7	FALSE	FALSE
Pierce	9	33	60	TRUE	1.70
San Juan	1	1	2	FALSE	FALSE
Skagit	10	15	20	FALSE	FALSE
Skamania	3	3	4	FALSE	FALSE
Snohomish	32	55	81	TRUE	2.31
Spokane	(5)	11	25	FALSE	FALSE
Stevens	21	22	24	FALSE	FALSE
Thurston	24	32	41	TRUE	1.16
Wahkiakum	3	4	4	FALSE	FALSE
Walla Walla	6	6	7	FALSE	FALSE
Whatcom	18	25	30	FALSE	FALSE
Whitman	(14)	(12)	(11)	FALSE	FALSE
Yakima	(7)	(3)	2	FALSE	FALSE

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
0-64 Population Projection

County	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2018 Average Population
Adams	17,637	17,768	17,899	18,029	18,160	18,291	18,456	18,622	18,787	18,953	19,118	17,899
Asotin	16,969	16,906	16,842	16,779	16,715	16,652	16,596	16,540	16,485	16,429	16,373	16,842
Benton	162,262	163,693	165,123	166,554	167,984	169,415	171,026	172,638	174,249	175,861	177,472	165,123
Chelan	61,284	61,520	61,755	61,991	62,227	62,463	62,512	62,562	62,611	62,661	62,710	61,755
Clallam	52,716	52,661	52,605	52,550	52,494	52,439	52,233	52,027	51,821	51,615	51,409	52,605
Clark	387,296	393,291	399,287	405,282	411,278	417,273	421,901	426,529	431,158	435,786	440,414	399,287
Columbia	2,988	2,947	2,905	2,863	2,822	2,780	2,745	2,710	2,675	2,640	2,605	2,905
Cowlitz	85,417	85,517	85,617	85,717	85,817	85,917	85,843	85,769	85,695	85,621	85,547	85,617
Douglas	33,540	33,938	34,335	34,732	35,130	35,527	35,803	36,080	36,356	36,633	36,909	34,335
Ferry	5,834	5,782	5,731	5,680	5,628	5,577	5,541	5,506	5,470	5,435	5,399	5,731
Franklin	79,651	81,742	83,832	85,922	88,012	90,102	92,443	94,784	97,124	99,465	101,806	83,832
Garfield	1,665	1,644	1,623	1,602	1,581	1,560	1,541	1,522	1,502	1,483	1,464	1,623
Grant	81,535	82,660	83,784	84,909	86,033	87,158	88,240	89,322	90,403	91,485	92,567	83,784
Grays Harbor	59,105	58,675	58,246	57,817	57,387	56,958	56,679	56,401	56,122	55,844	55,565	58,246
Island	62,514	62,664	62,814	62,964	63,114	63,264	63,280	63,296	63,312	63,328	63,344	62,814
Jefferson	20,636	20,653	20,670	20,688	20,705	20,722	20,636	20,550	20,463	20,377	20,291	20,670
King	1,798,581	1,820,215	1,841,848	1,863,482	1,885,115	1,906,749	1,918,470	1,930,192	1,941,913	1,953,635	1,965,356	1,841,848
Kitsap	212,548	214,045	215,543	217,040	218,538	220,035	220,614	221,192	221,771	222,349	222,928	215,543
Kittitas	36,206	36,768	37,330	37,892	38,453	39,015	39,286	39,556	39,827	40,097	40,368	37,330
Klickitat	16,208	16,082	15,955	15,828	15,702	15,575	15,439	15,304	15,168	15,033	14,897	15,955
Lewis	61,494	61,796	62,097	62,398	62,700	63,001	63,164	63,327	63,491	63,654	63,817	62,097
Lincoln	8,101	8,042	7,982	7,923	7,864	7,805	7,751	7,698	7,644	7,591	7,537	7,982
Mason	48,672	49,162	49,652	50,142	50,632	51,122	51,397	51,672	51,946	52,221	52,496	49,652
Okanogan	33,087	32,906	32,726	32,545	32,364	32,183	32,087	31,991	31,896	31,800	31,704	32,726
Pacific	15,115	14,972	14,830	14,688	14,545	14,403	14,322	14,242	14,161	14,081	14,000	14,830
Pend Oreille	10,045	9,998	9,952	9,905	9,859	9,812	9,769	9,727	9,684	9,642	9,599	9,952
Pierce	721,137	729,937	738,738	747,538	756,339	765,139	769,918	774,696	779,475	784,253	789,032	738,738
San Juan	11,305	11,194	11,084	10,974	10,863	10,753	10,730	10,707	10,684	10,661	10,638	11,084
Skagit	97,885	98,616	99,346	100,076	100,807	101,537	101,887	102,236	102,586	102,935	103,285	99,346
Skamania	9,272	9,266	9,260	9,254	9,248	9,242	9,223	9,205	9,186	9,168	9,149	9,260
Snohomish	661,812	672,806	683,800	694,793	705,787	716,781	721,527	726,273	731,019	735,765	740,511	683,800
Spokane	414,493	416,684	418,875	421,066	423,256	425,447	426,740	428,033	429,326	430,619	431,912	418,875
Stevens	34,576	34,459	34,343	34,226	34,109	33,992	33,917	33,841	33,766	33,690	33,615	34,343
Thurston	224,951	228,261	231,571	234,880	238,190	241,500	243,867	246,235	248,602	250,970	253,337	231,571
Wahkiakum	2,726	2,669	2,612	2,555	2,498	2,441	2,405	2,368	2,332	2,295	2,259	2,612
Walla Walla	49,893	50,111	50,328	50,546	50,763	50,981	51,028	51,075	51,121	51,168	51,215	50,328
Whatcom	175,840	178,234	180,629	183,023	185,418	187,812	189,267	190,722	192,178	193,633	195,088	180,629
Whitman	42,880	42,965	43,051	43,137	43,222	43,308	43,315	43,322	43,330	43,337	43,344	43,051
Yakima	215,882	217,605	219,328	221,051	222,774	224,497	225,822	227,147	228,473	229,798	231,123	219,328

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
65+ Population Projection

County	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2018 Average Population
Adams	1,773	1,887	2,000	2,114	2,227	2,341	2,383	2,424	2,466	2,507	2,549	2,000
Asotin	5,041	5,233	5,426	5,619	5,812	6,005	6,175	6,344	6,514	6,683	6,853	5,426
Benton	26,328	27,492	28,657	29,821	30,986	32,150	33,373	34,597	35,820	37,044	38,267	28,657
Chelan	13,746	14,279	14,811	15,343	15,876	16,408	17,052	17,695	18,339	18,982	19,626	14,811
Clallam	19,934	20,401	20,867	21,334	21,800	22,267	22,901	23,535	24,168	24,802	25,436	20,867
Clark	64,524	68,044	71,564	75,085	78,605	82,125	85,686	89,247	92,807	96,368	99,929	71,564
Columbia	1,102	1,135	1,169	1,202	1,236	1,269	1,287	1,304	1,322	1,339	1,357	1,169
Cowlitz	18,863	19,684	20,505	21,326	22,148	22,969	23,719	24,470	25,220	25,971	26,721	20,505
Douglas	6,450	6,831	7,213	7,595	7,976	8,358	8,666	8,974	9,283	9,591	9,899	7,213
Ferry	1,876	1,949	2,022	2,095	2,168	2,241	2,289	2,337	2,386	2,434	2,482	2,022
Franklin	7,499	7,921	8,343	8,765	9,188	9,610	10,083	10,557	11,030	11,504	11,977	8,343
Garfield	595	607	620	633	645	658	669	680	692	703	714	620
Grant	12,395	13,011	13,628	14,244	14,861	15,477	16,071	16,665	17,258	17,852	18,446	13,628
Grays Harbor	14,005	14,535	15,064	15,594	16,123	16,653	17,133	17,612	18,092	18,571	19,051	15,064
Island	18,086	18,625	19,163	19,701	20,239	20,777	21,412	22,047	22,682	23,317	23,952	19,163
Jefferson	10,244	10,580	10,916	11,252	11,588	11,924	12,323	12,722	13,121	13,520	13,919	10,916
King	254,219	268,307	282,395	296,484	310,572	324,660	337,771	350,881	363,992	377,102	390,213	282,395
Kitsap	45,652	47,697	49,743	51,788	53,833	55,878	58,185	60,492	62,800	65,107	67,414	49,743
Kittitas	6,464	6,760	7,055	7,351	7,647	7,943	8,266	8,589	8,911	9,234	9,557	7,055
Klickitat	4,792	5,051	5,310	5,570	5,829	6,088	6,268	6,448	6,627	6,807	6,987	5,310
Lewis	15,166	15,576	15,987	16,398	16,808	17,219	17,697	18,175	18,652	19,130	19,608	15,987
Lincoln	2,619	2,687	2,755	2,823	2,891	2,959	3,039	3,119	3,200	3,280	3,360	2,755
Mason	13,528	14,123	14,717	15,311	15,905	16,499	17,167	17,836	18,504	19,173	19,841	14,717
Okanogan	8,773	9,198	9,624	10,050	10,475	10,901	11,210	11,519	11,827	12,136	12,445	9,624
Pacific	6,095	6,258	6,421	6,584	6,747	6,910	7,035	7,159	7,284	7,408	7,533	6,421
Pend Oreille	3,195	3,378	3,560	3,742	3,925	4,107	4,239	4,371	4,504	4,636	4,768	3,560
Pierce	108,983	114,409	119,836	125,262	130,688	136,114	142,422	148,729	155,037	161,344	167,652	119,836
San Juan	4,876	5,099	5,322	5,545	5,768	5,991	6,174	6,357	6,541	6,724	6,907	5,322
Skagit	22,735	24,021	25,308	26,595	27,881	29,168	30,314	31,460	32,607	33,753	34,899	25,308
Skamania	2,158	2,286	2,414	2,542	2,670	2,798	2,923	3,048	3,172	3,297	3,422	2,414
Snohomish	95,788	101,674	107,560	113,447	119,333	125,219	131,978	138,737	145,495	152,254	159,013	107,560
Spokane	73,817	77,325	80,834	84,343	87,852	91,361	94,670	97,979	101,288	104,597	107,906	80,834
Stevens	9,454	9,930	10,407	10,884	11,360	11,837	12,214	12,591	12,969	13,346	13,723	10,407
Thurston	42,459	44,534	46,608	48,683	50,757	52,832	54,900	56,967	59,035	61,102	63,170	46,608
Wahkiakum	1,254	1,316	1,379	1,441	1,503	1,565	1,580	1,595	1,611	1,626	1,641	1,379
Walla Walla	10,757	10,819	10,881	10,944	11,006	11,068	11,350	11,632	11,915	12,197	12,479	10,881
Whatcom	33,950	35,688	37,426	39,164	40,902	42,640	44,217	45,794	47,372	48,949	50,526	37,426
Whitman	4,370	4,659	4,948	5,237	5,526	5,815	6,008	6,201	6,395	6,588	6,781	4,948
Yakima	34,088	34,949	35,809	36,670	37,530	38,391	39,475	40,559	41,643	42,727	43,811	35,809

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
Death Data - FINAL

	0-64			65+		
County	2016	2017	2018	2016	2017	2018
ADAMS	34	38	28	92	78	72
ASOTIN	50	49	52	192	190	214
BENTON	352	385	331	1,075	1,081	1,125
CHELAN	123	124	130	535	556	573
CLALLAM	172	180	191	762	842	871
CLARK	781	883	874	2,589	2,579	2,767
COLUMBIA	12	19	6	48	116	43
COWLITZ	290	351	300	863	917	840
DOUGLAS	56	71	51	227	232	255
FERRY	20	30	28	64	60	55
FRANKLIN	115	133	145	242	284	278
GARFIELD	4	6	5	20	17	30
GRANT	191	203	195	479	509	524
GRAYS HARBOR	233	238	227	606	622	647
ISLAND	134	166	135	565	630	675
JEFFERSON	69	69	64	293	308	336
KING	3,204	3,256	3,264	9,766	10,039	9,917
KITSAP	518	485	515	1,704	1,780	1,713
KITTITAS	59	91	68	243	237	239
KLICKITAT	50	63	58	145	151	158
LEWIS	194	210	227	676	721	730
LINCOLN	26	20	25	102	105	94
MASON	164	169	158	494	550	526
OKANOGAN	110	119	103	303	350	332
PACIFIC	59	88	64	222	262	279
PEND OREILLE	35	34	43	120	133	130
PIERCE	1,883	1,936	1,964	4,751	5,019	4,926
SAN JUAN	36	18	19	126	115	114
SKAGIT	248	271	231	979	1,007	1,001
SKAMANIA	39	16	27	64	65	56
SNOHOMISH	1,440	1,483	1,533	3,857	4,118	4,055
SPOKANE	1,168	1,147	1,177	3,356	3,527	3,556
STEVENS	103	96	113	336	376	373
THURSTON	485	530	554	1,661	1,768	1,823
WAHKIAKUM	10	3	13	39	37	33
WALLA WALLA	123	123	110	485	501	445
WHATCOM	365	367	360	1,353	1,329	1,252
WHITMAN	42	57	66	212	236	199
YAKIMA	560	586	601	1,458	1,471	1,517

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Survey Responses

Agency Name	License Number	County	Year	0-64	65+
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Adams	2016	6	25
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Grant	2016	42	176
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Lincoln	2016	4	16
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Clallam	2016	6	110
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Jefferson	2016	1	6
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Lewis	2016	25	229
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Mason	2016	3	52
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Thurston	2016	30	240
Astria Home Health and Hospice (Yakima Regional Home Health and Hospice)	IHS.FS.60097245	Yakima	2016	6	88
Central Washington Hospital Home Care Services	IHS.FS.00000250	Chelan	2016	35	305
Central Washington Hospital Home Care Services	IHS.FS.00000250	Douglas	2016	19	97
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Clark	2016	78	364
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Cowlitz	2016	98	583
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Wahkiakum	2016	0	5
Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2016	10	47
Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2016	0	3
Evergreen Health Home Care Services	IHS.FS.00000278	Island	2016	0	7
Evergreen Health Home Care Services	IHS.FS.00000278	King	2016	292	2227
Evergreen Health Home Care Services	IHS.FS.00000278	Snohomish	2016	85	727
Franciscan Hospice	IHS.FS.00000287	King	2016	106	1140
Franciscan Hospice	IHS.FS.00000287	Kitsap	2016	45	486
Franciscan Hospice	IHS.FS.00000287	Pierce	2016	232	2499
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Douglas	2016	0	5
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Grant	2016	0	3
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Okanogan	2016	35	133
Gentiva Hospice (Odyssey Hospice)	IHS.FS.60330209	King	2016	24	346
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2016	66	264
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2016	15	99
Heart of Hospice	IHS.FS.00000185	Skamania	2016	9	13
Heart of Hospice	IHS.FS.00000185	Klickitat	2016	3	25
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Benton	2016	4	107
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Yakima	2016	12	165
Home Health Care of Whidbey General Hospital (Whidbey General)	IHS.FS.00000323	Island	2016	11	99
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Clark	2016	168	976
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Cowlitz	2016	6	39
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Skamania	2016	1	5
Horizon Hospice	IHS.FS.00000332	Spokane	2016	28	350
Hospice of Kitsap County	IHS.FS.00000335	Kitsap	2016	0	0
Hospice of Spokane	IHS.FS.00000337	Ferry	2016	3	18
Hospice of Spokane	IHS.FS.00000337	Lincoln	2016	0	1
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2016	11	56
Hospice of Spokane	IHS.FS.00000337	Spokane	2016	315	1620
Hospice of Spokane	IHS.FS.00000337	Stevens	2016	13	120
Hospice of Spokane	IHS.FS.00000337	Whitman	2016	0	1
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Island	2016	13	61
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	San Juan	2016	11	70
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Skagit	2016	62	591
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Snohomish	2016	7	96
Jefferson Healthcare Home Health and Hospice (Hospice of Jefferson County)	IHS.FS.00000349	Jefferson	2016	14	114
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Clark	2016	64	397
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Cowlitz	2016	1	23
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Skamania	2016	0	0
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	King	2016	38	567
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Kitsap	2016	23	119
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Pierce	2016	39	229
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Snohomish	2016	6	110
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Spokane	2016	24	206
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Whitman	2016	9	206
Kittitas Valley Home Health and Hospice	IHS.FS.00000320	Kittitas	2016	20	79
Klickitat Valley Home Health & Hospice (Klickitat Valley Health)	IHS.FS.00000361	Klickitat	2016	5	31
Kline Galland Community Based Services	IHS.FS.60103742	King	2016	20	305
Memorial Home Care Services	IHS.FS.00000376	Yakima	2016	161	684
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639376	King	2016	24	111
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639377	Kitsap	2016	64	333
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639378	Pierce	2016	182	673
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Klickitat	2016	22	16
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Skamania	2016	4	17
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2016	8	28
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	King	2016	0	0
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2016	265	1288
Providence Hospice of Seattle	IHS.FS.00000336	King	2016	402	1814
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2016	3	7
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Lewis	2016	28	149
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Mason	2016	15	139
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Thurston	2016	102	640
Tri-Cities Chaplaincy	IHS.FS.00000456	Benton	2016	102	644
Tri-Cities Chaplaincy	IHS.FS.00000456	Franklin	2016	16	110
Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2016	0	19
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2016	45	273
Wesley Homes	IHS.FS.60276500	King	2016	0	0

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Whatcom Hospice (Peacehealth)	IHS.FS.00000471	Whatcom	2016	122	712
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Adams	2017	4	30
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Grant	2017	44	209
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Lincoln	2017	3	22
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Clallam	2017	14	143
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Jefferson	2017	1	14
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Lewis	2017	17	257
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Mason	2017	8	43
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Thurston	2017	39	235
Astria Home Health and Hospice (Yakima Regional Home Health and Hospice)	IHS.FS.60097245	Yakima	2017	11	48
Central Washington Hospital Home Care Services	IHS.FS.00000250	Chelan	2017	44	319
Central Washington Hospital Home Care Services	IHS.FS.00000250	Douglas	2017	18	119
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Clark	2017	67	419
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Cowlitz	2017	116	630
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Wahkiakum	2017	1	4
Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2017	7	85
Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2017	1	1
Evergreen Health Home Care Services	IHS.FS.00000278	Island	2017	0	7
Evergreen Health Home Care Services	IHS.FS.00000278	King	2017	272	2393
Evergreen Health Home Care Services	IHS.FS.00000278	Snohomish	2017	82	478
Franciscan Hospice	IHS.FS.00000287	King	2017	90	1115
Franciscan Hospice	IHS.FS.00000287	Kitsap	2017	64	796
Franciscan Hospice	IHS.FS.00000287	Pierce	2017	181	2242
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Douglas	2017	1	10
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Grant	2017	0	7
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Okanogan	2017	34	132
Gentiva Hospice (Odyssey Hospice)	IHS.FS.60330209	King	2017	14	375
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2017	72	292
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2017	17	106
Heart of Hospice	IHS.FS.00000185	Skamania	2017	2	11
Heart of Hospice	IHS.FS.00000185	Klickitat	2017	1	20
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Benton	2017	12	130
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Yakima	2017	28	197
Home Health Care of Whidbey General Hospital (Whidbey General)	IHS.FS.00000323	Island	2017	21	248
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Clark	2017	165	1064
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Cowlitz	2017	7	47
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Skamania	2017	0	0
Horizon Hospice	IHS.FS.00000332	Spokane	2017	35	420
Hospice of Kitsap County	IHS.FS.00000335	Kitsap	2017	0	0
Hospice of Spokane	IHS.FS.00000337	Ferry	2017	7	37
Hospice of Spokane	IHS.FS.00000337	Lincoln	2017	0	0
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2017	8	55
Hospice of Spokane	IHS.FS.00000337	Spokane	2017	340	1722
Hospice of Spokane	IHS.FS.00000337	Stevens	2017	25	128
Hospice of Spokane	IHS.FS.00000337	Whitman	2017	0	1
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Island	2017	11	77
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	San Juan	2017	3	70
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Skagit	2017	61	616
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Snohomish	2017	7	83
Jefferson Healthcare Home Health and Hospice (Hospice of Jefferson County)	IHS.FS.00000349	Jefferson	2017	13	153
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Clark	2017	50	415
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Cowlitz	2017	1	18
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Skamania	2017	0	0
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	King	2017	38	487
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Kitsap	2017	7	107
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Pierce	2017	27	189
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Snohomish	2017	2	68
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Spokane	2017	22	325
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Whitman	2017	29	247
Kittitas Valley Home Health and Hospice	IHS.FS.00000320	Kittitas	2017	46	134
Klickitat Valley Home Health & Hospice (Klickitat Valley Health)	IHS.FS.00000361	Klickitat	2017	11	33
Kline Galland Community Based Services	IHS.FS.60103742	King	2017	13	301
Memorial Home Care Services	IHS.FS.00000376	Yakima	2017	149	717
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639376	King	2017	42	149
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639377	Kitsap	2017	33	253
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639378	Pierce	2017	211	925
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Klickitat	2017	5	29
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Skamania	2017	2	10
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2017	3	32
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	King	2017	5	14
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2017	238	1440
Providence Hospice of Seattle	IHS.FS.00000336	King	2017	387	1888
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2017	10	15
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Lewis	2017	28	163
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Mason	2017	26	189
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Thurston	2017	105	664
Tri-Cities Chaplaincy	IHS.FS.00000456	Benton	2017	98	745
Tri-Cities Chaplaincy	IHS.FS.00000456	Franklin	2017	15	122
Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2017	1	17
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2017	45	276

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Agency Name	License Number	County	Year	0-64	65+
Wesley Homes	IHS.FS.60276500	King	2017	1	17
Whatcom Hospice (Peacehealth)	IHS.FS.00000471	Whatcom	2017	139	766
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Adams	2018	6	34
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Grant	2018	40	254
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Lincoln	2018	6	28
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Clallam	2018	16	186
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Jefferson	2018	1	11
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Lewis	2018	35	280
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Mason	2018	4	44
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Thurston	2018	24	273
Astria Home Health and Hospice (Yakima Regional Home Health and Hospice)	IHS.FS.60097245	Yakima	2018	41	8
Central Washington Hospital Home Care Services	IHS.FS.00000250	Chelan	2018	34	386
Central Washington Hospital Home Care Services	IHS.FS.00000250	Douglas	2018	10	133
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Clark	2018	54	383
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Cowlitz	2018	87	524
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Wahkiakum	2018	2	5
Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2018	6	121
Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2018	1	2
Evergreen Health Home Care Services	IHS.FS.00000278	Island	2018	1	9
Evergreen Health Home Care Services	IHS.FS.00000278	King	2018	348	1989
Evergreen Health Home Care Services	IHS.FS.00000278	Snohomish	2018	79	690
Franciscan Hospice	IHS.FS.00000287	King	2018	102	921
Franciscan Hospice	IHS.FS.00000287	Kitsap	2018	141	693
Franciscan Hospice	IHS.FS.00000287	Pierce	2018	331	2110
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Douglas	2018	0	3
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Grant	2018	1	7
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Okanogan	2018	21	148
Gentiva Hospice (Odyssey Hospice)	IHS.FS.60330209	King	2018	37	180
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2018	35	180
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2018	13	71
Heart of Hospice	IHS.FS.00000185	Skamania	2018	0	10
Heart of Hospice	IHS.FS.00000185	Klickitat	2018	1	23
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Benton	2018	6	137
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Yakima	2018	24	219
Home Health Care of Whidbey General Hospital (Whidbey General)	IHS.FS.00000323	Island	2018	20	235
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Clark	2018	243	1305
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Cowlitz	2018	20	76
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Skamania	2018	1	1
Horizon Hospice	IHS.FS.00000332	Spokane	2018	31	389
Hospice of Kitsap County	IHS.FS.00000335	Kitsap	2018	0	0
Hospice of Spokane	IHS.FS.00000337	Ferry	2018	6	29
Hospice of Spokane	IHS.FS.00000337	Lincoln	2018	1	1
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2018	8	53
Hospice of Spokane	IHS.FS.00000337	Spokane	2018	346	1593
Hospice of Spokane	IHS.FS.00000337	Stevens	2018	30	121
Hospice of Spokane	IHS.FS.00000337	Whitman	2018	none reported	none reported
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Island	2018	6	60
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	San Juan	2018	6	79
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Skagit	2018	48	680
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Snohomish	2018	2	67
Jefferson Healthcare Home Health and Hospice (Hospice of Jefferson County)	IHS.FS.00000349	Jefferson	2018	20	144
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Clark	2018	39	436
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Cowlitz	2018	none reported	none reported
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Skamania	2018	none reported	none reported
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	King	2018	25	416
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Kitsap	2018	14	96
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Pierce	2018	35	198
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Snohomish	2018	14	94
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Spokane	2018	23	265.5
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Whitman	2018	19	226.5
Kittitas Valley Home Health and Hospice	IHS.FS.00000320	Kittitas	2018	15	135
Klickitat Valley Home Health & Hospice (Klickitat Valley Health)	IHS.FS.00000361	Klickitat	2018	5	40
Kline Galland Community Based Services	IHS.FS.60103742	King	2018	29	368
Memorial Home Care Services	IHS.FS.00000376	Yakima	2018	183	750
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639376	King	2018	32	158
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639377	Kitsap	2018	25	232
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639378	Pierce	2018	177	867
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Klickitat	2018	4	18
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Skamania	2018	1	9
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2018	11	44
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	King	2018	none reported	none reported
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2018	316	1772
Providence Hospice of Seattle	IHS.FS.00000336	King	2018	407	1959
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2018	11	13
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Lewis	2018	21	884
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Mason	2018	10	117
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Thurston	2018	90	663
Tri-Cities Chaplaincy	IHS.FS.00000456	Benton	2018	112	750
Tri-Cities Chaplaincy	IHS.FS.00000456	Franklin	2018	30	155
Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2018	1	23

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff

Department of Health
2019-2020 Hospice Numeric Need Methodology
Survey Responses

Agency Name	License Number	County	Year	0-64	65+
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2018	24	227
Wesley Homes	IHS.FS.60276500	King	2018	29	368
Whatcom Hospice (Peacehealth)	IHS.FS.00000471	Whatcom	2018	117	770
IRREGULAR-COMMUNITY HOME HEALTH & HOSPICE	IHS.FS.00000262	Pacific	2018	0	1
IRREGULAR-MULTICARE	IHS.FS.60639376	Clallam	2018	0	1

Note: Kindred Hospice in Whitman and Spokane Counties did not respond to the department's survey. As a result, the averageof 2016 and 2017 data was used as a proxy for 2018.

Source:
Self-Report Provider Utilization Surveys for Years 2016-2018
Vital Statistics Death Data for Years 2016-2018
Prepared by DOH Program Staff