



P.O. BOX 13700, Mill Creek, WA 98082

RECEIVED

By CERTIFICATE OF NEED PROGRAM at 4:37 pm, Oct 16, 2020

October 12, 2020

CN21-15

Eric Hernandez, Manager
Certificate of Need Program
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dear Mr. Hernandez,

Please find Bethany Home Health LLC dba Bethany Home Health's certificate of need application proposing to establish a Medicare certified home health agency in Snohomish County. Please note, per conversations with Certificate of Need Program staff, that the appropriate review and processing fee of \$24,666 was sent to the Program on October 9, 2020.

Bethany Home Health looks forward to working with the program over the coming months. If you have any questions, please do not hesitate to contact me at (425) 330-3671 or at JosephS@bethanynw.org.

Sincerely,

Joseph Scrivens, Chief Executive Officer
Bethany of the Northwest



FOR DEPARTMENT USE ONLY

Date Stamp Here

Fee Received: _____

Check #: _____


Initials _____

**WASHINGTON STATE CERTIFICATE OF NEED PROGRAM
RCW 70.38 AND WAC 246-310**

**APPLICATION FOR CERTIFICATE OF NEED HOME HEALTH CARE PROJECTS
(Excludes amendments)**

Certificate of Need applications must be submitted with a fee in accordance with the instructions on page 2 of this form.

Application is made for a Certificate of Need in accordance with provisions in Revised Code of Washington (RCW) 70.38 and Washington Administrative Code (WAC) 246-310 adopted by the Washington State Department of Health. I hereby certify that the statements made in this application are correct to the best of my knowledge and belief.

Signature and Title of Responsible Officer:  Date: October 12, 2020	Person To Whom Questions Regarding This Application Should Be Directed: Joseph Scrivens, Chief Executive Officer Bethany of the Northwest Telephone Number: (425) 330-3671
Legal Name of Applicant: Bethany Home Health LLC dba Bethany Home Health Address of Applicant: 1902 120th Pl. SE, Suite 201 Everett, WA 98208 Telephone Number:	Type of Project (check all that apply): <input type="checkbox"/> New Agency <input type="checkbox"/> Existing Medicare Certified/Medicaid Eligible Agency Expanding into Different County <input checked="" type="checkbox"/> Existing Licensed-Only Home Health Agency to Become Medicare Certified/Medicaid Eligible.
Project Summary: Establishing a Medicare certified/Medicaid eligible home health agency to serve Snohomish County. Estimated capital expenditure: \$ <u>0</u>	



**BETHANY HOME HEALTH LLC
CERTIFICATE OF NEED APPLICATION
TO
ESTABLISH A
MEDICARE CERTIFIED HOME HEALTH AGENCY
IN
SNOHOMISH COUNTY**

October 2020

Section 1:
APPLICANT DESCRIPTION

A. Provide the legal name(s) of applicant(s).

The applicant is Bethany Home Health LLC dba Bethany Home Health (Bethany), a wholly owned subsidiary of Bethany of the Northwest.

B. For each licensed applicant, please provide the professional license number and specialty represented. If the license was not issued by Washington State, please identify the state it was issued.

Bethany is a licensed in-home services agency with a home health service category. Its license number is IHS.FS.60966822. Bethany is a wholly owned subsidiary of Bethany of the Northwest which does operate other licensed healthcare facilities in the State. The various entities and their respective license number are identified in Table 1.

Table 1
Bethany of the Northwest
Licensed Entities

Name	License Type	License Number
Bethany Home Health LLC	In-Home Services	IHS.FS.60966822
Bethany at Pacific	Nursing Home	1290
Bethany at Silver Lake	Nursing Home	1049
Bethany at Silver Crest	Assisted Living	1346
Everett Transitional Care Services	Nursing Home	1617

C. For existing facilities, provide the name and address of the facility.

Bethany will be housed within Bethany of the Northwest's System Office. The address is:

1902 120th Pl. SE, Suite 201
Everett, WA 98208

Mailing Address:
PO Box 13700
Mill Creek, WA 98082

D. Identify the type of ownership (public, private, corporation, non-profit, etc.).

Bethany of the Northwest is a 501 (c)(3) continuing care ministry, dedicated to enhancing the quality and dignity of life of those who we serve, out of love for God and neighbor. Bethany, the entity that will operate the Medicare certified home health agency, is a Washington limited liability company.

E. Provide the name and address of owning entity at completion of project (unless same as applicant).

The owning entity is the same as the applicant.

F. Provide the name and address of operating entity at completion of project (unless same as applicant).

The operating entity is the same as the applicant.

G. Identify the corporate structure and related parties. Attach a chart showing organizational relationship to related parties.

An organizational chart for Bethany of the Northwest is included as Exhibit 1.

H. Provide a general description and address of each facility and other related business (es) owned and/or operated by applicant (include out-of-state facilities, if any).

As described above, Bethany is a licensed in-home services agency with a home health service category. Its license number is IHS.FS.60966822. Bethany does not own or operate any other facilities, but Bethany of the Northwest does. A listing of these facilities is included in Table 1 and includes Everett Transitional Care Services which both Bethany of the Northwest and Providence Regional Medical Center jointly own. Bethany of the Northwest is the operator.

I. For existing facilities, identify the geographic primary service area.

Bethany is currently licensed as an in-home services agency in Washington State. With this application, it is seeking a certificate of need to become a Medicare certified agency in Snohomish County.

J. Identify the facility licensure/accreditation status.

The license information for each of Bethany of the Northwest's various entities was included in Table 1. Table 2 includes additional information on provider certification status.

Table 2
Bethany Home Health
Affiliated Facilities
Provider Numbers and Certification Status

Facility	Address	License Type	License Number	Medicare Provider Number	Medicaid Provider Number
Bethany Home Health LLC	1902 120th Pl SE Ste 201, Everett, WA, 98208-6292	In Home Services Agency, Home Health	IHS.FS.60966822	Applying	Applying
Bethany at Pacific	916 Pacific Avenue, Floors 3,6 Everett, WA 98206	Nursing Home	1290	50-5404	4112900
Bethany at Silver Lake	2131 Lake Heights Drive, Everett, WA 98208	Nursing Home	1049	50-5403	4110490
Bethany at Silver Crest	2235 Lake Heights Drive, Everett, WA 98208	Assisted Living	1346	NA	219178
Everett Transitional Care Services	916 Pacific Avenue, Floor 4, Everett, WA 98206	Nursing Home	1617	50-5533	4116171

K. Is the applicant reimbursed for services under Medicare and Medicaid? List which ones.

Bethany is not currently reimbursed for services under Medicare and Medicaid. Its parent, Bethany of the Northwest's existing nursing homes are Medicare certified and have Medicaid contracts, and its assisted living facility holds a Medicaid contract. Bethany will seek reimbursement for services under Titles XVIII and XIX of the Social Security Act upon certificate of need approval.

L. If applicable, identify the medical director and provide his/her professional license number, and specialty represented.

The Medical Director will be Darren Swenson, MD. Dr. Swenson's professional license number is MD 60793398.

M. If applicable, please identify whether the medical director is employed directly by or has contracted with the applicant. If services are contracted, please provide a copy of the contract.

The Medical Director will be contracted with Bethany. A copy of the draft agreement is included in Exhibit 2.

N. For existing facilities, please provide the following information broken down by discipline (i.e., RN/LPN, OT, PT, home health aide, social worker, etc.) for each county currently serving:

- i. Total number of home health *visits* per year for the last three years; and**
- ii. Total number of unduplicated home health *patients* served per year for the last three years.**

Bethany's licensed in home services agency became licensed in July 2020. It was established in anticipation of also becoming Medicare certified and is not yet fully operational. The vast majority of the patients needing Bethany's home health services are Medicare or Medicaid, so until the certificate of need is approved, the agency will be limited in volumes.

Section 2

PROJECT DESCRIPTION

A. Provide the name and address of the proposed facility.

Bethany will be located within existing space at the Bethany of the Northwest's System Office, located at:

1902 120th Pl. SE, Suite 201
Everett, WA 98208

Mailing Address:
PO Box 13700
Mill Creek, WA 98082

B. Describe the project for which Certificate of Need approval is sought.

Bethany proposes to establish a Medicare certified Home Health Agency in Snohomish County. Bethany is already a Washington State In-Home Services provider, but without Medicare certification, is unable to provide services to the majority of patients in need of home health services in Snohomish County. Upon CN approval, Bethany will provide a full range of home health services to Snohomish County patients in need of intermittent, medically necessary, skilled care. These services include, but are not limited to nursing, physical therapy, occupational therapy, and speech therapy services.

Bethany of the Northwest, Bethany's parent, has served Snohomish County for over 100 years. Originally Bethania College, "Bethany Home for the Aged" was established in 1901 by a group of Lutherans who believed there was a need for a Christian "Old People's Home" in the Everett area. Today, Bethany of the Northwest is the fourth largest not-for-profit long-term care provider in the State of Washington. Bethany of the Northwest provides 262 beds for skilled and sub-acute nursing and 60 apartments for assisted living at three separate locations in Snohomish County. With a staff of more than 400, and a dedicated group of volunteers, people continue to look to Bethany to provide Snohomish County residents with a life of independence, dignity, and purpose.

Bethany of the Northwest's core values include:

- Integrity – Acting with honesty without compromising the truth
- Compassion: Caring for each person with dignity and respect.
- Respect: Honoring ourselves and those whom we serve.
- Excellence: Continually improving and striving to be the best.
- Stewardship: Using our talents and resources wisely.

These values require that Bethany of the Northwest continue to grow and expand our array of services as needs are identified. Most recently this is reflected in a partnership established with

Providence Everett Medical Center to redesign the transitional care model, moving from traditional post-acute patients (now being managed well in community nursing homes) to hard to place long-stay/non-acute patients impacting occupancy and bed availability at Providence Everett, and more importantly, the quality of life of these individuals.

Bethany of the Northwest also recently established a licensed in-home services agency to meet the needs of patients needing safe transitions to home, and the establishment of a Medicare certified home health agency is the logical next step. In addition to the Department of Health's (Department) 2019 need forecast for additional home health agencies in Snohomish County, Bethany independently evaluated the market and concluded that there would be real community benefit associated with a Bethany based Medicare certified/Medicaid eligible home health service.

C. List new services or changes in services represented by this project. In the following table, please indicate (by marking an 'X' in the appropriate column) which services would be provided directly by the agency and which services would be contracted.

Services to be provided include:

	Direct	Contracted
Skilled Nursing	X	
Physical Therapy	X	
Occupational Therapy	X	
Speech Therapy	X	
Medical Social Work	X	
Home Health Aide	X	
Medical Director		X
Respite Care		X
IV Therapy		X
Other (list):		

Source: Applicant

D. General description of types of patients to be served by the project.

Consistent with Medicare requirements, patients to be served will typically be home bound and in need of intermittent medical care including skilled nursing care, physical therapy, occupational therapy, or speech language pathology services.

- E. List the equipment proposed for the project:**
- (i) Description of equipment proposed; and**
 - (ii) Description of equipment to be replaced, including cost of the equipment, disposal, or use of the equipment to be replaced.**

No equipment will be replaced. The new equipment is basic office equipment and is included in Table 3.

Table 3
Proposed Equipment List

Office Equipment	QTY
Computers	5
Desks	5
Chairs	13
File Cabinets	8
Refrigerator	1
Printer/Copier/Fax	5
Networking/Router	1
Software & License	5

- F. Provide drawings of proposed project:**
- (i) Single line drawings, *approximately to scale*, of current locations which identify current department and services; and**
 - (ii) Single line drawings, *approximately to scale*, of proposed locations which identify proposed services and departments; and**
 - (iii) Total net and gross square feet of project.**

Line drawings of the proposed space are included as Exhibit 3.

- G. Identify the anticipated dates of both commencement and completion of project.**

As a currently licensed in-home services agency in Washington State, Bethany will be submitting its application with CMS to become Medicare certified during the certificate of need review process so that upon certificate of need approval we will be able to finalize that process expeditiously. As such, Bethany anticipates commencing and completing the project by January 1, 2022.

- H. Describe the relationship of this project to the applicant's long-range business plan and long-range financial plan (if any).**

First and foremost, Bethany of the Northwest is a continuing care ministry, dedicated to enhancing the quality and dignity of those who we serve, out of love for God and neighbor. Bethany of the Northwest's most recent RoadMap was finalized in 2018. During the

development of the road map, data we relied on demonstrated the **increasing demand for post-acute and long-term care** in the County. In response, a four-pronged plan to address needs was developed. The Plan calls for Bethany of the Northwest to:

- 1) Enhance and grow physical infrastructure
- 2) Develop new community-based programs
- 3) Focus on workforce development, and
- 4) Continue/expand partnerships to address needs.

Home health was specifically identified under developing new community-based programs.

I. Provide documentation that the applicant has sufficient interest in the site or facility proposed. "Sufficient interest" shall mean any of the following:

- (i) Clear legal title to the proposed site; or**
- (ii) A lease for at least one year with options to renew for not less than a total of three years; or**
- (iii) A legally enforceable agreement (i.e., draft detailed sales or lease agreement, executed sales or lease agreement with contingencies clause) to give such title or such lease in the event that a Certificate of Need is issued for the proposed project. These agreements may be in draft form if all parties identified in the draft agreements provide a signed "Letter of Intent to finalize" the agreement.**

Bethany will use space within Bethany of the Northwest's Everett location. The lease for this space is included under Exhibit 4.

Section 3
PROJECT RATIONALE
A. Need (WAC 246-310-210)

1) Identify the proposed geographic service area.

The proposed geographic service area for this project is Snohomish County.

2) If the proposed service area is designated as a Medically Underserved Area (MUA) as defined by HCFA or a Health Professional Shortage Area (HPSA), please provide documentation verifying the designation.

Snohomish County has a number of geographies/communities that are designated as a HPSA or MUA. Details on each of these designations are included in Exhibit 5.

3) Identify and analyze the unmet home health service needs and/or other problems toward which this project is directed.

(i) Identify the unmet home health needs of the patient population in the proposed service area. Note that the unmet patient need should not include physical plant deficiencies and/or increase facility operating efficiencies.

While no methodology exists in statute or rule, the Certificate of Need Program (CN Program) has consistently used a methodology contained in the *1987 Washington State Health Plan* to project future visits and to provide guidance in rendering CN decisions. The four-step methodology is listed below and demonstrates a gross need for 22 agencies in Snohomish County.

The steps are summarized below.

Step 1:

Snohomish County population for years 2021-2024, broken down by age group, is shown in Table 4.

Table 4
Step 1 – Snohomish County Population Projections

Age Group	2021	2022	2023	2024
0-64	721,347	726,001	730,746	735,582
65-79	104,916	109,925	115,212	120,796
80+	26,342	27,711	29,159	30,693
Total	852,605	863,637	875,117	887,071

Source: OFM 2018 Projections by Age and County, Medium Series

Step 2:

Table 5 multiplies the methodology's specified use rate by age cohort to the County population cohorts depicted in Table 4. The resulting "Total" number is the total number of the planning area residents projected to need home health services.

Table 5
Step 2 – Snohomish County Projected Patients

Age Group	Use Rate Per SHP	2021	2022	2023	2024
0-64	0.005	3,607	3,630	3,654	3,678
65-79	0.044	4,616	4,837	5,069	5,315
80+	0.183	4,821	5,071	5,336	5,617
Total		13,044	13,538	14,059	14,610

Source: Use Rates from State Health Plan

Step 3:

The projected number of patients from Table 5 are multiplied by the projected number of visits by age group, again specified by the methodology. The sub-totals, by age group, are then added together resulting in the total number of visits in the planning area. Table 6 illustrates the number of visits per year by age group and shows the total number of visits for the planning area.

Table 6
Projected Snohomish County Projected Visits

Age Cohort	2021	2022	2023	2024
0-64 Patients	3,607	3,630	3,654	3,678
Visits per Patient	10	10	10	10
Subtotal Visits	36,070	36,300	36,540	36,780
65-79 Patients	4,616	4,837	5,069	5,315
Visits per Patient	14	14	14	14
Subtotal Visits	64,624	67,718	70,966	74,410
80+ Patients	4,821	5,071	5,336	5,617
Visits per Patient	21	21	21	21
Subtotal Visits	101,241	106,491	112,056	117,957
Total Visits	201,935	210,509	219,562	229,147

Source: Applicant

Step 4:

The final step divides the total projected number of visits calculated in Step 3 (Table 6) by 10,000 – the minimum required volumes per home health agency.

Table 7
Snohomish County Home Health Agency Need

	2021	2022	2023	2024
Total Estimated Patient Visits	201,935	210,509	219,562	229,147
<i>Quotient of 10,000</i>	20	21	21	22

In numerous other applications of the methodology by the Department, the number of existing comparable agencies are summed and subtracted from the identified gross need to determine net need.

According to information provided to Bethany by the CN Program, there are a total of 35 entities that for licensing, report an in-home license and report Snohomish County as part of their service area. Bethany reviewed website detail and/or contacted each of these entities. Our analysis identified 22 of these are not comparable to Medicare certified agencies because they:

- Do not operate in Snohomish County
- Provide only 1 service (for example, medical equipment, respiratory therapy)
- Serve only a single population (for example, pediatrics)
- Provide personal care services or private duty nursing only.

Only 13 agencies provide a range of service that are comparable to Medicare Home Health services, of which only seven (7) are Medicare/Medicaid-certified and provide the full continuum of home health services to Medicare patients (one of which is Kaiser which does not provide services to the general population). As such, we believe that only six of the Medicare certified agencies are truly comparable; however, as depicted in Table 8, even including the additional six (6) licensed only agencies that provide similar services, there is a need for 10 additional home health agencies in Snohomish County by 2024.

Table 8
Unmet Need for Home Health Agencies in Snohomish County

Estimated Home Health Agency Gross Need	Existing Medicare Certified/Medicaid Eligible Agencies Counted in Supply	Licensed Only In-Home Care Agencies Counted in Supply	Subtract Agencies Included in Supply?	Net Need for Medicare Certified/Medicaid Eligible Agencies
22	6	6	12	10

Source: Applicant

As identified in Table 9 below, compounding the unmet need in Snohomish County is the rapid growth in the population and the large growth in the population age 65+. Snohomish County today has nearly 820,000 residents, of which 14% are over the age of 65. By 2024, the entire County will grow another 7% to 884,868 and the 65+ population will have increased by another 28%, to a total of 148,042. The rate of growth in the total County population is 13% faster than the Statewide rate of growth, and the 65+% is also growing 33% faster than the State at large.

Table 9
Snohomish County Demographics

	2010	Pct of Tot Pop	2019 Est	Pct of Tot Pop	Pct Chg 2010- 2019	2024 Proj	Pct of Tot Pop	Pct Chg 2019- 2024
Tot. Pop.	710,066	100.0%	818,394	100.0%	15.3%	874,868	100.0%	6.9%
Pop. By Age								
0-17	173,381	24.4%	184,883	22.6%	6.6%	194,435	22.2%	5.2%
18-44	265,736	37.4%	293,700	35.9%	10.5%	301,501	34.5%	2.7%
45-64	197,735	27.8%	224,020	27.4%	13.3%	230,890	26.4%	3.1%
65-74	40,816	5.7%	73,043	8.9%	79.0%	93,597	10.7%	28.1%
75-84	22,226	3.1%	30,645	3.7%	37.9%	41,467	4.7%	35.3%
85+	10,172	1.4%	12,103	1.5%	19.0%	12,978	1.5%	7.2%
Tot. 0-64	636,852	89.7%	702,603	85.9%	10.3%	726,826	83.1%	3.4%
Tot. 65 +	73,214	10.3%	115,791	14.1%	58.2%	148,042	16.9%	27.9%
Hispanic	64,114	9.0%	85,129	10.4%	32.8%	97,853	11.2%	14.9%
Fem. 15-44	144,276	20.3%	157,871	19.3%	9.4%	163,218	18.7%	3.4%

Source: Nielsen Claritas

b) Identify the negative impact and consequences of unmet home health needs and deficiencies.

Snohomish County’s existing home health providers offer high quality care. However, we are increasingly aware that at least several are increasingly at capacity and are limiting or delaying new admissions.

Home health benefits patients and their families by supporting recovery from an injury or illness in the comfort of home and in familiar surroundings. Patients recuperating at home with the support of home health services recover faster as family and friends can play a vital role in the recovery process and mental well-being. Home health provides older patients with an enhanced sense of independence and control over their lives.

Home Health, in part due to an aging population and a rise in chronic conditions, coupled with a growing belief among policymakers, providers and patients that the home is the ideal care setting for post- acute care and that home health care can play a vital role in a value-based system, has resulted in demand for home health increasing at a faster rate than for many other services. Data from the U.S. Bureau of Labor Statistics demonstrates that through 2026, the projected growth of jobs in health-care settings overall is at 18 percent, with the demand for home health and personal care far outpacing the overall sector growth, with an increase of 41 percent.¹

¹ <https://www.bls.gov/ooh/healthcare/home-health-aides-and-personal-care-aides.htm>

With hospitals now being penalized by CMS for readmissions occurring within 30 days of discharge, hospitals, payers and Accountable Care Organizations (ACOs) are all actively attempting to develop a right-sized array of quality resources to ensure that appropriate and high quality post-discharge options are readily available. Given that the CN methodology for estimating home health demand pre-dates, by decades, health care reform efforts, we believe that the real need in Snohomish is in excess of that estimated by the CN methodology.

Importantly, recent data support the increasing role home health care will play in a reformed, value-based system, stating that: *“The future of health care delivery hinges on the ability of payers and providers to leverage the spectrum of home-based care, with Medicare skilled home health as a formidable linchpin in that spectrum.”*² This supports an earlier report by the Joint Commission that found home health as: *“the place we need to go to make all this happen – it’s an opportunity to be the driver of where the system is going...in partnership with hospital, physicians, and other providers.”*³ This same report also found that *“Home health organizations will be a linchpin”* for the Department of Health and Human Services’ National Healthcare Quality Strategy and Plan.

Home health is a pivotal component of the health care system, and without sufficient and accessible home health resources in the community, Snohomish County will not be equipped for success as the health care environment continues to evolve from volume to value.

Bethany is fully committed to ensuring that a full continuum of high-quality care is available and accessible to our patients and to our community.

- 4) Define the types of patients that are expected to be served by the project. 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 person who prefer to receive the services of a particular recognized school or theory of medical care.**

The proposed home health agency will aid and facilitate the healing process of eligible patients recuperating at home. The patients expected to be served include all patients in need of home health services in Snohomish County.

Skilled services to be provided include:

- Nursing
- Physical Therapy
- Medical Social Work
- Home Health Aide
- Speech Therapy
- Occupational Therapy

² Home Health Care Manag Pract. 2016 Nov; 28(4): 262–278.

³https://www.johnahartford.org/images/uploads/resources/Home_Care_position_paper_4_5_111.pdf

As with Bethany of the Northwest's other services, we expect that a majority of Bethany Health's patients and families will specifically choose Bethany due to:

- a. An established relationship of trust in Bethany's services; and
- b. Our emphasis on the highest quality of care.

Bethany of the Northwest already provides skilled nursing, transitional care and assisted living services to predominantly elderly individuals and their families through our other programs. These patients and families have established a trusting relationship with Bethany, and tell us regularly how hesitant they are to switch from Bethany to another provider for home health services. With the addition of home health to its continuum of care, Bethany will be able to provide these patients with continuity of care back to home. In an average month, Bethany attempts 70 home health referrals from our three SNFs, and an increasing number experience delays with initiation of home health and/or a delay in discharge. We conservatively expect the number being referred to home health will be consistent going forward, or, more likely, will increase somewhat. Given the clinical profile of patients being discharged, we expect that the majority of our patients will have rehabilitation/physical therapy needs.

A significant percentage will also have specialty nursing care needs such as wound care, diabetes management and medication follow-up and monitoring, and a smaller but significant group will also have occupational and speech therapy needs. Our staffing and plans of care will be designed for each individual patient and will be very flexible to be able to meet the full range of care needs for each patient.

- 5) For existing facilities, include a patient origin analysis for at least the most recent three-month period, if such data is maintained, or provide patient origin data from the last statewide patient origin study. Patient origin is to be indicated by zip code. Zip codes are to be grouped by city and county and include a zip code map illustrating the service area.**

Bethany received its state license as an in-home services agency with a home health service category in July of 2020. However, until it receives Medicare certification will be limited in care provision since the vast majority of patients needing home health services in the County have Medicare or Medicaid as a primary payer; hence, this data is not available.

- 6) For existing facilities, please identify the number of patients currently receiving skilled services, broken down by type(s) of services (i.e., skilled nursing), by county served.**

Bethany received its state license as an in-home services agency with a home health service category in July of 2020. However, until it receives Medicare certification will be limited in care provision since the vast majority of patients needing home health services in the County have Medicare or Medicaid as a primary payer; hence, this data is not available.

- 7) Please provide utilization forecasts for the following, broken down by discipline (i.e., RN/LPN, OT, PT, social worker, etc.) for each county proposing to serve:
- Total number of home health *visits* per year for the first three years; and
 - Total number of unduplicated home health patients served per year for the first three years.

Table 10 details the projected patients and visits by discipline for Bethany's proposed Snohomish home health agency.

Table 10
Visits by Discipline

Discipline	% of Total	Year 1	Year 2	Year 3
RN/LPN	35.00%	926	1,924	2,874
PT	35.00%	926	1,924	2,874
HH Aide	6.50%	172	357	534
OT	18.00%	476	990	1,478
ST	3.50%	93	192	287
Social Work	2.00%	53	110	164
Total	100.00%	2,646	5,498	8,211

Source: Applicant

- 8) Provide the complete step-by-step quantitative methodology used to construct each utilization forecast. All assumptions related to use rate, market share, intensity of service, and others must be provided.

The underlying assumptions are detailed below:

- Bethany of the Northwest's SNFs consistently refers about 70 patients to home health per month; this equates to 840 referrals per year. As detailed below, in Year 1, we have conservatively projected that only 25% of all referrals will elect Bethany, increasing to 50% in year 3.

Year 1:	25% (assume 12 visits per patient due being in a start-up year)
Year 2:	35% (assume 17 visits per patient based on national average)
Year 3:	50% (assume 17 visits per patient)
- We conservatively estimate that during the first year, Bethany's three nursing homes will generate 95% of our home health volume. The remaining 5%, is expected to come to the program from outside referrals. In year two we expect approximately 10% from outside referrals and 15% in year 3.

- The above assumptions, result in a market share for Bethany in its first three years as follows:
 - 2022: 1.3%
 - 2023: 2.5%
 - 2024: 3.6%
- After the initial year, an average of 17 visits per patient based on national averages was assumed.
- The following distribution of visits by discipline, Based on a review of other successful Certificate of Need applications and the actual experience of other home health agencies affiliated with long-term care facilities and services.
 - Skilled Nursing: 35%
 - Physical Therapy: 35%
 - Speech Therapy: 3.5%
 - Occupational Therapy: 18%
 - Social Work: 2%
 - Home Health Aides: 6.5%

9) Provide detailed information on the availability and accessibility of similar existing services to the defined population expected to be served. This section should concentrate on other facilities and services which "compete" with the applicant.

- (i) Identify all existing providers of services (licensed only and certified) similar to those proposed and provide utilization experience of those providers that demonstrates that existing services are not available to meet all or some portion of the forecasted utilization.**
- (ii) If existing services are available, demonstrate that such services are not accessible. Unusual time and distance factors, among other things, are to be analyzed in this section.**
- (iii) If existing services are available and accessible, justify why the proposed project does not constitute an unnecessary duplication of services.**

There are seven (7) CN Approved and Medicare certified/Medicaid eligible home health agencies serving Snohomish County, including Kaiser, which only serves its members (estimated at 12-14% of Snohomish County's insured). This results in six (5) agencies that Bethany considers to be 'similar' in that they are generally available and accessible to the population to be served by Bethany. Past CN decisions also excluded Kaiser from supply.

In addition to Medicare certified/Medicaid eligible agencies, it has been the CN Program's practice in recent years to include some or all of the licensed only agency capacity (those agencies that hold an in-home services state license but are not CN approved to provide Medicare services). While Bethany believes that no licensed only agency is comparable to Medicare certified/Medicaid eligible, we did review recent CN decisions and the most recent CN

methodology to understand which of the licensed only agencies the CN Program counted in supply and the criteria used in making those decisions.

The Department's 2019 home health methodology identified 35 agencies that were licensed in Washington and identified Snohomish County in their service area. Bethany used criteria similar to those the CN program used in past decisions and included in the supply only those licensed-only home health agencies that comply with the Medicare home health definition. This definition requires very specific services to be provided including, at a minimum, skilled nursing, and therapeutic services. A list of the licensed only home health agencies compliant with the Medicare home health definition, and for the purposes of this application, counted in supply, are also included in Table 11.

Using the CN program's criteria and previous decisions, Bethany is 'counting' in supply a total of 11 agencies, leaving a need for an additional 11 agencies in Snohomish County.

Table 11
Snohomish County Current Supply of Home Health Agencies

Agency Name	Location	CN	Notes/Limitations	Incl in Supply
Assured Home Health	Snohomish	Yes	Current Medicare/Medicaid Provider	X
Brookdale Home Health	Snohomish	Yes	Current Medicare/Medicaid Provider	X
Eden Home Health	Whatcom	Yes	Current Medicare/Medicaid Provider	X
Evergreen Health	King	Yes	Current Medicare/Medicaid Provider	X
Kaiser Permanente	King	Yes	Current Medicare/Medicaid Provider, available only to members	
Providence Home Care	Snohomish	Yes	Current Medicare/Medicaid Provider	X
Signature Home Health	King	Yes	Current Medicare/Medicaid Provider	X
<i>CN Approved Agencies Counted in Supply</i>				6
AdvisaCare	King	No	Included in previous DOH decision	X
Agape Healthcare	King	No	Nurse delegation, skilled nursing only	
Alpha Home Health	Snohomish	No	Not Medicare Certified but provided minimal visit volumes in survey	X
Amicable Health Care	King	No	No CN for Snohomish/No volume reported	
A-One Home Care	Snohomish	No	Personal Care and private duty nursing only.	
Cams Homehealth	Snohomish	No	Home care and nursing only	
Careforce	Snohomish	No	Personal Care Only	
CHC Services	Snohomish	No	Personal Care and Nurse Delegation only	
Dependable Staffing	King	No	Staffing agency	
Estelita Su Homecare	King	No	SN/HH aide only, but incl.in previous CN decision	X
Fedelta Care Solutions	King	No	PC/RN delegation only, excl. in previous CN dec.	
Harvard Partners LLC	King	No	Provides Medicare HH services in other counties.	X
Health People	King	No	Personal care only	
Husky Senior Care	King	No	Personal care and nurse delegation only	
JandJ Integrity HH	Snohomish	No	Nursing/PC in Seattle. Excl.in previous CN dec.	
Josephine at Home	Snohomish	No	Licensed only. Does not provide home health services in Snohomish County.	
Kindred at Home	Snohomish	No	No volume in 2019 survey in Snohomish County.	
Nogah Home Care	King	No	Included in previous DOH decision	X
Personal Best Services	King	No	Personal care only	
ProactiveHome Care	King	No	Excluded from previous CN decision	
Right At Home	King	No	Service area restricted to metropolitan areas	
Rehab Without Walls	Snohomish	No	Excluded in previous CN decision	
Riverstone HHh	King	No	Excluded in previous CN decision	
Ro Health	King	No	Excluded in previous CN decision	
Seattle Childrens	Snohomish	No	Pediatrics Only	
Sunrise Home Care	Snohomish	No	Personal Care Only	
<i>Licensed Only Agencies Counted in Supply</i>				5⁴
TOTAL AGENCIES COUNTED IN SUPPLY				11

⁴While Bethany is including these agencies in supply to demonstrate that even with these agencies counted, there is still significant need in Snohomish County, it is clear to Bethany that these agencies should not be counted or at a minimum significantly discounted since 80% of home health services are provided to patients with Medicare or Medicaid as a payer. As a result, without CN approval, these agencies are not able to provide services to the vast majority of the population in need of home health.

- 10) Document the manner in which low-income persons, racial and ethnic minorities, women, people with disabilities, and other under-served groups will have access to the services proposed. The department uses the applicant's current or proposed status as a Medicare and Medicaid certified provider of service as part of its evaluation of question.**

Bethany of the Northwest has a long and proven history of accepting all patients in need regardless of race, religion, disability, sex, or income. Bethany's proposed draft charity care policy is included as Exhibit 6.

- 11) Please provide copies (draft is acceptable) of the following documents:**

- (i) Admissions policy; and**
- (ii) Charity care policy; and**
- (iii) Patient referral policy, if not addressed in admissions policy.**

The requested policies are included as Exhibit 6.

- 12) As applicable, substantiate the following special needs and circumstances that the proposed project is to serve.**

- a. The special needs and circumstances of entities such as medical and other health professions' schools, multi-disciplinary clinics, and specialty centers that provide a substantial portion of their services, resources or both, to individuals not residing in the health services areas in which the entities are located or in adjacent health services areas.**
- b. The special needs and circumstances of biomedical and behavioral research projects which are designed to meet a national need and for which local conditions offer special advantages.**
- c. The special needs and circumstances of osteopathic hospital and non-allopathic services which the proposed facility/service would be affiliated.**

This question is not applicable.

Section 4
PROJECT RATIONALE
B. Financial Feasibility (WAC 246-310-220)

- 1. If applicable, provide the proposed capital expenditures for the project. These expenditures should be broken out in detail and account for at least the following:**

WAC 246-310-010(10) defines a capital expenditure as:

...an expenditure..., which, under generally accepted accounting principles, is not properly chargeable as an expense of operation or maintenance.

Generally Accepted Accounting Principles (GAAP) establish which equipment should be treated as an expense versus those that should be treated as an asset and depreciated over their useful lives based on their estimated useful lives and the initial cost. Per GAAP, minor equipment of \$5,000 or less with a short estimated useful life should be expensed. Bethany is not making any renovations to the current space nor acquiring any equipment with a value in excess of \$1,000. Therefore, for this project, there is no capital expenditure.

- 2. Explain in detail the methods and sources used for calculating estimated capital expenditures.**

This question is not applicable since there is no capital expenditure associated with this project.

- 3. Document the project impact on: (a) Capital costs (b) Operating costs and charges for health services.**

There are no capital expenditures for this project, just expenses for minor office equipment. Home Health aligns with the ACA's intent to improve quality, enhance the patient's experience of care and lower costs, in that it is a very cost-effective delivery method that reduces the total costs of care, by reducing unnecessary ED visits and hospital readmissions and by providing a lower cost setting.

- 4. Provide the total estimated operating revenue and expenses for the first three years of operation (*please show each year separately*) for the items listed below, as applicable. Include all formulas and calculations used to arrive at totals on a separate page.**

See Exhibit 7 for the proforma operating revenue and expenses for the first three years of operation, along with assumptions and the relevant management agreement.

- 5. Please note according to revised HCFA regulations, home health agencies must have enough reserve funds (determined by an authorized fiscal intermediary) to operate for three months after becoming Medicare/Medicaid certified. Please provide the following information in relation to this requirement:**
- (i) Provide the name and address of the fiscal intermediary you will be using to determine capitalization; and**
 - (ii) Provide a copy of the forms you are providing to the fiscal intermediary.**

The fiscal intermediary used will be National Government Services. The address is:

P.O. Box 100142
Columbia, South Carolina 29202-3142

Exhibit 8 contains a copy of the forms Bethany will provide to the fiscal intermediary.

- 6. Identify the source(s) of financing (loan, grant, gifts, etc.) for the proposed project. Provide all financing costs, including reserve account, interest expense, and other financing costs. If acquisition of the asset is to be by lease, copies of any lease agreements, and/or maintenance repair contracts should be provided. The proposed lease should be capitalized with interest expense and principal separated. For debt amortization, provide a repayment schedule showing interest and principal amount for each year over which the debt will be amortized.**

There is no financing associated with this project.

- 7. Provide documentation that the funding is, or will be, available and the level of commitment for this project.**

This question is not applicable.

- 8. Provide a cost comparison analysis of the following alternative financing methods: purchase, lease, board- designated reserves, and interfund loan or bank loan. Provide the rationale for choosing the financing method selected.**

This question is not applicable.

- 9. Provide a pro forma (projected) balance sheet and expense and revenue statements for the first three years of operation.**

The requested pro forma financial statements are included as Exhibit 7.

10. Provide a capital expenditure budget through the project completion and for three years following completion of the project.

There are no capital expenditures for this project.

11. Identify the expected sources of revenue for the applicant's total operations (e.g., Medicare, Medicare Managed Care, Medicaid, Healthy Options, Blue Cross, Labor, and Industries, etc.) for the first three years of operation, with anticipated percentage of revenue from each source. Estimate the percentage of change per year for each payer source.

Estimated sources of revenue for the first three full years are detailed in Table 12.

Table 12
Sources of Revenue

Payer	Percentage of Revenue
Medicare/Medicare Advantage	65%
Medicaid/Medicaid Managed Care	12%
Commercial/Other	23%
Total	100%

12. If applicant is an existing provider of health care services, provide expense and revenue statements for the last three full years.

Bethany is a subsidiary of Bethany of the Northwest. Historical financial statements for Bethany of the Northwest are included as Appendix 1.

13. If applicant is an existing provider of health care services, provide cash flow statements for the last three full years.

Included as Appendix 1 are audited financials for Bethany of the Northwest

14. If applicant is an existing provider of health care services, provide balance sheets detailing the assets, liabilities, and net worth of facility for the last three full fiscal years.

Historical financial statements for Bethany of the Northwest are included as Appendix 1.

15. For existing providers, provide actual costs and charges per visit broken down by discipline (i.e., RN/LPN, O'T, PT, social worker, etc.) and by payer source.

Bethany received its state license as an in-home services agency with a home health service category in July of 2020. However, until it receives Medicare certification will be limited in care provision since the vast majority of patients needing home health services in the County have Medicare or Medicaid as a primary payer; hence, this data is not available.

16. Provide anticipated costs and charges per visit broken down by discipline (i.e., RN/LPN, O'T, PT, social worker, etc.) and by payer source.

Table 13 contains anticipated costs and charges per visit by discipline. Table 14 contains projected costs and charges by payor for the year 2024.

**Table 13
Costs and Charges per Visit by Discipline, 2024**

	Cost per Visit	Charge per Visit
Skilled Nursing	\$142.74	\$178
Physical Therapy	\$173.43	\$217
Speech Therapy	\$129.26	\$162
OT	\$168.31	\$210
MSW/Other	\$271.26	\$339
Home Health Aide	\$104.77	\$126

Source: Applicant

**Table 14
Costs and Charges by Payor Source, 2024**

	Cost	Charges
Medicare	\$738,000	\$1,025,000
Medicaid	\$136,000	\$189,000
Private Pay/Insurance	\$261,000	\$403,000
Total	\$1,135,000	\$1,617,000

Source: Applicant

17. Indicate the addition or reduction of FTEs with the salaries, wages, and employee benefits for each FTE affected, for the first three years of operation. Please list each discipline separately.

The patient care FTEs and salaries are identified in Table 15.

Table 15
Projected FTEs by Discipline (Direct Care)

			Year 1		Year 2		Year 3	
	Salaries	Visits per FTE/day	FTEs	Visits	FTEs	Visits	FTEs	Visits
Skilled Nursing (RN & LPN)	\$65,000	4.4	0.81	926	1.68	1,924	2.51	2,874
Physical Therapist	\$95,000	4.4	0.81	926	1.68	1,924	2.51	2,874
Home Health Aide	\$38,000	6.0	0.11	172	0.23	357	0.34	534
Occupational Therapist	\$90,000	4.4	0.42	476	0.87	990	1.29	1,478
Speech Therapist	\$95,000	4.4	0.08	93	0.17	192	0.25	287
Medical Social Worker	\$65,000	1.5	0.14	53	0.28	110	0.42	164
Total			2.36	2,646	4.91	5,497	7.33	8,211

Table 16 includes the administrative staff that will support the program, hours they will commit to the program and associated salaries and benefits.

Table 16
Administrative Staff

	FTE	Salaries
Director	0.25	\$135,000
Director of Nursing	0.13	\$125,000
Case Manager	0.25	\$75,000
Marketing	0.25	\$75,000
Billing	0.19	\$70,000

18. Please describe how the project will cover the costs of operation until Medicare reimbursement is received. Provide documentation of sufficient reserves.

Please see the letter of commitment in Exhibit 9.

Section V
PROJECT RATIONALE
C. Structure and Process (Quality) of Care (WAC 246-310-230)

1. Please provide the current and projected number of employees for the proposed project, using the following:

Bethany is licensed but is not yet staffed and operational. The proposed staffing for the agency is included in Tables 15 and 16.

2. Please provide your staff to visit ratio.

Bethany reviewed several recent CN approved home health CN applications and consulted with other home health agencies to determine their staff to visit ratio. Our visits per FTE per day are included in Table 17.

Table 17
Staff to Visit Ratio

Types of Staff	Visits Per FTE Per Day
Registered Nurse	4.4
Physical Therapy	4.4
Home Health Aide	6.0
Occupational Therapy	4.4
Speech Therapy	4.4
Medical Social Work	1.5

Source: Applicant

3. Explain how this ratio compares with other national or state standards of care and existing providers for similar services in the proposed service area.

As noted in response to Question 2, above, Bethany reviewed several of the recent CN approved home health CN applications and consulted with several existing Washington programs. Bethany's ratios are in line with other agency ratios previously approved by the CN program.

4. Identify and document the availability of sufficient numbers of qualified health manpower and management personnel. If the staff availability is a problem, describe the manner in which the problem will be addressed.

Bethany's parent, Bethany of the Northwest Bethany has been a non-profit icon of the healthcare industry in the Northwest for nearly 100 years and has a long and distinguished track record of recruiting top-notch staff. Because of its affiliation with Bethany of the Northwest, Bethany will have the ability to cross-train our nurses and therapists to serve both functions. Many of the staff needed for Bethany Home Health, then, will be addressed through existing Bethany of the Northwest programs and/or increasing part-time FTEs from existing facilities to full time (after specific training in home health).

Bethany offers very competitive salaries, generous 403B end-of-year matching, strong health, dental and vision benefits, as well as a sign-on bonus when applicable. Bethany also offers an excellent mission-based environment, a local commute, paid time off (including personal days), tuition reimbursement, scholarship opportunity, longevity bonuses, grief counseling, Employee Assistance Program, The Perks at Work program, and many other benefits. For these reasons we do not expect any problems with recruiting qualified employees.

Additionally, Bethany Home Health, LLC has access to excellent recruiting professionals that have been successful finding staff to meet its needs.

5. Please identify and provide copies of (if applicable) the in-service training plan for staff. (Components of the training plan should include continuing education, home health aide training to meet Medicare criteria, etc.).

The requested training plan is included in Exhibit 6.

6. Describe your methods for assessing customer satisfaction and quality improvement.

Bethany's Quality Assessment and Performance Improvement Plan, included in Exhibit 6, provides for the objective and systemic monitoring, evaluation and coordination of the quality, appropriateness and cost-effectiveness of patient care, resolves identified problems and improves the Agency's performance. This QAPI program is designed to show measurable improvement in indicators for which there is evidence that improvement in the indicators will improve health outcomes, patient safety, and quality of care. Specific measures are used to capture significant outcomes that are essential to optimal care and will be used in care planning and coordination of services and events. Assessment of these measures are achieved through data collection, consists of clinical record review, patient interviews, and patient satisfaction reports.

Also included in Exhibit 6 is Bethany's patient satisfaction policy confirming that patients will be surveyed at least upon discharge to obtain information regarding their satisfaction with the

services provided. The information obtained is analyzed and any problems identified are addressed.

7. Identify your intended hours of operation. In addition, please explain how patients will have access to services outside the intended hours of operation.

Bethany's business hours will be Monday through Friday from 8:00 a.m. to 5:00 p.m. Bethany will have staff on call 24 hours per day to support patients and families with urgent health care needs.

8. Identify and document the relationship of ancillary and support services to proposed services, and the capability of ancillary and support services to meet the service demands of the proposed project.

Given the strength, breadth, and expertise of our existing post-acute and long-term care operations in Snohomish County, Bethany does not anticipate any difficulty in meeting the ancillary service demands of the proposed project.

9. Explain the specific means by which the proposed project will promote continuity in the provision of health care to the defined population and avoid unwarranted fragmentation of services. This section should include the identification of existing and proposed formal working relationships with hospitals, nursing homes, and other health service resources serving your primary service area. This description should include recent, current, and pending cooperative planning activities, shared services agreements, and transfer agreements. Copies of relevant agreements and other documents should be included.

Bethany of the Northwest is already a well-respected provider of long-term care, transitional care, and assisted living services in Snohomish County. Bethany of the Northwest also works closely with local physicians, hospitals, and other providers and organizations to ensure patients' comprehensive medical, social, and spiritual needs are met. As a subsidiary of Bethany of the Northwest, Bethany will greatly benefit from these existing relationships.

Bethany will promote continuity in care delivery and support the needs of home health patients and their families by facilitating the transition of care and closing the care gaps for those served in Bethany of the Northwest's existing programs. Please note that Bethany is not intending to limit its services to those we currently care for, and will work with/outreach to any provider/patient/family transferring a patient to our home health agency to assure seamless transitions

- 10. Fully describe any history of the applicant entity and principles in Washington with respect to 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. If there is such history, provide clear, cogent, and convincing evidence that the proposed project will be operated in a manner that ensures safe and adequate care to the public to be served and in conformance with applicable federal and state requirements.**
- a) Have any of the applicants been adjudged insolvent or bankrupt in any state or federal court?**
 - b) Have any of the applicants been involved in a court proceeding to make judgment of insolvency or bankruptcy with respect to the applicant).**

Neither Bethany, its parent nor any affiliated entity has any history in respect to criminal convictions, denial or renovate of licenses, or decertification as cited above.

- 11. List the licenses and/or credentials held by the applicant(s) and principles in Washington, as well as other states, if applicable. Include any applicable license numbers.**

This information was provided in Section 1, Table 1.

- 12. Provide the background experience and qualifications of the applicant(s).**

Bethany recently established an in-home services agency in Snohomish County with a home health service category that became licensed in July 2020. Bethany's parent, Bethany of the Northwest was first established in 1901 as a college and became a home for the aged in 1931. Bethany is now the fourth largest not for profit long-term care provider in the State of Washington. Bethany's three Everett locations provide skilled nursing care, sub-acute nursing, and assisted living.

- 13. For existing agencies, provide copies of the last three licensure surveys as appropriate evidence that services will be provided (a) in a manner that ensures safe and adequate care, and (b) in accordance with applicable federal and state laws, rules, and regulations.**

Bethany received its initial survey for licensure (included in Exhibit 10) in July 2020. In addition, the last three licensing surveys for Bethany's affiliated entities are also included in Exhibit 10.

Section 6
PROJECT RATIONALE
D. Cost Containment (WAC 246-310-240)

- 1. Identify the exploration of alternatives to the project you have chosen to pursue, including postponing action, shared service arrangements, joint ventures, subcontracting, merger, contract services, and different methods of service provision, including different spatial configurations you have evaluated and rejected.**

Each alternative should be analyzed by application of the following:

- a) Decision making criteria (cost limits, availability, quality of care, legal restriction, etc.):**
- b) Advantages and disadvantages, and whether the sum of either the advantages or the disadvantages outweighs each other by application of the decision-making criteria.**
- c) Capital costs;**
- d) Staffing impact.**

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

1. Do nothing.
2. Establish a licensed only home health agency only.
3. File a CN to allow it to serve the unmet home health needs of the community.

Given the unmet need, coupled with the fact that we are increasingly aware that at least several are increasingly at capacity and are limiting or delaying new admissions, we decided that Option 1 was not responsive to community need.

Bethany did file all necessary paperwork and did receive a license in July 2020 as a home health agency. However, since the majority of our patients are Medicare or Medicaid patients, and the vast remainder of our patients are covered through insurance companies that require Medicare certification to contract with them, Option 2 does not serve the majority of patients in need of home health services, and therefore falls far short in addressing unmet needs

Option 3, filing a certificate of need to become a Medicare Certified/Medicaid eligible home health agency is the best option and will allow Bethany to serve the unmet home health needs in Snohomish County.

- 2. Describe how the proposal will comply with the Medicare conditions of participation, without exceeding the costs caps.**

This question is not applicable. Home Health Agencies are no longer subject to Medicare Cost Caps.

3. Describe the specific ways in which the project will promote staff or system efficiency or productivity.

Bethany's project is specifically designed to promote continuity in care delivery and support the needs of home health patients and their families. Bethany of the Northwest already operates 262 skilled and sub-acute nursing beds and 60 apartments for assisted living at three separate locations in Snohomish County. Home health services will be the perfect complement to these services, ensuring the full range of care and even greater staff efficiency and productivity. The Home Health agency will be able to share staff, administration, and ancillary services with Bethany of the Northwest, requiring very little investment, but a great complement of services to the community.

4. If applicable, in the case of construction, renovation, or expansion, capital cost reductions achieved by architectural planning and engineering methods and methods of building design and construction. Include an inventory of net and gross square feet for each service and estimated capital cost for each proposed service. Reference appropriate recognized space planning guidelines you have employed in your space allocation activities.

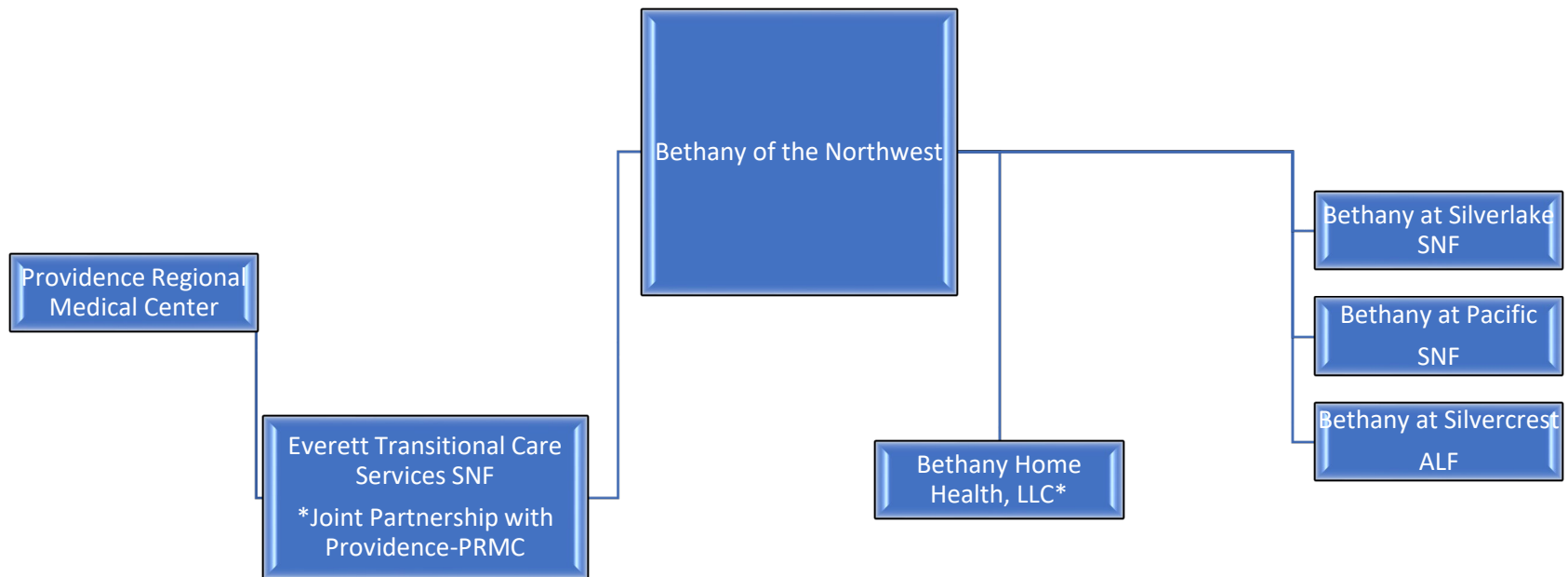
This question is not applicable.

5. If applicable, in the case of construction, renovation or expansion, an analysis of the capital and operating costs of alternative methods of energy consumption, including the rationale for choosing any method other than the least costly. For energy-related projects, document any efforts to obtain a grant under the National Energy Conservation Act.

This question is not applicable.

Exhibit 1
Bethany of the Northwest
Organizational Chart

Organizational Chart- Exhibit A



Bethany of the Northwest owns and operates the following divisions:

- Bethany at Silverlake, SNF; Bethany at Pacific, SNF; Bethany at Silvercrest, ALF
- Bethany Home Health, LLC

Bethany of the Northwest has joint ownership with Providence Regional Medical Center, it is as follows:

- 50/50 ownership of *Everett Transitional Care Services, SNF
- Operated and managed by Bethany of the Northwest

Exhibit 2
Medical Director Agreement

DIRECTORSHIP INDEPENDENT CONTRACTOR AGREEMENT

THIS DIRECTORSHIP INDEPENDENT CONTRACTOR AGREEMENT ("Agreement"), entered into effective as of the 1st day of October, 2020, is by and between Bethany Home Health, LLC (Agency), and Swenson Healthcare ("Physician").

RECITALS:

- A. Agency provides medical care and treatment to patients including the provision of home health services; and
- B. Agency has determined that the retention of a physician to provide professional medical direction relating to home health services as the Medical Director of Agency is in the best interest of patients, the community, and Agency; and
- C. Physician is duly licensed to practice medicine in the state where Agency operates and has expertise in the provision of home health services; and
- D. Agency and Physician mutually desire to enter into this Agreement, which will facilitate the delivery of home health services in Agency through the provision of Physician's medical director services.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties, the parties agree as provided above and as follows:

1. DEFINITIONS: For purposes of this Agreement, the following terms shall have the meanings ascribed thereto unless clearly required by the context in which such term is used.

- 1.1. Agency Policies. The term "Agency Policies" shall mean the established policies, practices, and procedures of the Agency, all adopted, approved, or amended by the Agency pursuant to normal procedure.
- 1.2. Medical Director Services. The term "Medical Director Services" shall mean those certain services listed in Section 2.3 herein.
- 1.3. Patients. The term "Patients" shall mean the patients of Agency.
- 1.4. Term. The term "Term" shall mean the contract period provided for under the Agreement.

2. COVENANTS OF PHYSICIAN

- 2.1. Appointment of Physician. Agency hereby appoints Physician as Medical Director of Agency, and Physician accepts such appointment, to provide administrative services for Agency in accordance with the terms of this Agreement and in accordance with 45 C.F.R. § 484.14(d).
- 2.2. Qualifications of Physician. Physician must at all times during the Term of this Agreement (i) hold a valid and unrestricted license to practice medicine in the state in which the Agency is located, and (ii) be fully capable and qualified, in accordance with good medical practice, to provide Medical Director Services as required by this Agreement.
- 2.3. Duties of Physician. Physician shall be available for consultation relating to the delivery of home health services ("Program") at the Agency and shall provide the following Medical

Director Services:

- 2.3.1. Quality Improvement. Physician will participate in the quality improvement/utilization review process, review and update protocols periodically and make recommendations to improve quality of Program services.
- 2.3.2. Education/Program Development. Physician agrees to be utilized to teach assessment skills to the Program clinical staff, develop new patient care protocols and assist/review development of staff and patient education materials.
- 2.3.3. Executive/Administrative Consultant. Physician will serve on the Program's Advisory Council in order to provide a medical perspective to administrative decision making and help articulate the mission, goals and policies of the Program. The functions of the Advisory Council are to establish and annually review the Program's policies governing the scope of services offered, admission and discharge policies, medical supervision and plans of care, emergency care, clinical records, personnel qualifications and Program evaluation.
- 2.3.4. Community Liaison. The physician agrees to intervene in case of physician/Program problems and will advocate for home health to the physician community. Community Liaison duties do not include marketing Program to other physicians or referral sources.
- 2.3.5. Health Policy/Regulation. Physician agrees to provide medical input or interpretation of social, political, regulatory or economic factors that impact patient care or the Program and act as a physician spokesperson and resource in representing the Program position in dealing with regulatory or accrediting organizations.
- 2.3.6. Ethical Issues Consultant. Physician agrees to participate in the development of ethical policies and decisions and provide medical input on patient care issues of an ethical nature.
- 2.3.7. Planning. Participate in the planning and development activities for the Program.
- 2.3.8. Medical Records. Monitor the maintenance, retention and required confidentiality of records and information associated with patient care in the Program.
- 2.4. Miscellaneous Actives. In addition, Physician shall perform such other administrative duties as may from time to time be agreed to between Physician and the Agency. Physician shall perform the duties described in this Section in accordance with Agency Policies.
- 2.5. Financial Obligation. Physician shall not have the right or authority to, and hereby expressly covenants to, enter into a contract in the name of Agency, or otherwise bind Agency in any way to any financial obligation, without the express written consent of Agency. Physician shall hold Agency harmless from any loss attributable to a violation of this covenant.
- 2.6. Reports and Records. Physician shall prepare such reports relating to the provision of Medical Director Services as are reasonably requested by Agency. The ownership and right of control of all reports, and supporting documents submitted to or by Physician shall rest exclusively with Agency.
- 2.7. Confidentiality of Information. Physician agrees to keep confidential and not to use or to disclose to others either during the Term or during any other period of association with Agency extending beyond the Term and for a period of six (6) years thereafter, except as expressly consented to in writing by Agency, any secrets or proprietary information, patient lists,

marketing programs, or trade secrets of Agency (which shall be deemed to include all provisions of this Agreement), or any matter or thing ascertained by Physician through Physician's association with Agency, the use or disclosure of which matter or thing might reasonably be constructed to be contrary to the best interest of Agency. Physician further agrees that should this Agreement be terminated, Physician will neither take nor retain, without prior written authorization from Agency, any papers, policies, forms, patient lists, fee documentation, patient records, quality improvement materials, files or other documents or copies thereof or other confidential information of any kind belonging to Agency pertaining to patients or to Agency's business, sales, financial condition, or products. Physician will comply with all applicable privacy and security regulations as specified in Health Insurance Portability and Accountability Act of 1996 (HIPAA) and subsequent rules. Physician agrees to abide by all state and federal law relevant to the confidentiality of patient identifiable health information including but not limited to the HIPAA. Physician is not to share the protected information with any third party unless there is a stated need to share the information with an identified third party. Any such protected information is to be destroyed or returned to Agency according to Agency policy. Without limiting other possible remedies to Agency for the breach of this covenant, Physician agrees that injunctive or other equitable relief shall be available to enforce this covenant, such relief to be without the necessity of posting a bond, cash or otherwise. Physician further agrees that if any restriction contained in this Section is held by any court of competent jurisdiction to be unenforceable or unreasonable, a lesser restriction shall be enforced in its place and remaining restrictions contained herein shall be enforced independently of each other.

- 2.8. Exclusivity and Protection of Proprietary Information. Physician shall not provide similar Medical Director Services for any other Agency without the prior written consent of Agency. Further, Physician acknowledges that the manner of operating the Program is proprietary information of Agency, and Physician shall not disclose any such information without the prior written consent of Agency. Nothing herein shall prohibit Physician from engaging in the regular practice of medicine (inclusive of care plan oversight) and/or Physician's participation in clinical consultation services for non-competing business or industries, nor shall it obligate Physician to direct referrals of medical business to a particular provider.
- 2.9. Time Records. Physician shall record promptly and maintain all information that, in the judgment of Agency, is necessary or desirable in order for Agency to have time records documenting the Medical Director Services furnished by Physician hereunder. The form of such time records shall be determined, and may be from time to time amended, by Agency, and Physician agrees to consult with Agency from time to time regarding the form and content of such records. Physician agrees to submit such time records no later than the fifth (5th) day of the month following the month in which the Medical Director Services are furnished.

3. COVENANTS OF AGENCY

- 3.1. Amount of Compensation. In consideration of the Medical Director Services rendered each month by Physician pursuant to this Agreement, Agency shall pay to Physician the amount of \$250 per hour, rounded up to the nearest quarter hour. Physician agrees that such amount shall be Physician's sole compensation for Medical Director Services furnished pursuant to this Agreement. Physician's provision of professional medical services to patients, regardless of whether patient is also a patient of agency, and the compensation therefore, shall not be governed by this Agreement.
- 3.2. Payment of Compensation. Upon receipt, review and approval of the physician's invoice, Agency shall remit to Physician compensation amount set forth in Section 3.1 hereof in accordance with Agency's accounts payable cycle. (P)


4. TERM AND TERMINATION OF AGREEMENT

- 4.1. Term. This Agreement shall be effective as of the Effective Date for a term of one (1) year therefrom; subject however, to Sections 4.2 through 4.5 hereof. This Agreement will be automatically renewed annually by the parties for additional one-year terms unless terminated pursuant to this Article 4. This Agreement will be reviewed annually by the Agency.
- 4.2. Immediate Termination for Cause by Agency. Agency may, as its option, terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events: (i) Physician's failure to meet any of the qualifications set forth in Section 2.2; (ii) failure of the Physician to fulfill the duties set forth in Section 2.3, (iii) the death or disability of Physician; or (iv) failure of Physician to attend scheduled Professional Advisory Council meetings without at least a 2 hour notice.
- 4.3. Termination. At any time during the Term of this Agreement, either party may terminate this Agreement without cause upon the giving of thirty (30) days advance written notice to the other party.
- 4.4. Termination or Notice for Default. In the event that either party shall give written notice to the other that such other party has breached a material provision of this Agreement (other than those specified in Section 4.2 above), and such breach remains uncorrected for a period of ten (10) days after receipt of such written notice, the party giving such notice may, at its option, after the expiration of the aforesaid ten (10) day period, terminate this Agreement immediately.
- 4.5. Termination Due to Legislative or Administrative Changes. This Agreement is intended to comply with all relevant state and federal statutes and regulations relating to the delivery of Program services and to reimbursement of Program services under the Medicare, Medicaid, or other third-party payor programs and the federal statutes and regulations governing entities exempt from federal taxation. In the event that there shall be: (i) a change in the statutes, regulations, or instructions relating to the Medicare, Medicaid or other third-party payor programs, or the exemption of entities from federal taxation, including a change in the interpretation or enforcement thereof by government agencies; (ii) the adoption of any new legislation or regulations applicable to this Agreement; or (iii) the initiation of an enforcement action by a governmental entity with respect to legislation, regulations, or instructions applicable to this Agreement any of which affects the continuing viability or legality of this Agreement, then both parties agree to negotiate in good faith to amend the Agreement to conform with the existing laws or regulations. If agreement cannot be reached with respect to such amendments within thirty (30) days after the effective date of such change, adoption, enforcement, or notice (or such earlier time as may be required by such legislation or regulations), then either party may terminate this Agreement by written notice to the other party. Physician agrees to reimburse Agency for any payment that is determined by a court or government agency to be illegal.

5. MISCELLANEOUS

- 5.1. Status of Physician. It is expressly acknowledged by the parties hereto that Physician, in performing Physician's duties and obligations under this Agreement, is an "independent contractor" and nothing in this Agreement is intended nor shall be construed to create an employer/employee relationship, a joint venture relationship, or to allow Agency to exercise control or direction over the manner or method by which Physician performs the services which are the subject matter of this Agreement; provided, always, that the services to be furnished hereunder by Physician shall be provided in a manner consistent with Program Policies, the standard governing such services, and the provisions of this Agreement. Physician understands and agrees that, unless otherwise required under applicable federal income tax

laws or the term of any agreement between Agency and the Internal Revenue Service, (i) Physician will not be treated as an employee for federal tax purposes; (ii) Agency will not withhold on behalf of Physician pursuant to this Agreement any sums for income tax, unemployment insurance, social security, retirement benefits, or any other withholding pursuant to any law or requirement of any governmental body relating to Physician, or make available to Physician any of the benefits afforded to employees of Agency; (iii) all of such payments, withholdings, and benefits, if any, are the sole responsibility of Physician; and (iv) Physician will indemnify and hold harmless Agency from any and all loss or liability arising with respect to such payments, withholding, or benefits, if any.

- 5.2. Applicable Standards. Physician shall, as a condition precedent to Agency's obligations under this Agreement and the provision of services by Physician hereunder, provide the Medical Director Services in such a manner as may be required by any standard, ruling, or regulation of the State, the U.S. Department of Health and Human Services or any other applicable federal, state, or local governmental agency, corporate entity, or such other entity exercising authority with respect to Agency. Physician shall perform the Medical Director Services in conformance with all requirements of the state and federal constitutions and all applicable state and federal statutes and regulations.
- 5.3. Access to Records. If this Agreement has a value or cost to Agency of \$10,000 or more over any twelve-month period, Physician shall perform the obligations as may be from time to time specified for subcontractors in Social Security Act 1861(v)(1)(I) and the regulations promulgated in implementation thereof (currently codified at 42 C.F.R. 420.300.304), including, but not limited to, retention and delivery of records related to this Agreement. In the event any request for this Agreement, or Physician's books, documents, and records is made pursuant to Social Security Act 1861(v)(1)(I) and associated regulations, Physician shall promptly give notice of such request to Agency and provide Agency with a copy of such request and thereafter, consult and cooperate with Agency concerning the proper response to such request. Additionally, Physician shall provide Agency with a copy of each book, document, and record made available to one or more persons and agencies pursuant to Social Security Act 1861(v)(1)(I) or shall identify each such book, document, and record to Agency and shall grant Agency access thereto for review and copying.
- 5.4. Representations and Warranties Regarding Compensation. Each party represents and warrants on behalf of itself, that all decisions regarding the medical care of patients shall be based solely upon the professional medical judgement of the patients' attending physicians and shall be made in the best interests of patients, that the aggregate benefit given or received under this Agreement, whether in cash or in kind, has been determined in advance through a process of arms-length negotiations that were intended to achieve an exchange of goods and/or services consistent with fair market value in the circumstances, and that any benefit given or received under this Agreement is not intended to induce, does not require, and is not contingent upon, the admission, recommendation or referral of any patient, directly or indirectly, to Agency or Physician. Further, Physician and Agency understand and agree that, while Physician may also serve as an attending physician to patients of the Agency, Physician's roles and functions as a Medical Director under this Agreement are separate from Physician's roles and functions as an attending physician, which involves primary responsibility for the medical care of individual patients.
- 5.5. Notices. All notices, requests, demands, or other communications hereunder shall be in writing and shall be deemed to have been given or delivered if either personally delivered or mailed by registered mail, return receipt requested, postage prepaid
- 5.6. Assignment. Physician may not assign or transfer any of Physician's rights, duties, or obligations under this Agreement, in whole or in part, without the prior written consent of 

Agency.

- 5.7. No Waiver. The failure of either party to insist at any time upon the strict observance or performance of any provision of this Agreement or to exercise any right or remedy as provided in this Agreement shall not impair any right or remedy of such party or be construed as a waiver or relinquishment thereof with respect to subsequent defaults or breaches. Every right and remedy given by this Agreement to the parties hereto may be exercised from time to time and as often as may be deemed expedient by the appropriate party.
- 5.8. Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the parties, except as may be herein specifically provided to the contrary; provided, however, Physician and Agency each shall promptly and duly execute and deliver to the other such additional documents and assurances and take any and all other actions as either party may reasonably request in order to carry out the intent and purpose of this Agreement during the Term hereof.
- 5.9. Governing Law. This Agreement has been executed and delivered in, and shall be interpreted, construed, and enforced pursuant to and in accordance with the laws of the State of Washington. If any suit or action is filed by any party to enforce or interpret this Agreement, venue shall be in the federal or state courts of Snohomish County, Washington.
- 5.10. Master List. Pursuant to 42 CFR 411.357(d)(1)(ii) a master list of contracts which reflects all arrangements and/or agreements between Agency and Physician or Physician's immediate family members, to the extent any such arrangements or agreements exists, is provided by Physician to Agency and maintained by Agency.
- 5.11. Compliance Certification. Physician acknowledges Agency's Corporate Compliance Program and receipt of AGENCY's Code of Conduct. Physician represents and warrants that each of its employees who provide patient care to Federal health care program beneficiaries at Agency shall read and review Agency's Code of Conduct prior to commencement of services under this Agreement. Physician agrees to obtain and retain a signed certification from its employees providing services under this Agreement that they have received, read and understand Agency's Code of Conduct and agree to abide by the requirements of Agency's Corporate Compliance Program. Such certification shall be obtained prior to commencement of services under this Agreement, shall be maintained by Physician and shall be made available for review by Agency or Agency's agents upon reasonable request.
- 5.12. Enforcement. In the event Agency resorts to legal action to enforce the terms and provisions of this Agreement, Agency shall be entitled to recover the costs of such action so incurred, including without limitation, reasonable attorney's fees.
- 5.13. Warranty of Authority. Agency represents and warrants to Physician that it has the full power and authority to enter into this Agreement, that all required corporate action has been duly taken in connection herewith, and that upon execution of this Agreement by Agency, this Agreement shall become a binding obligation of Agency, enforceable against Agency in accordance with its terms and applicable law. Physician represents and warrants to Agency that Physician has the full power and authority to enter into this Agreement, that Physician has no other contract or agreement that conflicts with this Agreement and that this Agreement shall become a binding obligation of Physician, enforceable against Physician in accordance with its terms and applicable law.
- 5.14. Severability. If any term, covenant, or condition of this Agreement, or the application thereof to any person or circumstance, shall be invalid or unenforceable, the remainder of this

Agreement, and the application of any term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and all other terms shall be valid and enforceable to the fullest extent permitted by the law.

5.15. Entire Agreement: Amendments. This Agreement sets forth all of the representations, promises, agreements, conditions, and understandings between the parties relating to the subject matter of this Agreement, and supersedes any prior or contemporaneous representations, promises, agreements, conditions, and understandings between the parties in any manner relating to the subject matter hereof. This Agreement may be amended but only by a written agreement signed by both parties, such amendment(s) to become effective on the date stipulated in such amendment(s).

5.16. Counterparts. This Agreement may be executed in counterparts, and via facsimile or electronically transmitted signature (i.e. emailed scanned true and correct copy of the signed Agreement), each of which will be considered an original and all of which together will constitute one and the same agreement. At the request of a party, the other party will confirm facsimile or electronically transmitted signature page by delivering an original signature page to the requesting party.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date above first written.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

①

AGENCY

By: [Signature]

Name: Joseph Scriden

Title: CEO

Date: 10/14/2020

PROVIDER

By: [Signature]

Name: Amber Swann

Title: CEO

Date: 10/14/2020

UPIN #: _____

REQUIRED DOCUMENTS FOR CONTRACT COMPLETION

Copy of Liability/Malpractice Insurance - \$1M / \$3M Liability Limits

Office Address and Phone Number

Copy of Current State of Practice License; Business Card

Copy of applicable Business Licenses

PROVIDER-signed Business Associate Agreement

Business Associate Agreement

This **BUSINESS ASSOCIATE AGREEMENT** ("Agreement") between ("Covered Entity") and Swenson Healthcare ("Business Associate") is effective upon signature and retroactive to the date that Business Associate first provided services.

For purposes of complying with the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder (collectively, "HIPAA") and the requirements of Subtitle D of the Health Information Technology for Economic and Clinical Health Act and the regulations promulgated thereunder (collectively "HITECH"), if and only to the extent that Business Associate is acting as a business associate (as defined by HIPAA) of Covered Entity, the parties agree as follows:

Recitals

A. Covered Entity(further defined below) wish to disclose certain information to Business Associate (further defined below) pursuant an agreement for the provision of products and/or services.

B. It is the intention of the Covered Entity and Business Associate herein to protect the privacy and provide for the security of PHI disclosed to the BUSINESS ASSOCIATE in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information and Technology for Economic and Clinical Health Act, Public Law 111-005 ("the HITECH Act").

C. As part of the HIPAA Regulations, the Privacy Rule and Security Rule (defined below) an Agreement containing specific requirements relating to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164.14(a), 164.502(e), and 164.504(e) of the Code of Federal Regulations ("CFR") is contained in this Agreement.

Definitions.

1. Capitalized terms used, but not otherwise defined in this Agreement, shall have the same meaning as those terms in the HIPAA regulations and HITECH, and the following capitalized terms shall be given the following meanings:

1.1 "**Breach**" means the acquisition, access, use, or disclosure of protected health information in a manner not permitted under the Privacy Rule, which compromises the security or privacy of the protected information.

1.2 "**Business Associate**" shall have the meaning given to such term under the Privacy Rule, the Security Rule, and the HITECH Act, including, but not limited to, 42 U.S.C. Section 17938 and 45 C.F.R. Section 160.103.

1.3 "**Compliance Date**" means, in each case, the date by which compliance is required under the referenced provision of HITECH.

1.4 "**Covered Entity**" shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C.F.R. Section 160.103.

1.5 "**Designated Record Set**" shall have the meaning given to such term under the Privacy Rule and the Security Rule, Including, but not limited to, 45 C.F.R. Section 160.103.

1.6 "**Disclose**" and "**Disclosure**" mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health

Information outside Business Associate's internal operations or to individuals other than its employees as well as to disclosures of Protected Health Information outside of Business Associate's operations to third parties which are required by applicable law (e.g. law enforcement, Health and Human Services, subcontractors, etc.).

1.7 **"Electronic Protected Health Information"** means Protected Health Information that is maintained in or transmitted by electronic media.

1.8 **"Electronic Health Record"** shall have the meaning given to such term in the HITECH Act, including, but not limited to, 42 U.S.C. Section 17921.

1.9 **"Health Care Operations"** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

1.10 **"HITECH"** means the Health Information Technology for Economic and Clinical Health Act, enacted as part of the American Recovery and Reinvestment Act of 2009, Pub. Law No. 111-5, and any regulations promulgated thereunder. References in this Agreement to a section or subsection of title 42 of the United States Code are references to provisions of HITECH. Any reference to provisions of HITECH in this Agreement shall be deemed a reference to that provision and its existing and future implementing regulations, when and as each is effective.

1.12 **"Minimum Necessary Standard"** means to engage reasonable efforts to limit the use of PHI to the minimum necessary to accomplish the intended purpose of the use, disclosure, or request and shall otherwise have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C.F.R. Sections 164.502(b) and 164.514(d).

1.13 **"Privacy Rule"** means the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, Subparts A and E.

1.14 **"Protected Health Information" or "PHI"** means any information, whether oral or recorded in any form or medium, that (a) relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual; (b) that identifies the individual (or for which there is reasonable basis for believing that the information can be used to identify the individual); and (c) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate for Covered Entity, or is made accessible to Business Associate by Covered Entity, and shall have the meaning given to the term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501. Protected Health Information includes Electronic Protected Health Information [45 C.F.R. Sections 160.103, 164.501].

1.15 **"Protected Information"** shall mean PHI provided by the COVERED ENTITY to BUSINESS ASSOCIATE or created or received by BUSINESS ASSOCIATE on behalf of any COVERED ENTITY.

1.16 **"Security Rule"** means the Security Standards for the Protection of Electronic Protected Health Information that is codified at 45 C.F.R. Parts 160 and 164, subparts A and C.

1.17 **"Unsecured Protected Health Information" or "Unsecured PHI"** means Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary in the guidance issued pursuant to the HITECH ACT including, but not limited to, 42 U.S.C. Section 17932(h).

1.18 "Use" or "Uses" mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Protected Health Information within Business Associate's internal operations.

2. **Confidentiality Obligation.** Business Associate will not Use or Disclose PHI other than as permitted by this Agreement or as otherwise Authorized by Law.

3. **Permitted Uses and Disclosures of PHI.** Business Associate shall Use or Disclose PHI only as necessary to perform services under the Agreement or as otherwise Required by Law, including but not limited to such Use or Disclosure as is necessitated by the services provided to Covered Entity. Such Use or Disclosure may occur only under circumstances that would not: (i) violate the Privacy Rule, Security Rule, other applicable provisions of HIPAA or HITECH if done by Covered Entity; or (ii) violate the minimum necessary standard.

4. **Safeguards.** Business Associate shall protect PHI from any improper oral, written, or electronic disclosure by enacting and enforcing safeguards to maintain the security of and to prevent any Use or Disclosure of PHI other than is permitted by law. Such safeguards shall include administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of any electronic PHI that it creates, receives, maintains, or transmits on behalf of Covered Entity. Business Associate shall comply with the Security rule requirements set forth at 45 C.F.R. Section 164.308, 164.310, 164.312, and 164.316, as well as additional requirements established by HITECH that relate to security and are applicable to Covered Entity. Business Associate shall also comply with the requirements of Subtitle D of HITECH that relate to privacy and are applicable to Business Associates in performing services on behalf of Covered Entity.

5. **Access and Amendment.** Upon the request of Covered Entity, Business Associate shall: (1) make the PHI specified by Covered Entity available to Covered Entity or to the Individual(s) identified by Covered Entity as being entitled to access in order to meet the requirements under 45 C.F.R. Section 164.524; and (b) make PHI available to Covered Entity for the purpose of amendment and incorporate changes or amendments to PHI when notified to do so by Covered Entity.

6. **Accounting.** Upon Covered Entity's request, Business Associate shall provide to Covered Entity or, when directed in writing by Covered Entity, directly to an Individual in a time and manner specified by Covered Entity, an accounting of each Disclosure of PHI made by Business Associate or its employees, agents, representatives or subcontractors as would be necessary to permit Covered Entity to respond to a request by an Individual for an accounting of Disclosures of PHI in accordance with 45 C.F.R. Section 164.528. Any accounting provided by Business Associate under this subsection shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the PHI; (c) a brief description of PHI disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this subsection, Business Associate shall document the information specified in (a) through (d), above, and shall securely retain this documentation for six (6) years from the date of the Disclosure.

7. **Access to Books and Records.** Business Associate shall make its internal practices, books and records relating to the Use and Disclosure of PHI pursuant to this Agreement available to the Secretary of the Department of Health and Human Services for purposes of determining Covered Entity's compliance with HIPAA. Covered Entity shall have the right to access and examine ("Audit") the books, records, and other information of Business Associate related to this Agreement. Such Audit rights shall be in addition to and notwithstanding any audit provisions set forth in the Agreement. Business Associate shall cooperate fully with any such Audit(s) and shall provide all books, records, data and other documentation reasonably requested by Covered Entity. Covered Entity may make copies of such documentation. To the extent possible, Covered Entity will provide Business Associate reasonable notice of the need for an Audit and will conduct the Audit at a reasonable time and place,

Notwithstanding the foregoing, Covered Entity will not have access to any books, records, data and/or documentation related to any of the Business Associate's other clients.

8. **Agents and Subcontractors.** Business Associate shall require all subcontractors and agents to which it provides PHI received from, or created or received on behalf of Covered Entity, to agree to all of the same restrictions and conditions concerning such PHI to which Business Associate is bound in this Agreement.

9. **Reporting of Violations.** Business Associate shall report to Covered Entity any Use or Disclosure of PHI not authorized by this Agreement immediately upon becoming aware of it. This reporting obligation includes, without limitation, the obligation to report any Security Incident, as that term is defined in 45 C.F.R. Section 164.304.

9.1 **Breach Notification.** Business Associate also shall notify Covered Entity of any Breach of Unsecured PHI. Such notification shall occur without unreasonable delay and in no case later than fifteen (15) calendar days after Business Associate discovers the Breach in accordance with 45 C.F.R. Section 164.410. The notification shall comply with the Breach notification requirements set forth at 42 U.S.C. Section 17832 and its implementing regulations at 45 C.F.R. Section 164.410 and shall include: (a) to the extent possible, the identification of each person whose Unsecured PHI has been, or is reasonably believed by Business Associate to have been, accessed, acquired, or Disclosed during such Breach; and (b) any other available information about the Breach, including: (i) a description of what happened, including the dates of the Breach and discovery of the Breach, if known; (ii) a description of the types of Unsecured PHI involved in the Breach; (iii) any steps affected persons should take to protect themselves from potential harm resulting from the Breach; and (iv) the steps Business Associate is taking to investigate the Breach, mitigate harm to individuals, and to protect against any further Breaches. Business Associate shall provide Covered Entity with such additional information about the Breach either at the time of its initial notification to Covered Entity or as promptly thereafter as the information becomes available to Business Associate.

10. **Term and Termination.**

10.1 This Agreement remains in effect during the performance of services by Business Associate for or on behalf of the Covered Entity and to the extent that Business Associate maintains PHI in any form unless otherwise terminated.

10.2 In addition to and notwithstanding the termination provisions set forth herein, the Agreement may be terminated by Covered Entity in the event that Covered Entity determines Business Associate has violated a material term of this Agreement and such violation has not been remedied within fifteen (15) days following written notice to Business Associate.

10.3 Except as provided below, upon termination of this Agreement, Business Associate shall either return or destroy all PHI in the possession or control of Business Associate or its agents and subcontractors and shall retain no copies of such PHI. However, if Covered Entity determines that neither return nor destructions of PHI is feasible, Business Associate may retain PHI provided that it extends the protections of this Agreement to the PHI and limits further Uses and Disclosures to those purposes that make the return or destruction of the PHI infeasible, for so long as Business Associate maintains such PHI.

11. **Inconsistent Terms; Interpretation.** If any portion of this Agreement is inconsistent with the terms of the Agreement, the terms of this Agreement shall prevail. Except as set forth above, the remaining provisions of the Agreement are ratified in their entirety. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule, Security Rule, other applicable provisions of HIPAA, and HITECH and any regulations promulgated thereunder.

12. **Regulatory References.** A reference in this Agreement to a section in the Privacy Rule, Security Rule, other applicable provisions of HIPAA or HITECH or any regulations promulgated thereunder means the section as in effect or as amended.

13. **Amendment.** Covered Entity and Business Associate agree to take such action as is necessary to amend this Agreement from time to time as it necessary for the parties to comply with the requirements of the Privacy Rule, Security Rule, other applicable provisions of HIPAA, or HITECH and any regulations promulgated thereunder. Notwithstanding the foregoing, Covered Entity may unilaterally amend this Agreement as is necessary to comply with the applicable law and regulations and the requirements of applicable state and federal regulatory authorities. Covered Entity will provide written notice to Business Associate of such amendment and its effective date. Unless such laws, regulations or regulatory authorities require otherwise, the signature of Business Associate will not be required in order for the amendment to take effect.

14. **Indemnification.** Each Party to this Agreement shall indemnify, defend, and hold harmless the other Party from any and all claims, losses, damages, suits, fees, judgments, costs and expenses, including reasonably incurred attorneys fees, that the Indemnitees may suffer or incur arising out of any acts or omissions of the Indemnifying Party in the performance of this Agreement.


15. **Survival.** The respective rights and obligations of the Parties under section 7, subsection 10.3 and section 14 of this Agreement shall survive the termination of this Agreement.

16. **Entire Agreement.** This Agreement, together with the exhibits attached hereto, constitutes the entire agreement between the parties with respect to the services and all other subject matter hereof and merges all prior and contemporaneous communications and agreements with respect to such subject matter. It will not be modified except by a signed writing dated subsequent to the date of this Agreement and signed on behalf of the parties by their respective duly authorized representatives. No waiver consent, modification, or change of any term of this Agreement will bind either party unless the same is in writing and signed by both parties and all necessary state approvals have been obtained. Such express waiver, consent, modification, or change, if made, will be effective only in the specific instance and the specific purpose set forth in such signed writing.

16. **Counterparts.** This Agreement may be executed in counterparts, and via facsimile or electronically transmitted signature (i.e. emailed scanned true and correct copy of the signed Agreement), each of which will be considered an original and all of which together will constitute one and the same agreement. At the request of a party, the other party will confirm facsimile or electronically transmitted signature page by delivering an original signature page to the requesting party.


IN WITNESS WHEREOF, the Parties hereto have caused their authorized representatives to execute this Business Associate Agreement effective and retroactive as above written.

COVERED ENTITY:

By: 
by Joseph Scrivens
Manager
Title: CEO

Date: 10/14/2020

BUSINESS ASSOCIATE:

By: 
Name: Anne Smith
Title: CEO

Date: 10/14/2020

Exhibit 3
Line Drawings

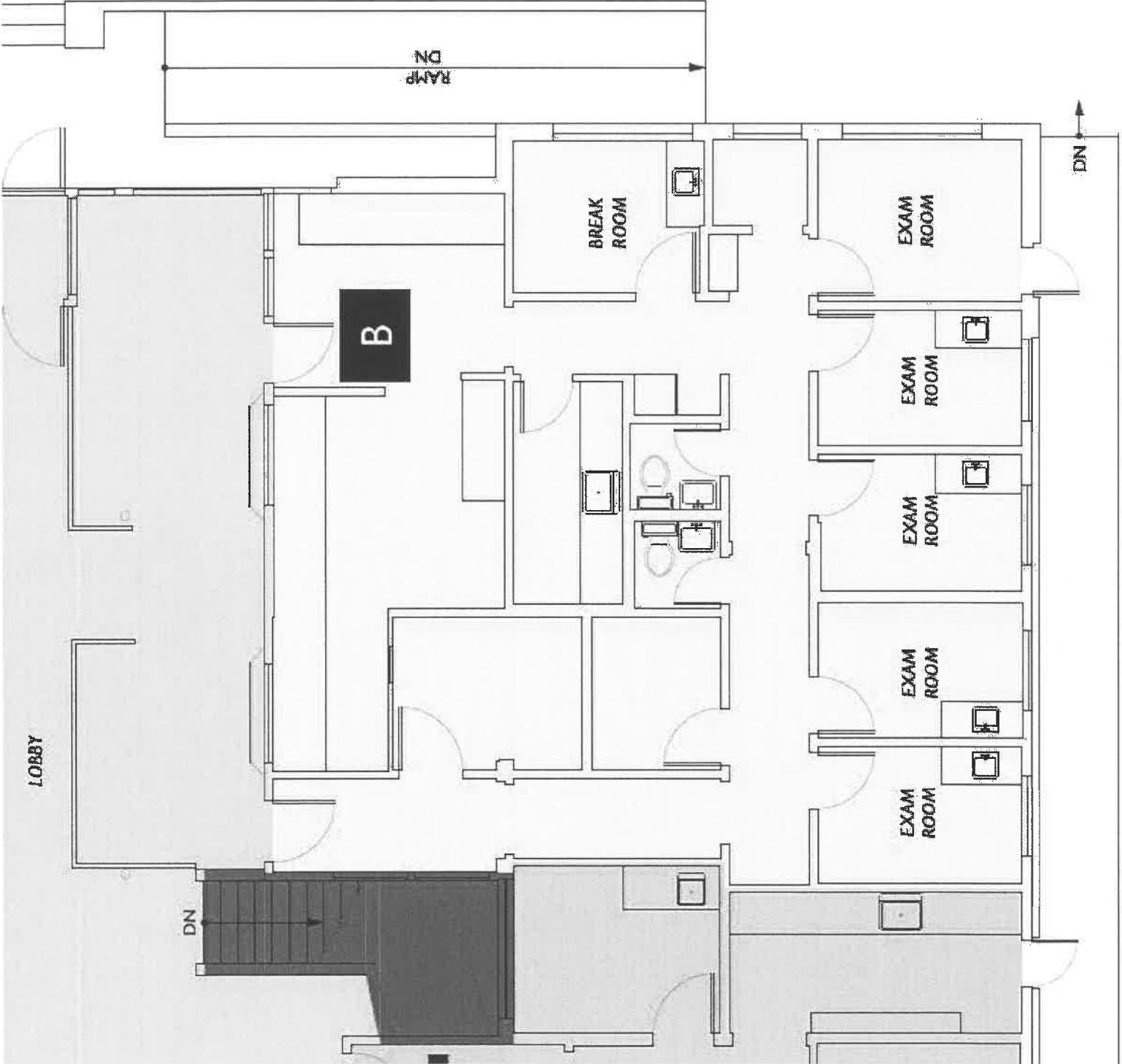


Exhibit 4
Lease



KW Everett
1000 SE Everett Mall Way #201
Everett, WA 98208
Phone: 425-212-2007
Fax: 425-212-2092

© Commercial Brokers
Association
ALL RIGHTS RESERVED



Form: MT_NNN
Multi-Tenant NNN Lease
Rev. 3/2011
Page 1 of 23

LEASE AGREEMENT
Multi Tenant Triple Net (NNN Lease)

THIS LEASE AGREEMENT (the "Lease") is entered into and effective as of this 1 day of 1, 20 22 between Bethany of the Northwest ("Landlord"), and Bethany Home Health, LLC ("Tenant"). Landlord and Tenant agree as follows:

1. LEASE SUMMARY.

- a. **Leased Premises.** The leased commercial real estate i) consists of an agreed area of _____ rentable square feet and is outlined on the floor plan attached as Exhibit A (the "Premises"); ii) is located on the land legally described on attached Exhibit B; and iii) is commonly known as B 3202 Colby Ave. Everett WA 98201 (suite number and address). The Premises do not include, and Landlord reserves, the exterior walls and roof of the building in which the Premises are located (the "Building"), the land beneath the Building, the pipes and ducts, conduits, wires, fixtures, and equipment above the suspended ceiling; and the structural elements of the Building. The Building, the land upon which it is situated, all other improvements located on such land, and all common areas appurtenant to the Building are referred to as the "Property." The Building and all other buildings on the Property as of the date of this Lease consist of an agreed area of 1,678 rentable square feet.
- b. **Lease Commencement Date.** The term of this Lease shall be for a period of sixty (60) months and shall commence on 1, 20 22 or such earlier or later date as provided in Section 3 (the "Commencement Date").
- c. **Lease Termination Date.** The term of this Lease shall terminate at midnight on 1, 20 27 or such earlier or later date as provided in Section 3 (the "Termination Date"). Tenant shall have no right or option to extend this Lease, unless otherwise set forth in a rider attached to this Lease (e.g., Option to Extend Rider, CBA Form OR).
- d. **Base Rent.** The base monthly rent shall be (check one): ☐ \$ _____, or ☒ according to the Rent Rider attached hereto ("Base Rent"). Rent shall be payable at Landlord's address shown in Section 1(h) below, or such other place designated in writing by Landlord.
- e. **Prepaid Rent.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$ 0.00 as prepaid rent, to be applied to the Rent due for the months _____ through _____ of the Lease.
- f. **Security Deposit.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$ 0.00 to be held as a security deposit pursuant to Section 5 below. The security deposit shall be in the form of (check one): ☐ cash, ☐ letter of credit according to the Letter of Credit Rider (CBA Form LCR) attached hereto, or ☐ check.
- g. **Permitted Use.** The Premises shall be used only for _____ and for no other purpose without the prior written consent of Landlord (the "Permitted Use").
- h. **Notice and Payment Addresses:**

Landlord: Bethany of the Northwest
1902 120th PL SE, Suite 201
Everett, WA 98208

Fax No.: _____
Email: JosephS@bethanynw.org

Tenant: Bethany Home Health, LLC
3202 Colby Ave., Suite B
Everett, WA 98201

Fax No.: _____

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- i. **Tenant's Pro Rata Share.** Landlord and Tenant agree that Tenant's Pro Rata Share is 20.5 %, based on the ratio of the agreed rentable area of the Premises to the agreed rentable area of the Building and all other buildings on the Property as of the date of this Lease. Any adjustment to the Premises' or Building's rentable floor area measurements will be reflected in an adjustment to Tenant's Base Rent or Pro Rata Share.

2. PREMISES.

- a. **Lease of Premises.** Landlord leases to Tenant, and Tenant leases from Landlord, the Premises upon the terms specified in this Lease.
- b. **Acceptance of Premises.** Except as specified elsewhere in this Lease, Landlord makes no representations or warranties to Tenant regarding the Premises, including the structural condition of the Premises or the condition of all mechanical, electrical, and other systems on the Premises. Except for any tenant improvements to be completed by Landlord as described on attached Exhibit C (the "Landlord's Work"), Tenant shall be responsible for performing any work necessary to bring the Premises into a condition satisfactory to Tenant. By signing this Lease, Tenant acknowledges that it has had an adequate opportunity to investigate the Premises; acknowledges responsibility for making any corrections, alterations and repairs to the Premises (other than the Landlord's Work); and acknowledges that the time needed to complete any such items shall not delay the Commencement Date.
- c. **Tenant Improvements.** Attached Exhibit C sets forth all Landlord's Work, if any, and all tenant improvements to be completed by Tenant (the "Tenant's Work"), if any, that will be performed on the Premises. Responsibility for design, payment and performance of all such work shall be as set forth on attached Exhibit C. If Tenant fails to notify Landlord of any defects in the Landlord's Work within thirty (30) days of delivery of possession to Tenant, Tenant shall be deemed to have accepted the Premises in their then condition. If Tenant discovers any major defects in the Landlord's Work during this 30-day period that would prevent Tenant from using the Premises for the Permitted Use, Tenant shall notify Landlord and the Commencement Date shall be delayed until after Landlord has notified Tenant that Landlord has corrected the major defects and Tenant has had five (5) days to inspect and approve the Premises. The Commencement Date shall not be delayed if Tenant's inspection reveals minor defects in the Landlord's Work that will not prevent Tenant from using the Premises for the Permitted Use. Tenant shall prepare a punch list of all minor defects in Landlord's Work and provide the punch list to Landlord, which Landlord shall promptly correct.

3. **TERM.** The term of this Lease shall commence on the Commencement Date specified in Section 1, or on such earlier or later date as may be specified by notice delivered by Landlord to Tenant advising Tenant that the Premises are ready for possession and specifying the Commencement Date, which shall not be less than 30 days (thirty (30) days if not filled in) following the date of such notice.

- a. **Early Possession.** If Landlord permits Tenant to possess and occupy the Premises prior to the Commencement Date specified in Section 1, then such early occupancy shall not advance the Commencement Date or the Termination Date set forth in Section 1, but otherwise all terms and conditions of this Lease shall nevertheless apply during the period of early occupancy before the Commencement Date.
- b. **Delayed Possession.** Landlord shall act diligently to make the Premises available to Tenant; provided, however, neither Landlord nor any agent or employee of Landlord shall be liable for any damage or loss due to Landlord's inability or failure to deliver possession of the Premises to Tenant as provided in this Lease. If possession is delayed, the Commencement Date set forth in Section 1 shall also be delayed. In addition, the Termination Date set forth in Section 1 shall be modified so that the length of the Lease term remains the same. If Landlord does not deliver possession of the Premises to Tenant within 60 days



KW Everett
1000 SE Everett Mall Way #201
Everett, WA 98208
Phone: 425-212-2007
Fax: 425-212-2092

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Association
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(sixty (60) days if not filled in) after the Commencement Date specified in Section 1, Tenant may elect to cancel this Lease by giving written notice to Landlord within ten (10) days after such time period ends. If Tenant gives such notice of cancellation, the Lease shall be cancelled, all prepaid rent and security deposits shall be refunded to Tenant, and neither Landlord nor Tenant shall have any further obligations to the other. The first "Lease year" shall commence on the Commencement Date and shall end on the date which is twelve (12) months from the end of the month in which the Commencement Date occurs. Each successive Lease year during the initial term and any extension terms shall be twelve (12) months, commencing on the first day following the end of the preceding Lease year. To the extent that the tenant improvements are not completed in time for the Tenant to occupy or take possession of the Premises on the Commencement Date due to the failure of Tenant to fulfill any of its obligations under this Lease, the Lease shall nevertheless commence on the Commencement Date set forth in Section 1.

4. RENT.

- a. **Payment of Rent.** Tenant shall pay Landlord without notice, demand, deduction or offset, in lawful money of the United States, the monthly Base Rent stated in Section 1 in advance on or before the first day of each month during the Lease term beginning on (check one): ☒ the Commencement Date, or ☐ _____ (if no date specified, then on the Commencement Date), and shall also pay any other additional payments due to Landlord ("Additional Rent"), including Operating Costs (collectively the "Rent") when required under this Lease. Payments for any partial month at the beginning or end of the Lease shall be prorated. All payments due to Landlord under this Lease, including late fees and interest, shall also constitute Additional Rent, and upon failure of Tenant to pay any such costs, charges or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay rent.
- b. **Triple Net Lease.** This Lease is what is commonly called a "Net, Net, Net" or "triple-net" Lease, which means that, except as otherwise expressly provided herein, Landlord shall receive all Base Rent free and clear of any and all other impositions, taxes, liens, charges or expenses of any nature whatsoever in connection with the ownership and operation of the Premises. In addition to Base Rent, Tenant shall pay to the parties respectively entitled thereto, or satisfy directly, all Additional Rent and other impositions, insurance premiums, repair and maintenance charges, and any other charges, costs, obligations, liabilities, requirements, and expenses, including without limitation the Operating Costs described in Section 8, which arise with regard to the Premises or may be contemplated under any other provision of the Lease during its term, except for costs and expenses expressly made the obligation of Landlord in this Lease.
- c. **Late Charges; Default Interest.** If any sums payable by Tenant to Landlord under this Lease are not received within five (5) business days after their due date, Tenant shall pay Landlord an amount equal to the greater of \$100 or five percent (5%) of the delinquent amount for the cost of collecting and handling such late payment in addition to the amount due and as Additional Rent. All delinquent sums payable by Tenant to Landlord and not paid within five (5) business days after their due date shall, at Landlord's option, bear interest at the rate of fifteen percent (15%) per annum, or the highest rate of interest allowable by law, whichever is less (the "Default Rate"). Interest on all delinquent amounts shall be calculated from the original due date to the date of payment.
- d. **Less Than Full Payment.** Landlord's acceptance of less than the full amount of any payment due from Tenant shall not be deemed an accord and satisfaction or compromise of such payment unless Landlord specifically consents in writing to payment of such lesser sum as an accord and satisfaction or compromise of the amount which Landlord claims. Any portion that remains to be paid by Tenant shall be subject to the late charges and default interest provisions of this Section 4.

5. **SECURITY DEPOSIT.** Upon execution of this Lease, Tenant shall deliver to Landlord the security deposit specified in Section 1 above. Landlord's obligations with respect to the security deposit are those of a debtor and not of a trustee, and Landlord may commingle the security deposit with its other funds. If Tenant breaches

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any covenant or condition of this Lease, including but not limited to the payment of Rent, Landlord may apply all or any part of the security deposit to the payment of any sum in default and any damage suffered by Landlord as a result of Tenant's breach. Tenant acknowledges, however, that the security deposit shall not be considered as a measure of Tenant's damages in case of default by Tenant, and any payment to Landlord from the security deposit shall not be construed as a payment of liquidated damages for Tenant's default. If Landlord applies the security deposit as contemplated by this Section, Tenant shall, within five (5) days after written demand therefore by Landlord, deposit with Landlord the amount so applied. If Tenant complies with all of the covenants and conditions of this Lease throughout the Lease term, the security deposit shall be repaid to Tenant without interest within thirty (30) days after the surrender of the Premises by Tenant in the condition required hereunder by Section 13 of this Lease.

6. **USES.** The Premises shall be used only for the Permitted Use specified in Section 1 above, and for no other business or purpose without the prior written consent of Landlord. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises, the Building, or the Property, or cause the cancellation of any insurance on the Premises, the Building, or the Property. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance. Tenant shall not do or permit anything to be done on the Premises, the Building, or the Property which will obstruct or interfere with the rights of other tenants or occupants of the Property, or their employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees or to injure or annoy such persons.
7. **COMPLIANCE WITH LAWS.** Tenant shall not cause or permit the Premises to be used in any way which violates any law, ordinance, or governmental regulation or order. Landlord represents to Tenant that, as of the Commencement Date, to Landlord's knowledge, but without duty of investigation, and with the exception of any Tenant's Work, the Premises comply with all applicable laws, rules, regulations, or orders, including without limitation, the Americans With Disabilities Act, if applicable, and Landlord shall be responsible to promptly cure at its sole cost any noncompliance which existed on the Commencement Date. Tenant shall be responsible for complying with all laws applicable to the Premises as a result of the Permitted Use, and Tenant shall be responsible for making any changes or alterations as may be required by law, rule, regulation, or order for Tenant's Permitted Use at its sole cost and expense. Otherwise, if changes or alterations are required by law, rule, regulation, or order unrelated to the Permitted Use, Landlord shall make changes and alterations at its expense.
8. **OPERATING COSTS.**
 - a. **Definition.** As used herein, "Operating Costs" shall mean all costs of operating, maintaining and repairing the Premises, the Building, and the Property, determined in accordance with generally accepted accounting principles, and including without limitation the following: all taxes and assessments (including, but not limited to, real and personal property taxes and assessments, local improvement district assessments and other special purpose assessments, and taxes on rent or gross receipts); insurance premiums paid by Landlord and (to the extent used) deductibles for insurance applicable to the Property; water, sewer and all other utility charges (other than utilities separately metered and paid directly by Tenant or other tenants); janitorial and all other cleaning services; refuse and trash removal; supplies, materials, tools, and equipment used in the operation, repair, and maintenance of the Property; refurbishing and repainting; carpet replacement; to the extent serving areas other than just the Premises, heating, ventilation and air conditioning ("HVAC") service and repair and replacement of HVAC when necessary; elevator service and repair and replacement of elevators when necessary; pest control; lighting systems, fire detection and security services; landscape maintenance; management (fees and/or personnel costs); parking lot, road, sidewalk and driveway patching, resurfacing and maintenance; snow and ice removal; repair, maintenance, and, where reasonably required, replacement of signage; amortization of capital improvements as Landlord may in the future install to comply with governmental regulations and rules or undertaken in good faith with a reasonable expectation of reducing operating costs (the useful life of which shall be a reasonable period of time as determined by Landlord); costs of legal services (except those incurred directly relating to a particular occupant of the Building); and

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accounting services, labor, supplies, materials and tools. Landlord and Tenant agree that if the Building is not ninety percent (90%) occupied during any calendar year (including the Base Year, if applicable), on a monthly average, then those portions of the Operating Costs that are driven by occupancy rates, as reasonably determined by Landlord, shall be increased to reflect the Operating Costs of the Building as though it were ninety percent (90%) occupied and Tenant's Pro Rata Share of Operating Costs shall be based upon Operating Costs as so adjusted. Operating Costs shall not include: Landlord's income tax or general corporate overhead; depreciation on the Building or equipment therein; loan payments; real estate broker's commissions; capital improvements to or major repairs of the Building shell (i.e., the Building structure, exterior walls, roof, and structural floors and foundations), except as described above; or any costs regarding the operation, maintenance and repair of the Premises, the Building, or the Property paid directly by Tenant or other tenants in the Building, or otherwise reimbursed to Landlord. If Tenant is renting a pad separate from any other structures on the Property for which Landlord separately furnishes the services described in this paragraph, then the term "Operating Costs" shall not include those costs of operating, repairing, and maintaining the enclosed mall which can be separately allocated to the tenants of the other structures. Operating Costs which cannot be separately allocated to the tenants of other structures may include but are not limited to: insurance premiums; taxes and assessments; management (fees and/or personnel costs); exterior lighting; parking lot, road, sidewalk and driveway patching, resurfacing and maintenance; snow and ice removal; and costs of legal services and accounting services. AT TIME OF LEASE SIGNING, THE ANNUAL OPERATING COSTS ARE ESTIMATED AS \$5.95 PER SQUARE FOOT.

- b. **Type of Payment.** Options one and two below address the manner in which Operating Costs are paid under this Lease. To select the pure triple net option, check option 1. To select the base year option, check option 2.

☒ **OPTION ONE: TRIPLE NET.** As additional Rent, Tenant shall pay to Landlord on the first of each month with payment of Tenant's base Rent one-twelfth of Tenant's Pro Rata Share of Operating Costs.

☐ **OPTION TWO: BASE YEAR.** The Base Rent paid by Tenant under this Lease includes Tenant's Pro Rata Share of Operating Costs for the calendar year in which the Commencement Date occurs (the "Base Year"). As additional Rent, Tenant shall pay to Landlord on the first day of each month commencing on the first day of the first year after the Commencement Date, with Tenant's payment of Base Rent, one-twelfth of the amount, if any, by which Tenant's Pro Rata Share of Operating Costs exceeds Tenant's annualized Pro Rata Share of Operating Costs for the Base Year.

- c. **Method of Payment.** Tenant shall pay to Landlord Operating Costs pursuant to the following procedure:

- i. Landlord shall provide to Tenant, at or before the Commencement Date, a good faith estimate of annual Operating Costs for the calendar year in which the Commencement Date occurs. Landlord shall also provide to Tenant, as soon as possible following the first day of each succeeding calendar year, a good faith estimate of Tenant's annual Pro Rata Share of Operating Costs for the then-current year.
- ii. Each estimate of Tenant's annual Pro Rata Share of Operating Costs determined by Landlord, as described above, shall be divided into twelve (12) equal monthly installments. If Tenant pays Operating Costs under Option One, Tenant shall pay to Landlord such monthly installment of Operating Costs with each monthly payment of Base Rent. If Tenant pays Operating Costs under Option Two, Tenant shall pay to Landlord with each monthly payment of Base Rent the amount, if any, by which such monthly installments of Operating Costs exceed one twelfth of Tenant's annualized Pro Rata Share of Operating Costs for the Base Year. In the event the estimated amount of Tenant's Pro Rata Share of Operating Costs has not yet been determined for any calendar year, Tenant shall pay the monthly installment in the estimated amount determined for the preceding calendar year until the estimate for the current calendar year has been provided to Tenant. When the estimate for the current calendar year is received, Tenant shall then pay any shortfall or receive a credit for any surplus for the preceding months of the current calendar year and shall, thereafter, make the monthly installment payments in accordance with the current estimate.

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- iii. As soon as reasonably possible following the end of each calendar year of the Lease term, Landlord shall determine and provide to Tenant a statement (the "Operating Costs Statement") setting forth the amount of Operating Costs actually incurred and the amount of Tenant's Pro Rata Share of Operating Costs actually payable by Tenant with respect to such calendar year. In the event the amount of Tenant's Pro Rata Share of Operating Costs exceeds the sum of the monthly installments actually paid by Tenant for such calendar year, Tenant shall pay to Landlord the difference within thirty (30) days following receipt of the Operating Costs Statement. In the event the sum of the monthly installments actually paid by Tenant for such calendar year exceeds the amount of Tenant's Pro Rata Share of Operating Costs actually due and owing, the difference shall be applied as a credit to Tenant's future Pro Rata Share of Operating Costs payable by Tenant pursuant to this Section, or if the term has expired, the excess shall be refunded to Tenant within thirty (30) days after delivery of such Operating Costs Statement.
- iv. Should Tenant dispute any amount shown on the Operating Costs Statement, Tenant may audit Landlord's books and records for the calendar year covered by such Operating Costs Statement upon written notice to Landlord given within ninety (90) days after Tenant's receipt of such Operating Costs Statement. If Tenant fails to provide notice of dispute within such ninety (90) day period, the Operating Costs Statement shall be final and conclusive. Any audit conducted by Tenant shall be completed within sixty (60) days after Tenant's request therefor. In the event the amount of Tenant's Pro Rata Share of Operating Costs exceeds the sum of the monthly installments actually paid by Tenant for such calendar year, Tenant shall pay to Landlord the difference within thirty (30) days following completion of the audit. In the event the sum of the monthly installments actually paid by Tenant for such calendar year exceeds the amount of Tenant's Pro Rata Share of Operating Costs actually due and owing, the difference shall be applied as a credit to Tenant's future Pro Rata Share of Operating Costs payable by Tenant pursuant to this Section, or if the term has expired, the excess shall be refunded to Tenant within thirty (30) days after completion of the audit. Landlord and Tenant shall cooperate as may be reasonably necessary in order to facilitate the timely completion of any audit. Nothing in this section shall in any manner modify Tenant's obligations to make payments as and when provided under this Lease.

9. **UTILITIES AND SERVICES.** Landlord shall provide the Premises the following services, the cost of which shall be included in the Operating Costs, to the extent not separately metered to the Premises: water and electricity for the Premises seven (7) days per week, twenty-four (24) hours per day, and HVAC from 7:00 a.m. to 7:00 p.m. Monday through Friday; 7:00 a.m. to 7:00 p.m. on Saturday; and 7:00 a.m. to 7:00 p.m. on Sunday. Landlord shall provide janitorial service to the Premises and Building five (5) nights each week, exclusive of holidays, the cost of which shall also be included in Operating Costs. HVAC services will also be provided by Landlord to the Premises during additional hours on reasonable notice to Landlord, at Tenant's sole cost and expense, at an hourly rate reasonably established by Landlord from time to time and payable by Tenant, as and when billed, as Additional Rent. Notwithstanding the foregoing, if Tenant's use of the Premises incurs utility service charges which are above those usual and customary for the Permitted Use, Landlord reserves the right to require Tenant to pay a reasonable additional charge for such usage. Landlord shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of utilities due to any cause whatsoever, and Rent shall not abate as a result thereof.

Tenant shall furnish all other utilities (including, but not limited to, telephone, Internet, and cable service if available) and other services which Tenant requires with respect to the Premises, and shall pay, at Tenant's sole expense, the cost of all utilities separately metered to the Premises, and of all other utilities and other services which Tenant requires with respect to the Premises, except those to be provided by Landlord and included in Operating Expenses as described above.

10. **TAXES.** Tenant shall pay all taxes, assessments, liens and license fees ("Taxes") levied, assessed or imposed by any authority having the direct or indirect power to tax or assess any such liens, related to or required by Tenant's use of the Premises as well as all Taxes on Tenant's personal property located on the

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Premises. Landlord shall pay all taxes and assessments with respect to the Property, including any taxes resulting from a reassessment of the Building or the Property due to a change of ownership or otherwise, all of which shall be included in Operating Costs and subject to partial reimbursement by Tenant as set forth in Section 8.

11. COMMON AREAS.

- a. **Definition.** The term "Common Areas" means all areas, facilities and building systems that are provided and designated from time to time by Landlord for the general non-exclusive use and convenience of Tenant with other tenants and which are not leased or held for the exclusive use of a particular tenant. To the extent that such areas and facilities exist within the Property, Common Areas include hallways, entryways, stairs, elevators, driveways, walkways, terraces, docks, loading areas, restrooms, trash facilities, parking areas and garages, roadways, pedestrian sidewalks, landscaped areas, security areas, lobby or mall areas, common heating, ventilating and air conditioning systems, common electrical service, equipment and facilities, and common mechanical systems, equipment and facilities. Tenant shall comply with reasonable rules and regulations concerning the use of the Common Areas adopted by Landlord from time to time. Without advance notice to Tenant and without any liability to Tenant, Landlord may change the size, use, or nature of any Common Areas, erect improvements on the Common Areas or convert any portion of the Common Areas to the exclusive use of Landlord or selected tenants, so long as Tenant is not thereby deprived of the substantial benefit of the Premises. Landlord reserves the use of exterior walls and the roof, and the right to install, maintain, use, repair and replace pipes, ducts, conduits, and wires leading through the Premises in areas which will not materially interfere with Tenant's use thereof.
- b. **Use of the Common Areas.** Tenant shall have the non-exclusive right, in common with such other tenants to whom Landlord has granted or may grant such rights, to use the Common Areas. Tenant shall abide by rules and regulations adopted by Landlord from time to time and shall use its best efforts to cause its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees to comply with those rules and regulations, and not interfere with the use of Common Areas by others.
- c. **Maintenance of Common Areas.** Landlord shall maintain the Common Areas in good order, condition and repair. This maintenance cost shall be an Operating Cost chargeable to Tenant pursuant to Section 8. In performing such maintenance, Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises.

12. **ALTERATIONS.** Tenant may make alterations, additions or improvements to the Premises, including any Tenant Work identified on attached Exhibit C (the "Alterations"), only with the prior written consent of Landlord, which, with respect to Alterations not affecting the structural components of the Premises or utility systems therein, shall not be unreasonably withheld, conditioned, or delayed. Landlord shall have thirty (30) days in which to respond to Tenant's request for any Alterations so long as such request includes the name of Tenant's contractors and reasonably detailed plans and specifications therefor. The term "Alterations" shall not include the installation of shelves, movable partitions, Tenant's equipment, and trade fixtures that may be performed without damaging existing improvements or the structural integrity of the Premises, the Building, or the Property, and Landlord's consent shall not be required for Tenant's installation or removal of those items. Tenant shall perform all work at Tenant's expense and in compliance with all applicable laws and shall complete all Alterations in accordance with plans and specifications approved by Landlord, using contractors approved by Landlord, and in a manner so as not to unreasonably interfere with other tenants. Tenant shall pay, when due, or furnish a bond for payment (as set forth in Section 20) all claims for labor or materials furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's liens against the Premises or the Property or any interest therein. Tenant shall remove all Alterations at the end of the Lease term unless Landlord conditioned its consent upon Tenant leaving a specified Alteration at the Premises, in which case Tenant shall not remove such Alteration, and it shall become Landlord's property. Tenant shall immediately repair any damage to the Premises caused by removal of Alterations.

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13. **REPAIRS AND MAINTENANCE; SURRENDER.** Tenant shall, at its sole expense, maintain the entire Premises in good condition and promptly make all non-structural repairs and replacements necessary to keep the Premises safe and in good condition, including all HVAC components and other utilities and systems to the extent exclusively serving the Premises. Landlord shall maintain and repair the Building structure, foundation, subfloor, exterior walls, roof structure and surface, and HVAC components and other utilities and systems serving more than just the Premises, and the Common Areas, the costs of which shall be included as an Operating Cost. Tenant shall not damage any demising wall or disturb the structural integrity of the Premises, the Building, or the Property and shall promptly repair any damage or injury done to any such demising walls or structural elements caused by Tenant or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. Notwithstanding anything in this Section to the contrary, Tenant shall not be responsible for any repairs to the Premises made necessary by the negligence or willful misconduct of Landlord or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees therein. If Tenant fails to perform Tenant's obligations under this Section, Landlord may at Landlord's option enter upon the Premises after ten (10) days' prior notice to Tenant and put the same in good order, condition and repair and the cost thereof together with interest thereon at the default rate set forth in Section 4 shall be due and payable as additional rent to Landlord together with Tenant's next installment of Base Rent. Upon expiration of the Lease term, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises, together with all keys, to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable wear and tear and insured casualty excepted.
14. **ACCESS AND RIGHT OF ENTRY.** After twenty-four (24) hours' notice from Landlord (except in cases of emergency, when no notice shall be required), Tenant shall permit Landlord and its agents, employees and contractors to enter the Premises at all reasonable times to make repairs, inspections, alterations or improvements, provided that Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises. This Section shall not impose any repair or other obligation upon Landlord not expressly stated elsewhere in this Lease. After reasonable notice to Tenant, Landlord shall have the right to enter the Premises for the purpose of (a) showing the Premises to prospective purchasers or lenders at any time, and to prospective tenants within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term; and (b) posting "for lease" signs within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term.
15. **SIGNAGE.** Tenant shall obtain Landlord's written consent as to size, location, materials, method of attachment, and appearance, before installing any signs upon the Premises. Tenant shall install any approved signage at Tenant's sole expense and in compliance with all applicable laws. Tenant shall not damage or deface the Premises in installing or removing signage and shall repair any injury or damage to the Premises caused by such installation or removal.
16. **DESTRUCTION OR CONDEMNATION.**
- a. **Damage and Repair.** If the Premises or the portion of the Building or the Property necessary for Tenant's occupancy are partially damaged but not rendered untenable, by fire or other insured casualty, then Landlord shall diligently restore the Premises and the portion of the Property necessary for Tenant's occupancy to the extent required below and this Lease shall not terminate. Tenant may, however, terminate the Lease if Landlord is unable to restore the Premises within six (6) months of the casualty event by giving twenty (20) days written notice of termination.

The Premises or the portion of the Building or the Property necessary for Tenant's occupancy shall not be deemed untenable if twenty-five percent (25%) or less of each of those areas are damaged. If insurance proceeds are not available or are not sufficient to pay the entire cost of restoring the Premises, or if Landlord's lender does not permit all or any part of the insurance proceeds to be applied toward restoration, then Landlord may elect to terminate this Lease and keep the insurance proceeds, by notifying Tenant within sixty (60) days of the date of such casualty.

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If the Premises, the portion of the Building or the Property necessary for Tenant's occupancy, or fifty percent (50%) or more of the rentable area of the Property are entirely destroyed, or partially damaged and rendered untenantable, by fire or other casualty, Landlord may, at its option: (a) terminate this Lease as provided herein, or (b) restore the Premises and the portion of the Property necessary for Tenant's occupancy to their previous condition to the extent required below; provided, however, if such casualty event occurs during the last six (6) months of the Lease term (after considering any option to extend the term timely exercised by Tenant) then either Tenant or Landlord may elect to terminate the Lease. If, within sixty (60) days after receipt by Landlord from Tenant of written notice that Tenant deems the Premises or the portion of the Property necessary for Tenant's occupancy untenantable, Landlord fails to notify Tenant of its election to restore those areas, or if Landlord is unable to restore those areas within six(6) months of the date of the casualty event, then Tenant may elect to terminate the Lease upon twenty (20) days' notice to Landlord unless Landlord, within such twenty (20) day period, notifies Tenant that it will in fact restore the Premises or actually completes such restoration work to the extent required below, as applicable.

If Landlord restores the Premises or the Property under this Section, Landlord shall proceed with reasonable diligence to complete the work, and the Rent shall be abated in the same proportion as the untenantable portion of the Premises bears to the whole Premises, provided that there shall be a Rent abatement only if the damage or destruction of the Premises or the Property did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. No damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Premises or the Property. Landlord shall have no obligation to carry insurance of any kind for the protection of Tenant; any alterations or improvements paid for by Tenant; any Tenant's Work identified in Exhibit C (regardless of who may have completed them); Tenant's furniture; or on any fixtures, equipment, improvements or appurtenances of Tenant under this Lease, and Landlord's restoration obligations hereunder shall not include any obligation to repair any damage thereto or replace the same.

- b. **Condemnation.** If the Premises, the portion of the Building or the Property necessary for Tenant's occupancy, or 50% or more of the rentable area of the Property are made untenantable by eminent domain, or conveyed under a threat of condemnation, this Lease shall terminate at the option of either Landlord or Tenant as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises or the portion of the Property taken by the condemning authority. All Rents and other payments shall be paid to that date.

If the condemning authority takes a portion of the Premises or of the Building or the Property necessary for Tenant's occupancy that does not render them untenantable, then this Lease shall continue in full force and effect and the Rent shall be equitably reduced based on the proportion by which the floor area of any structures is reduced. The reduction in Rent shall be effective on the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. The Premises or the portion of the Building or the Property necessary for Tenant's occupancy shall not be deemed untenantable if twenty-five percent (25%) or less of each of those areas are condemned. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises or the Building or the Property and Tenant shall make no claim for the value of its leasehold. Tenant shall be permitted to make a separate claim against the condemning authority for moving expenses if Tenant may terminate the Lease under this Section, provided that in no event shall Tenant's claim reduce Landlord's award.

17. INSURANCE.

- a. **Tenant's Liability Insurance.** During the Lease term, Tenant shall pay for and maintain commercial general liability insurance with broad form property damage and contractual liability endorsements. This

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policy shall name Landlord, its property manager (if any), and other parties designated by Landlord as additional insureds using an endorsement form acceptable to Landlord, and shall insure Tenant's activities and those of Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees with respect to the Premises against loss, damage or liability for personal injury or bodily injury (including death) or loss or damage to property with a combined single limit of not less than \$2,000,000, and a deductible of not more than \$10,000. Tenant's insurance will be primary and noncontributory with any liability insurance carried by Landlord. Landlord may also require Tenant to obtain and maintain business income coverage for at least six (6) months, business auto liability coverage, and, if applicable to Tenant's Permitted Use, liquor liability insurance and/or warehouseman's coverage.

- b. **Tenant's Property Insurance.** During the Lease term, Tenant shall pay for and maintain special form clauses of loss coverage property insurance (with coverage for earthquake if required by Landlord's lender and, if the Premises are situated in a flood plain, flood damage) for all of Tenant's personal property, fixtures and equipment in the amount of their full replacement value, with a deductible of not more than \$10,000.
- c. **Miscellaneous.** Tenant's insurance required under this Section shall be with companies rated A-/VII or better in Best's Insurance Guide, and which are admitted in the State in which the Premises are located. No insurance policy shall be cancelled or reduced in coverage and each such policy shall provide that it is not subject to cancellation or a reduction in coverage except after thirty (30) days prior written notice to Landlord. Tenant shall deliver to Landlord upon commencement of the Lease and from time to time thereafter, copies of the insurance policies or evidence of insurance and copies of endorsements required by this Section. In no event shall the limits of such policies be considered as limiting the liability of Tenant under this Lease. If Tenant fails to acquire or maintain any insurance or provide any policy or evidence of insurance required by this Section, and such failure continues for three (3) days after notice from Landlord, Landlord may, but shall not be required to, obtain such insurance for Landlord's benefit and Tenant shall reimburse Landlord for the costs of such insurance upon demand. Such amounts shall be Additional Rent payable by Tenant hereunder and in the event of non-payment thereof, Landlord shall have the same rights and remedies with respect to such non-payment as it has with respect to any other non-payment of Rent hereunder.
- d. **Landlord's Insurance.** Landlord shall carry special form clauses of loss coverage property insurance of the Building shell and core in the amount of their full replacement value, liability insurance with respect to the Common Areas, and such other insurance of such types and amounts as Landlord, in its discretion, shall deem reasonably appropriate. The cost of any such insurance shall be included in the Operating Costs, and if such insurance is provided by a "blanket policy" insuring other parties or locations in addition to the Building, then only the portion of the premiums allocable to the Building and Property shall be included in the Operating Costs.
- e. **Waiver of Subrogation.** Landlord and Tenant hereby release each other and any other tenant, their agents or employees, from responsibility for, and waive their entire claim of recovery for any loss or damage arising from any cause covered by property insurance required to be carried or otherwise carried by each of them. Each party shall provide notice to the property insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective property insurance carriers to waive all rights of subrogation against the other. This waiver shall not apply to the extent of the deductible amounts to any such property policies or to the extent of liabilities exceeding the limits of such policies.

18. INDEMNIFICATION.

- a. **Indemnification by Tenant.** Tenant shall defend, indemnify, and hold Landlord and its property manager (if any) harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Tenant or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises or the Property, or arising

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from any breach of this Lease by Tenant. Tenant shall use legal counsel reasonably acceptable to Landlord in defense of any action within Tenant's defense obligation.

- b. **Indemnification by Landlord.** Landlord shall defend, indemnify and hold Tenant harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Landlord or Landlord's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises or the Property, or arising from any breach of this Lease by Landlord. Landlord shall use legal counsel reasonably acceptable to Tenant in defense of any action within Landlord's defense obligation.
- c. **Waiver of Immunity.** Landlord and Tenant each specifically and expressly waive any immunity that each may be granted under the Washington State Industrial Insurance Act, Title 51 RCW. Neither party's indemnity obligations under this Lease shall be limited by any limitation on the amount or type of damages, compensation, or benefits payable to or for any third party under the Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts.
- d. **Exemption of Landlord from Liability.** Except to the extent of claims arising out of Landlord's gross negligence or intentional misconduct, Landlord shall not be liable for injury to Tenant's business or assets or any loss of income therefrom or for damage to any property of Tenant or of its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, or any other person in or about the Premises or the Property.
- e. **Survival.** The provisions of this Section 18 shall survive expiration or termination of this Lease.

19. **ASSIGNMENT AND SUBLETTING.** Tenant shall not assign, sublet, mortgage, encumber or otherwise transfer any interest in this Lease (collectively referred to as a "Transfer") or any part of the Premises, without first obtaining Landlord's written consent, which shall not be unreasonably withheld, conditioned, or delayed. No Transfer shall relieve Tenant of any liability under this Lease notwithstanding Landlord's consent to such Transfer. Consent to any Transfer shall not operate as a waiver of the necessity for Landlord's consent to any subsequent Transfer. In connection with each request for consent to a Transfer, Tenant shall pay the reasonable cost of processing same, including attorneys' fees, upon demand of Landlord, up to a maximum of \$1,250.

If Tenant is a partnership, limited liability company, corporation, or other entity, any transfer of this Lease by merger, consolidation, redemption or liquidation, or any change in the ownership of, or power to vote, which singularly or collectively represents a majority of the beneficial interest in Tenant, shall constitute a Transfer under this Section.

As a condition to Landlord's approval, if given, any potential assignee or sublessee otherwise approved by Landlord shall assume all obligations of Tenant under this Lease and shall be jointly and severally liable with Tenant and any guarantor, if required, for the payment of Rent and performance of all terms of this Lease. In connection with any Transfer, Tenant shall provide Landlord with copies of all assignments, subleases and assumption agreement or documents.

20. **LIENS.** Tenant shall not subject the Landlord's assets to any liens or claims of lien. Tenant shall keep the Premises free from any liens created by or through Tenant. Tenant shall indemnify and hold Landlord harmless from liability for any such liens including, without limitation, liens arising from any Alterations. If a lien is filed against the Premises by any person claiming by, through or under Tenant, Tenant shall, within ten (10) days after Landlord's demand, at Tenant's expense, either remove the lien or furnish to Landlord a bond in form and amount and issued by a surety satisfactory to Landlord, indemnifying Landlord and the Premises against all liabilities, costs and expenses, including attorneys' fees, which Landlord could reasonably incur as a result of such lien.



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1000 SE Everett Mall Way #201
Everett, WA 98208
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Fax: 425-212-2092

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21. **DEFAULT.** The following occurrences shall each constitute a default by Tenant (an "Event of Default"):

- a. **Failure To Pay.** Failure by Tenant to pay any sum, including Rent, due under this Lease following five (5) days' notice from Landlord of the failure to pay.
- b. **Vacation/Abandonment.** Vacation by Tenant of the Premises (defined as an absence for at least fifteen (15) consecutive days without prior notice to Landlord), or abandonment by Tenant of the Premises (defined as an absence of five (5) days or more while Tenant is in breach of some other term of this Lease). Tenant's vacation or abandonment of the Premises shall not be subject to any notice or right to cure.
- c. **Insolvency.** Tenant's insolvency or bankruptcy (whether voluntary or involuntary); or appointment of a receiver, assignee or other liquidating officer for Tenant's business; provided, however, that in the event of any involuntary bankruptcy or other insolvency proceeding, the existence of such proceeding shall constitute an Event of Default only if such proceeding is not dismissed or vacated within sixty (60) days after its institution or commencement.
- d. **Levy or Execution.** The taking of Tenant's interest in this Lease or the Premises, or any part thereof, by execution or other process of law directed against Tenant, or attachment of Tenant's interest in this Lease by any creditor of Tenant, if such attachment is not discharged within fifteen (15) days after being levied.
- e. **Other Non-Monetary Defaults.** The breach by Tenant of any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section or elsewhere in this Lease, which breach continues for a period of thirty (30) days after notice by Landlord to Tenant of the breach.
- f. **Failure to Take Possession.** Failure by Tenant to take possession of the Premises on the Commencement Date or failure by Tenant to commence any Tenant Improvement in a timely fashion.

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event less than thirty (30) days after notice by Tenant to Landlord. If Landlord fails to cure any such default within the allotted time, Tenant's sole remedy shall be to seek actual money damages (but not consequential or punitive damages) for loss arising from Landlord's failure to discharge its obligations under this Lease. Nothing herein contained shall relieve Landlord from its duty to perform of any of its obligations to the standard prescribed in this Lease.

Any notice periods granted herein shall be deemed to run concurrently with and not in addition to any default notice periods required by law.

22. **REMEDIES.** Landlord shall have the following remedies upon an Event of Default. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

- a. **Termination of Lease.** Landlord may terminate Tenant's interest under the Lease, but no act by Landlord other than notice of termination from Landlord to Tenant shall terminate this Lease. The Lease shall terminate on the date specified in the notice of termination. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the Rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease term, less the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to the termination, after deducting all of Landlord's Reletting Expenses (as defined below). Landlord shall be entitled to either collect damages from Tenant monthly on the days on which rent or other amounts would have been payable under the Lease, or alternatively, Landlord may accelerate Tenant's obligations under the Lease and recover from Tenant: (i) unpaid rent which had been earned at the time of termination; (ii) the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of rent loss

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that Tenant proves could reasonably have been avoided; (iii) the amount by which the unpaid rent for the balance of the term of the Lease after the time of award exceeds the amount of rent loss that Tenant proves could reasonably be avoided (discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%); and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease, or which in the ordinary course would be likely to result from the Event of Default, including without limitation Reletting Expenses described below.

- b. **Re-Entry and Reletting.** Landlord may continue this Lease in full force and effect, and without demand or notice, re-enter and take possession of the Premises or any part thereof, expel the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's or Tenant's name for the account of Tenant, for such period of time and at such other terms and conditions as Landlord, in its discretion, may determine. Landlord may collect and receive the rents for the Premises. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord all Reletting Expenses (defined below); second, to pay any indebtedness of Tenant to Landlord other than rent; third, to the rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. Re-entry or taking possession of the Premises by Landlord under this Section shall not be construed as an election on Landlord's part to terminate this Lease, unless a notice of termination is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Lease. Tenant will pay Landlord the Rent and other sums which would be payable under this Lease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises and after deducting Landlord's Reletting Expenses. "Reletting Expenses" is defined to include all expenses incurred by Landlord in connection with reletting the Premises, including without limitation, all repossession costs, brokerage commissions and costs for securing new tenants, attorneys' fees, remodeling and repair costs, costs for removing persons or property, costs for storing Tenant's property and equipment, and costs of tenant improvements and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.
- c. **Waiver of Redemption Rights.** Tenant, for itself, and on behalf of any and all persons claiming through or under Tenant, including creditors of all kinds, hereby waives and surrenders all rights and privileges which they may have under any present or future law, to redeem the Premises or to have a continuance of this Lease for the Lease term, or any extension thereof.
- d. **Nonpayment of Additional Rent.** All costs which Tenant is obligated to pay to Landlord pursuant to this Lease shall in the event of nonpayment be treated as if they were payments of Rent, and Landlord shall have the same rights it has with respect to nonpayment of Rent.
- e. **Failure to Remove Property.** If Tenant fails to remove any of its property from the Premises at Landlord's request following an uncured Event of Default, Landlord may, at its option, remove and store the property at Tenant's expense and risk. If Tenant does not pay the storage cost within five (5) days of Landlord's request, Landlord may, at its option, have any or all of such property sold at public or private sale (and Landlord may become a purchaser at such sale), in such manner as Landlord deems proper, without notice to Tenant. Landlord shall apply the proceeds of such sale: (i) to the expense of such sale, including reasonable attorneys' fees actually incurred; (ii) to the payment of the costs or charges for storing such property; (iii) to the payment of any other sums of money which may then be or thereafter become due Landlord from Tenant under any of the terms hereof; and (iv) the balance, if any, to Tenant. Nothing in this Section shall limit Landlord's right to sell Tenant's personal property as permitted by law or to foreclose Landlord's lien for unpaid rent.

23. **MORTGAGE SUBORDINATION AND ATTORNMEN**. This Lease shall automatically be subordinate to any mortgage or deed of trust created by Landlord which is now existing or hereafter placed upon the Premises including any advances, interest, modifications, renewals, replacements or extensions ("Landlord's

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Mortgage"). Tenant shall attorn to the holder of any Landlord's Mortgage or any party acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided the acquiring party assumes the obligations of Landlord under this Lease. Tenant shall promptly and in no event later than fifteen (15) days after request execute, acknowledge and deliver documents which the holder of any Landlord's Mortgage may reasonably require as further evidence of this subordination and attornment. Notwithstanding the foregoing, Tenant's obligations under this Section to subordinate in the future are conditioned on the holder of each Landlord's Mortgage and each party acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage not disturbing Tenant's occupancy and other rights under this Lease, so long as no uncured Event of Default by Tenant exists.

24. **NON-WAIVER.** Landlord's waiver of any breach of any provision contained in this Lease shall not be deemed to be a waiver of the same provision for subsequent acts of Tenant. The acceptance by Landlord of Rent or other amounts due by Tenant hereunder shall not be deemed to be a waiver of any previous breach by Tenant.
25. **HOLDOVER.** If Tenant shall, without the written consent of Landlord, remain in possession of the Premises and fail to return them to Landlord after the expiration or termination of this Lease, the tenancy shall be a holdover tenancy and shall be on a month-to-month basis, which may be terminated according to Washington law. During such tenancy, Tenant agrees to pay to Landlord 150% of the rate of rental last payable under this Lease, unless a different rate is agreed upon by Landlord. All other terms of the Lease shall remain in effect. Tenant acknowledges and agrees that this Section does not grant any right to holdover, and that Tenant may also be liable to Landlord for any and all damages or expenses which Landlord may have to incur as a result of Tenant's holdover.
26. **NOTICES.** All notices under this Lease shall be in writing and effective (i) when delivered in person or via overnight courier to the other party, (ii) three (3) days after being sent by registered or certified mail to the other party at the address set forth in Section 1; or (iii) upon confirmed transmission by facsimile to the other party at the facsimile numbers set forth in Section 1. The addresses for notices and payment of rent set forth in Section 1 may be modified by either party only by written notice delivered in conformance with this Section.
27. **COSTS AND ATTORNEYS' FEES.** If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments, or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such action, whether in mediation or arbitration, at trial, on appeal, or in any bankruptcy proceeding.
28. **ESTOPPEL CERTIFICATES.** Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement specifying the following, subject to any modifications necessary to make such statements true and complete: (i) the total rentable square footage of the Premises; (ii) the date the Lease term commenced and the date it expires; (iii) the amount of minimum monthly Rent and the date to which such Rent has been paid; (iv) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way; (v) that this Lease represents the entire agreement between the parties; (vi) that all obligations under this Lease to be performed by either party have been satisfied; (vii) that there are no existing claims, defenses or offsets which the Tenant has against the enforcement of this Lease by Landlord; (viii) the amount of Rent, if any, that Tenant paid in advance; (ix) the amount of security that Tenant deposited with Landlord; (x) if Tenant has sublet all or a portion of the Premises or assigned its interest in the Lease and to whom; (xi) if Tenant has any option to extend the Lease or option to purchase the Premises; and (xii) such other factual matters concerning the Lease or the Premises as Landlord may reasonably request. Tenant acknowledges and agrees that any statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or assignee of any mortgage or new mortgagee of Landlord's interest in the Premises. If Tenant shall fail to respond within ten (10) days to Landlord's request for the statement required by this Section, Landlord may provide the statement and Tenant shall be deemed to have admitted the accuracy of the information provided by Landlord.



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1000 SE Everett Mall Way #201
Everett, WA 98208
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Fax: 425-212-2092

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29. **TRANSFER OF LANDLORD'S INTEREST.** This Lease shall be assignable by Landlord without the consent of Tenant. In the event of any transfer or transfers of Landlord's interest in the Premises, other than a transfer for collateral purposes only, upon the assumption of this Lease by the transferee, Landlord shall be automatically relieved of obligations and liabilities accruing from and after the date of such transfer, including any liability for any retained security deposit or prepaid rent, for which the transferee shall be liable, and Tenant shall attorn to the transferee.
30. **LANDLORD'S LIABILITY.** Anything in this Lease to the contrary notwithstanding, covenants, undertakings and agreements herein made on the part of Landlord are made and intended not as personal covenants, undertakings and agreements for the purpose of binding Landlord personally or the assets of Landlord but are made and intended for the purpose of binding only the Landlord's interest in the Premises, as the same may from time to time be encumbered. In no event shall Landlord or its partners, shareholders, or members, as the case may be, ever be personally liable hereunder.
31. **RIGHT TO PERFORM.** If Tenant shall fail to timely pay any sum or perform any other act on its part to be performed hereunder, Landlord may make any such payment or perform any such other act on Tenant's behalf. Tenant shall, within ten (10) days of demand, reimburse Landlord for its expenses incurred in making such payment or performance. Landlord shall (in addition to any other right or remedy of Landlord provided by law) have the same rights and remedies in the event of the nonpayment of sums due under this Section as in the case of default by Tenant in the payment of Rent.
32. **HAZARDOUS MATERIAL.** As used herein, the term "Hazardous Material" means any hazardous, dangerous, toxic or harmful substance, material or waste including biomedical waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government, due to its potential harm to the health, safety or welfare of humans or the environment. Landlord represents and warrants to Tenant that, to Landlord's knowledge without duty of investigation, there is no Hazardous Material on, in, or under the Premises as of the Commencement Date except as may otherwise have been disclosed to Tenant in writing before the execution of this Lease. If there is any Hazardous Material on, in, or under the Premises as of the Commencement Date which has been or thereafter becomes unlawfully released through no fault of Tenant, then Landlord shall indemnify, defend and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, incurred or suffered by Tenant either during or after the Lease term as the result of such contamination.

Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises or the Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, except with Landlord's prior consent and then only upon strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises or the Property; damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or the Property, or elsewhere; damages arising from any adverse impact on marketing of space at the Premises or the Property; and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees incurred or suffered by Landlord either during or after the Lease term. These indemnifications by Landlord and Tenant include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, whether or not required by any federal, state or local governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises. Tenant shall immediately notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or



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about the Premises or the Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, results in any unlawful release of any Hazardous Materials on the Premises or the Property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises or the Property to the condition existing prior to the release of any such Hazardous Material; provided that Landlord's approval of such actions shall first be obtained, which approval may be withheld at Landlord's sole discretion. The provisions of this Section 32 shall survive expiration or termination of this Lease.

33. **QUIET ENJOYMENT.** So long as Tenant pays the Rent and performs all of its obligations in this Lease, Tenant's possession of the Premises will not be disturbed by Landlord or anyone claiming by, through or under Landlord.
34. **MERGER.** The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.
35. **GENERAL.**
- a. **Heirs and Assigns.** This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns.
 - b. **Brokers' Fees.** Tenant represents and warrants to Landlord that except for Tenant's Broker, if any, described and disclosed in Section 37 of this Lease, it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Landlord against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. Landlord represents and warrants to Tenant that except for Landlord's Broker, if any, described and disclosed in Section 37 of this Lease, it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Tenant against any loss, cost, liability or expense incurred by Tenant as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Landlord.
 - c. **Entire Agreement.** This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior or contemporaneous agreements or understandings pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or amended except in writing, signed by Landlord and Tenant.
 - d. **Severability.** Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease.
 - e. **Force Majeure.** Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war or other strife.
 - f. **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Washington.
 - g. **Memorandum of Lease.** Neither this Lease nor any memorandum or "short form" thereof shall be recorded without Landlord's prior consent.
 - h. **Submission of Lease Form Not an Offer.** One party's submission of this Lease to the other for review

LEASE AGREEMENT
Multi Tenant Triple Net (NNN Lease)

shall not constitute an offer to lease the Premises. This Lease shall not become effective and binding upon Landlord and Tenant until it has been fully signed by both of them.

- i. **No Light, Air or View Easement.** Tenant has not been granted an easement or other right for light, air or view to or from the Premises. Any diminution or shutting off of light, air or view by any structure which may be erected on or adjacent to the Building shall in no way effect this Lease or the obligations of Tenant hereunder or impose any liability on Landlord.
- j. **Authority of Parties.** Each party signing this Lease represents and warrants to the other that it has the authority to enter into this Lease, that the execution and delivery of this Lease has been duly authorized, and that upon such execution and delivery, this Lease shall be binding upon and enforceable against the party on signing.
- k. **Time.** "Day" as used herein means a calendar day and "business day" means any day on which commercial banks are generally open for business in the state where the Premises are situated. Any period of time which would otherwise end on a non-business day shall be extended to the next following business day. Time is of the essence of this Lease.

36. **EXHIBITS AND RIDERS.** The following exhibits and riders are made a part of this Lease, and the terms thereof shall control over any inconsistent provision in the sections of this Lease:

Exhibit A: Floor Plan Outline of the Premises
Exhibit B: Legal Description of the Property
Exhibit C: Tenant Improvement Schedule

CHECK THE BOX FOR ANY OF THE FOLLOWING THAT WILL APPLY. CAPITALIZED TERMS USED IN THE RIDERS SHALL HAVE THE MEANING GIVEN TO THEM IN THE LEASE.

- ☒ Rent Rider
☐ Arbitration Rider
☐ Letter of Credit Rider
☐ Guaranty of Tenant's Lease Obligations Rider
☒ Parking Rider
☒ Option to Extend Rider
☐ Rules and Regulations

37. **AGENCY DISCLOSURE.** At the signing of this Lease, Landlord is represented by Gabriel Graumann, KW PNW (insert both the name of the Broker and the Firm as licensed) (the "Landlord's Broker"), and Tenant is represented by Gabriel Graumann, KW PNW (insert both the name of the Broker and the Firm as licensed) (the "Tenant's Broker").

This Agency Disclosure creates an agency relationship between Landlord, Landlord's Broker (if any such person is disclosed), and any managing brokers who supervise Landlord's Broker's performance (collectively the "Supervising Brokers"). In addition, this Agency Disclosure creates an agency relationship between Tenant, Tenant's Broker (if any such person is disclosed), and any managing brokers who supervise Tenant's Broker's performance (also collectively the "Supervising Brokers"). If Tenant's Broker and Landlord's Broker are different real estate licensees affiliated with the same Firm, then both Tenant and Landlord confirm their consent to that Firm and both Tenant's and Landlord's Supervising Brokers acting as dual agents. If Tenant's Broker and Landlord's Broker are the same real estate licensee who represents both parties, then both Landlord and Tenant acknowledge that the Broker, his or her Supervising Brokers, and his or her Firm are acting as dual agents and hereby consent to such dual agency. If Tenants' Broker, Landlord's Broker, their Supervising Brokers, or their Firm are dual agents, Landlord and Tenant consent to Tenant's Broker, Landlord's Broker and their Firm being compensated based on a percentage of the rent or as otherwise disclosed on the attached addendum. Neither Tenant's Broker, Landlord's Broker nor either of their Firms are



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receiving compensation from more than one party to this transaction unless otherwise disclosed on an attached addendum, in which case Landlord and Tenant consent to such compensation. Landlord and Tenant confirm receipt of the pamphlet entitled "The Law of Real Estate Agency."

38. **COMMISSION AGREEMENT.** If Landlord has not entered into a listing agreement (or other compensation agreement with Landlord's Broker), Landlord agrees to pay a commission to Landlord's Broker (as identified in the Agency Disclosure paragraph above) as follows:

- ☒ \$ 0.00
☐ _____ % of the gross rent payable pursuant to the Lease
☐ \$ _____ per square foot of the Premises
☐ Other _____

Landlord's Broker ☐ shall ☒ shall not (shall not if not filled in) be entitled to a commission upon the extension by Tenant of the Lease term pursuant to any right reserved to Tenant under the Lease calculated ☒ as provided above or ☐ as follows _____ (if no box is checked, as provided above). Landlord's Broker ☐ shall ☒ shall not (shall not if not filled in) be entitled to a commission upon any expansion of Premises pursuant to any right reserved to Tenant under the Lease, calculated ☒ as provided above or ☐ as follows _____ (if no box is checked, as provided above).

Any commission shall be earned upon execution of this Lease, and paid one-half upon execution of the Lease and one-half upon occupancy of the Premises by Tenant. Landlord's Broker shall pay to Tenant's Broker (as identified in the Agency Disclosure paragraph above) the amount stated in a separate agreement between them or, if there is no agreement, \$ 0.00 or _____ % (complete only one) of any commission paid to Landlord's Broker, within five (5) days after receipt by Landlord's Broker.

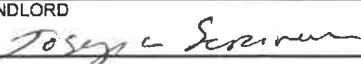

If any other lease or sale is entered into between Landlord and Tenant pursuant to a right reserved to Tenant under the Lease, Landlord ☐ shall ☒ shall not (shall not if not filled in) pay an additional commission according to any commission agreement or, in the absence of one, according to the commission schedule of Landlord's Broker in effect as of the execution of this Lease. Landlord's successor shall be obligated to pay any unpaid commissions upon any transfer of this Lease and any such transfer shall not release the transferor from liability to pay such commissions.


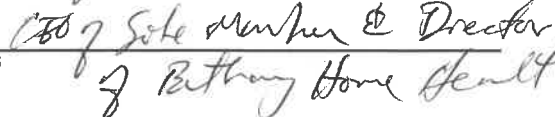
39. **BROKER PROVISIONS.** LANDLORD'S BROKER, TENANT'S BROKER AND THEIR FIRMS HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING THE PREMISES; THE MEANING OF THE TERMS AND CONDITIONS OF THIS LEASE; LANDLORD'S OR TENANT'S FINANCIAL STANDING; ZONING OR COMPLIANCE OF THE PREMISES WITH APPLICABLE LAWS; SERVICE OR CAPACITY OF UTILITIES; OPERATING COSTS; OR HAZARDOUS MATERIALS. LANDLORD AND TENANT ARE EACH ADVISED TO SEEK INDEPENDENT LEGAL ADVICE ON THESE AND OTHER MATTERS ARISING UNDER THIS LEASE.

IN WITNESS WHEREOF this Lease has been executed the date and year first above written.


 LANDLORD


 TENANT

LANDLORD
 BY 
 ITS 

TENANT
 BY 
 ITS 
 CBA of Soke Member & Director
 of Bethany Home Health

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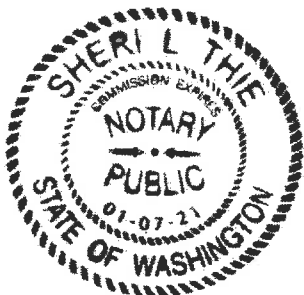
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LEASE AGREEMENT
Multi Tenant Triple Net (NNN Lease)

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that Joseph Scrivens is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the CEO of Bethany of the Northwest to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 15th day of October, 20 20.



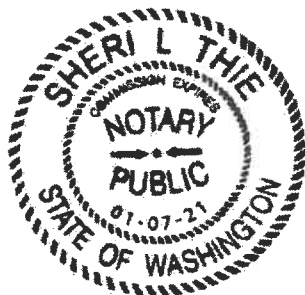
Sheri L Thie
(Signature of Notary)

Sheri L Thie
(Legibly Print or Stamp Name of Notary)
Notary public in and for the state of Washington,
residing at Lake Stevens, WA
My appointment expires 01-07-2021

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that Joseph Scrivens is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the CEO of Bethany Home Health, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 15th day of October, 20 20.



Sheri L Thie
(Signature of Notary)

Sheri L Thie
(Legibly Print or Stamp Name of Notary)
Notary public in and for the state of Washington,
residing at Lake Stevens, WA
My appointment expires 01-07-2021



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EXHIBIT A

[Outline of the Premises]



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EXHIBIT B

[Legal Description of the Property]



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EXHIBIT C

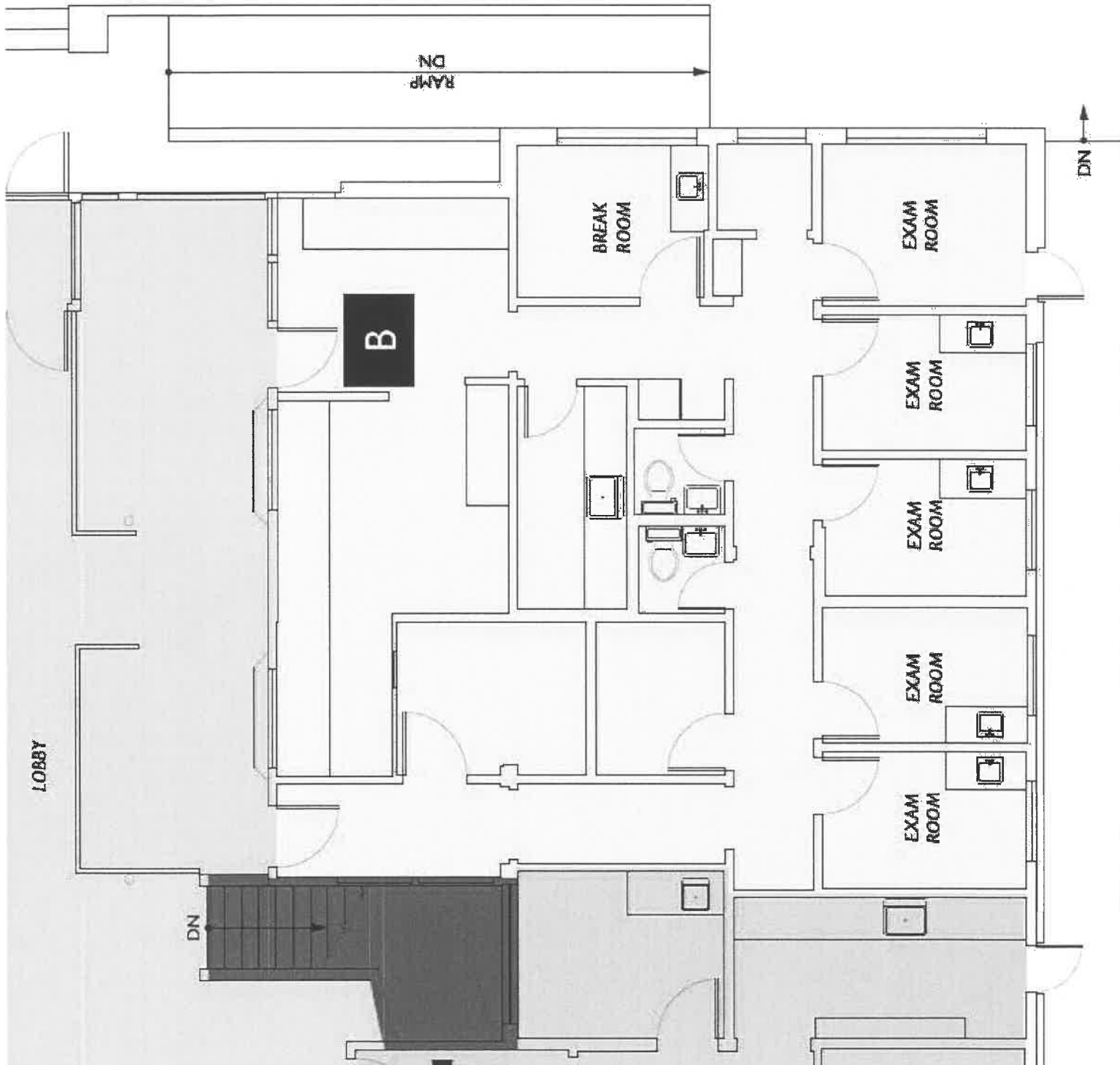
[Tenant Improvement Schedule]

1. Tenant Improvements to be Completed by Landlord

None

2. Tenant Improvements to be Completed by Tenant

None





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Form: RR
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RENT RIDER

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This Rent Rider ("Rider") is a part of the lease agreement dated _____ (the "Lease") between Bethany of the Northwest ("Landlord") and Bethany Home Health, LLC ("Tenant") concerning the space commonly known as B (the "Premises"), located at the property commonly known as 3202 Colby Ave. , Everett , WA 98201 (the "Property").

- ☒ **1. BASE MONTHLY RENT SCHEDULE.** Tenant shall pay Landlord base monthly rent during the Lease Term according to the following schedule:

Lease Year (Stated in Years or Months)	Base Monthly Rent Amount
<u>Months 1 - 12</u>	<u>\$ 2,092.50 per month + NNN's</u>
<u>Months 13 - 24</u>	<u>\$ 2,160.42 per month + NNN's</u>
<u>Months 25 - 36</u>	<u>\$ 2,225.23 per month + NNN's</u>
<u>Months 37 - 48</u>	<u>\$ 2,291.99 per month + NNN's</u>
<u>Months 49 - 60</u>	<u>\$ 2,360.75 per month + NNN's</u>

- ☐ **2. CONSUMER PRICE INDEX ADJUSTMENT ON BASE MONTHLY RENT.** The base monthly rent shall be increased on the first day of the second year of the Lease and on the first day of each year of the Lease thereafter (each, an "Adjustment Date") during the term of this Lease (but not during any extension term(s) unless specifically set forth elsewhere in the Lease or another Rider attached thereto). The increase shall be determined in accordance with the increase in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (all items for the geographical statistical area in which the Premises is located on the basis of 1982-1984 equals 100) (the "Index"). The base monthly rent payable immediately prior to the applicable adjustment date shall be increased by the percentage that the Index published for the date nearest preceding the applicable Adjustment Date has increased over the Index published for the date nearest preceding the first day of the Lease Year from which the adjustment is being measured. Upon the calculation of each increase, Landlord shall notify Tenant of the new base monthly rent payable hereunder. Within twenty (20) days of the date of Landlord's notice, Tenant shall pay to Landlord the amount of any deficiency in Rent paid by Tenant for the period following the subject Adjustment Date, and shall thereafter pay the increased Rent until receiving the next notice of increase from Landlord. If the components of the Index are materially changed after the Commencement Date, or if the Index is discontinued during the Lease term, Landlord shall notify Tenant of a substitute published index which, in Landlord's reasonable discretion, approximates the Index, and shall use the substitute index to make subsequent adjustments in base monthly rent. In no event shall base monthly rent be decreased pursuant to this Rider.

INITIALS: LANDLORD _____ DATE _____ TENANT _____ DATE _____
 LANDLORD _____ DATE _____ TENANT _____ DATE _____



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Form: OR
 Option to Extend Rider
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OPTION TO EXTEND RIDER

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This Option to Extend Rider ("Rider") is made part of the lease agreement dated _____, 20____ (the "Lease") between Bethany of the Northwest ("Landlord") and Bethany Home Health, LLC ("Tenant") concerning the leased space commonly known as B (the "Premises"), located at the property commonly known as 3202 Colby Ave., Everett, WA 98201 (the "Property").

1. **Extension of Lease.** Provided Tenant is not in default of any provision of the Lease at the time that Tenant exercises the right to extend the Lease or at the time the new term begins, Tenant shall have two (2) (zero if not completed) successive options to extend the term of the Lease for five (5) years each. The term of the Lease shall be extended on the same terms, conditions and covenants set forth in the Lease, except that (i) the amount of the Base Rent stated in the Lease shall be adjusted as set forth below (provided, however, that Base Rent shall not be decreased); (ii) there shall be no free or abated rent periods, tenant improvement allowances or other concessions that may have been granted to Tenant at the beginning of the initial term hereof; and (iii) after exercise of Tenant's final extension term option, there shall be no further extension or renewal term options.
2. **Notice.** To extend the Lease, Tenant must deliver written notice to Landlord not less than one hundred eighty (180) days prior to the expiration of the then-current Lease term. Time is of the essence of this Rider.
3. **Monthly Rent.** Landlord and Tenant shall make a good faith effort to determine and agree on the fair market value of rent for the Premises for the next term of the Lease.
 - a. **Failure to Agree on Rent.** If Landlord and Tenant are unable to agree on the fair market rental value for the Premises within thirty (30) days after Tenant gives notice to extend, they shall then have ten (10) days to select or, appoint one real estate appraiser to determine the fair market value of rent for the Premises. All appraisers selected or appointed pursuant to this Rider shall be a Member of the American Institute of Real Estate Appraisers ("M.A.I.") with at least ten (10) years experience appraising commercial properties in the commercial leasing market in which the Premises are located, or equivalent. The appraiser appointed shall determine the fair market rental value for the Premises within twenty (20) days of appointment, which determination shall be final, conclusive, and binding upon both Landlord and Tenant, and Base Rent shall be adjusted accordingly for the new term. The appraiser's fees and expenses shall be shared equally between the parties.
 - b. **Failure to Appoint One Appraiser.** If Landlord and Tenant cannot mutually agree upon an appraiser, then either party may give the other party written notice that it has selected and appointed an M.A.I. appraiser, complete with the name, address, and other identifying information about the appraiser. The party receiving such notice shall then have ten (10) days to select and appoint its own M.A.I. appraiser and respond by giving written notice to the other party, complete with the name, address, and other identifying information about the appraiser. If, however, the responding party fails to select and appoint an appraiser and give notice to the other party within ten (10) days, the determination of the appraiser first appointed shall be final, conclusive and binding upon both parties, and the Base Rent shall be adjusted accordingly for the new term. The appraiser's fees and expenses shall be shared equally between the parties.
 - c. **Method of Determining Rent.** The appraisers appointed shall proceed to determine fair market rental value within twenty (20) days following their appointment. The conclusion shall be final, conclusive and binding upon both Landlord and Tenant. If the appraisers should fail to agree, but the difference in their conclusions as to fair market rental value is ten percent (10%) or less of the lower of the two appraisals, then the fair market rental value shall be deemed to be the average of the two, and Base Rent shall be adjusted accordingly for the new term. If the two appraisers should fail to agree on the fair market rental value, and the difference between the two appraisals exceeds ten percent (10%) of the lower of the two

INITIALS: LANDLORD _____ DATE _____ TENANT _____ DATE _____
 LANDLORD _____ DATE _____ TENANT _____ DATE _____



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appraisals, then the two appraisers shall appoint a third M.A.I.-qualified appraiser. If they fail to agree on a third appraiser within ten (10) days after their individual determination of the fair market rental value, either party may apply to the courts for the county in which the Premises are located, requesting the appointment of a the third M.A.I.-qualified appraiser. The third appraiser shall promptly determine the fair market rental value of the Premises. The parties shall then take the average of the two appraisals that are closest in value, which shall then constitute the fair market value; shall be final, conclusive and binding upon both parties; and Base Rent shall be adjusted accordingly for the new term. Each party shall pay the fees and expenses for its own appraiser. In the event a third appraiser must be appointed, his or her fees and expenses shall be borne equally by the parties.

INITIALS: LANDLORD	_____	DATE	_____	TENANT	_____	DATE	_____
LANDLORD	_____	DATE	_____	TENANT	_____	DATE	_____



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PARKING RIDER

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This Parking Rider ("Rider") is made part of the lease agreement dated _____, 20__ (the "Lease") between Bethany of the Northwest ("Landlord") and Bethany Home Health, LLC ("Tenant") concerning the leased space commonly known as B (the "Premises"), located at the property commonly known as 3202 Colby Ave. Everett WA 98201 (the "Property").

1. Tenant's Parking Rights. Tenant's right to park on the Property shall be as follows (check one):

- ☐ Tenant shall be entitled to use parking stalls on the Property or other designated parking area on a (check one) ☐ reserved ☐ unreserved (unreserved, if neither box checked) basis at the prevailing monthly rate established by Landlord from time to time. Tenant shall comply with the reasonable rules and regulations which Landlord or its parking operator may adopt from time to time for the safe and orderly operation of the parking areas.
- ☒ **Free Parking.** Tenant shall be entitled to share parking with Landlord's other tenants in the designated parking areas at no charge. Tenant shall be responsible for ensuring compliance with the terms of the Lease, this Rider, and any reasonable rules and regulations adopted by Landlord from time to time for the safe and orderly sharing of parking.
- ☐ **No Parking.** The Lease does not include parking on the Property, and Tenant shall park off the Property at Tenant's own expense.

2. "Tenant." For purpose of this Rider only, the term "Tenant" shall include Tenant and Tenant's employees, officers, contractors, licensees, agents, and invitees, except as follows: _____.

INITIALS: LANDLORD _____	DATE _____	TENANT _____	DATE _____
LANDLORD _____	DATE _____	TENANT _____	DATE _____

Property Account Summary

9/27/2020

Parcel Number	00439176802500	Property Address	3202 COLBY AVE , EVERETT, WA 98201
---------------	----------------	------------------	------------------------------------

General Information

Property Description	Section 30 Township 29 Range 5 Quarter NE - EVERETT PLAT OF BLK 768 D-00 - LOTS 25 THRU 32 INCL
Property Category	Land and Improvements
Status	Active, Host Other Property, Locally Assessed
Tax Code Area	00010

Property Characteristics

Use Code	651 Medical & Other Health Services
Unit of Measure	Acre(s)
Size (gross)	0.51

Related Properties

0265579 is Located On this property

Parties

Role	Percent	Name	Address
Taxpayer	100	BETHANY OF THE NORTHWEST	PO BOX 14954, MILL CREEK, WA 98082
Owner	100	BETHANY OF THE NORTHWEST	1902 120TH PL SE STE 201, EVERETT, WA 98208

Property Values

Value Type	Tax Year 2020	Tax Year 2019	Tax Year 2018	Tax Year 2017	Tax Year 2016
Taxable Value Regular	\$2,203,000	\$2,059,000	\$1,924,000	\$1,893,000	\$1,839,000
Exemption Amount Regular					
Market Total	\$2,203,000	\$2,059,000	\$1,924,000	\$1,893,000	\$1,839,000
Assessed Value	\$2,203,000	\$2,059,000	\$1,924,000	\$1,893,000	\$1,839,000
Market Land	\$451,400	\$445,900	\$513,100	\$454,200	\$428,500
Market Improvement	\$1,751,600	\$1,613,100	\$1,410,900	\$1,438,800	\$1,410,500
Personal Property					

Active Exemptions

No Exemptions Found

Events

Effective Date	Entry Date-Time	Type	Remarks
06/28/2019	06/28/2019 15:05:59	Excise Processed	Temporary Excise: T097619 Finalized to: E123035
06/25/2019	07/02/2019 07:15:00	Owner Terminated	Property Transfer Filing No.: E123035 06/25/2019 by sasset
06/25/2019	07/02/2019 07:15:00	Owner Terminated	Property Transfer Filing No.: E123035 06/25/2019 by sasset
06/25/2019	07/02/2019 07:15:00	Owner Terminated	Property Transfer Filing No.: E123035 06/25/2019 by sasset
06/25/2019	07/02/2019 07:15:00	Owner Terminated	Property Transfer Filing No.: E123035 06/25/2019 by sasset
06/25/2019	07/02/2019 07:15:00	Owner Added	Property Transfer Filing No.: E123035 06/25/2019 by sasset
06/25/2019	06/28/2019 15:05:00	Excise Processed	Property Transfer Filing No.: T097619, submitted by eREET 06/25/2019 by ASCEREET
06/21/2019	06/21/2019	Excise Processed	Temporary Excise: T096983 Finalized to: E122418

	09:12:19		
06/21/2019	06/21/2019 09:09:00	Excise Processed	Temporary Excise: T096982 Finalized to: E122417
06/21/2019	06/21/2019 08:30:18	Excise Processed	Temporary Excise: T096981 Finalized to: E122416
06/21/2019	06/21/2019 08:28:36	Excise Processed	Temporary Excise: T096980 Finalized to: E122415
06/21/2019	06/21/2019 08:26:09	Excise Processed	Temporary Excise: T096979 Finalized to: E122414
06/21/2019	06/21/2019 08:22:07	Excise Processed	Temporary Excise: T096978 Finalized to: E122413
06/21/2019	06/21/2019 08:17:58	Excise Processed	Temporary Excise: T096977 Finalized to: E122412
06/13/2019	06/24/2019 12:02:00	Recording No. Changed	Property Transfer Filing No.: E122414, Quit Claim Deed, new Recording No.: 201906210092 06/13/2019 by sasst
06/13/2019	06/24/2019 12:01:00	Recording No. Changed	Property Transfer Filing No.: E122416, Trustee Deed, new Recording No.: 201906210095 06/13/2019 by sasst
06/13/2019	06/24/2019 12:01:00	Recording No. Changed	Property Transfer Filing No.: E122417, Quit Claim Deed, new Recording No.: 201906210112 06/13/2019 by sasst
06/13/2019	06/24/2019 12:01:00	Recording No. Changed	Property Transfer Filing No.: E122412, Quit Claim Deed, new Recording No.: 201906210088 06/13/2019 by sasst
06/13/2019	06/24/2019 12:01:00	Recording No. Changed	Property Transfer Filing No.: E122413, Trustee Deed, new Recording No.: 201906210090 06/13/2019 by sasst
06/13/2019	06/24/2019 12:00:00	Owner Added	Property Transfer Filing No.: E122418 06/13/2019 by sasst
06/13/2019	06/24/2019 12:00:00	Recording No. Changed	Property Transfer Filing No.: E122418, Quit Claim Deed, new Recording No.: 201906210117 06/13/2019 by sasst
06/13/2019	06/24/2019 12:00:00	Recording No. Changed	Property Transfer Filing No.: E122415, Trustee Deed, new Recording No.: 201906210094 06/13/2019 by sasst
06/13/2019	06/24/2019 11:58:00	Owner Added	Property Transfer Filing No.: E122416 06/13/2019 by sasst
06/13/2019	06/24/2019 11:56:00	Owner Added	Property Transfer Filing No.: E122414 06/13/2019 by sasst
06/13/2019	06/24/2019 11:55:00	Owner Terminated	Property Transfer Filing No.: E122412 06/13/2019 by sasst
06/13/2019	06/24/2019 11:55:00	Owner Added	Property Transfer Filing No.: E122412 06/13/2019 by sasst
06/13/2019	06/21/2019 09:12:00	Excise Processed	Property Transfer Filing No.: T096983, submitted by eREET 06/13/2019 by ASCEREET
06/13/2019	06/21/2019 09:08:00	Excise Processed	Property Transfer Filing No.: T096982, submitted by eREET 06/13/2019 by ASCEREET
06/13/2019	06/21/2019 08:30:00	Excise Processed	Property Transfer Filing No.: T096981, submitted by eREET 06/13/2019 by ASCEREET
06/13/2019	06/21/2019 08:28:00	Excise Processed	Property Transfer Filing No.: T096980, submitted by eREET 06/13/2019 by ASCEREET
06/13/2019	06/21/2019 08:26:00	Excise Processed	Property Transfer Filing No.: T096979, submitted by eREET 06/13/2019 by ASCEREET
06/13/2019	06/21/2019 08:22:00	Excise Processed	Property Transfer Filing No.: T096978, submitted by eREET 06/13/2019 by ASCEREET
06/13/2019	06/21/2019 08:17:00	Excise Processed	Property Transfer Filing No.: T096977, submitted by eREET 06/13/2019 by ASCEREET
12/18/2017	12/18/2017 09:27:00	Value Modification	Type: Appeal, Status: Approved, Tax Year: 2018 by SASLMS
10/21/2010	10/21/2010 16:47:00	Tax Bill Recalculation	Board of Equalization for 2010 performed by stmjr
10/20/2010	10/20/2010 15:06:00	Value Modification	Type: Appeal, Status: Approved, Tax Year: 2010 by saslt
09/14/2010	09/14/2010 12:02:00	The situs address has changed	by sasjra
06/17/2010	06/17/2010 08:16:00	Tax Bill Recalculation	Seg/Merge for 2010 performed by strkdh
06/07/2010	06/07/2010 10:24:00	Property Characteristic Changed	2010 Use Code changed from 461 Automobile Parking (Lot) to 651 Medical & Other Health Services by sascaf
06/07/2010	06/07/2010 09:56:00	Seg/Merge Completed	Parent in Seg/Merge C100249, Effective: 01/01/2009 by sascaf
06/07/2010	06/07/2010 09:56:00	Value Modification	Value Change Due to Segregation/Merger: C100249 by sascaf
08/24/2001	08/24/2001 15:30:00	Taxpayer Changed	Party/Property Relationship by strsjb

06/26/2000 12:43:00	Taxpayer Changed	Party/Property Relationship
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Tax Balance

Installments Payable/Paid for Tax Year(Enter 4-digit Year, then Click-Here): 2020

Distribution of Current Taxes

District	Rate	Amount	Voted Amount	Non-Voted Amount
CENTRAL PUGET SOUND REGIONAL TRANSIT AUT	0.20	\$439.21	\$0.00	\$439.21
CITY OF EVERETT	2.37	\$5,228.42	\$1,031.05	\$4,197.37
EVERETT SCHOOL DISTRICT NO 2	4.88	\$10,756.72	\$10,756.72	\$0.00
PORT OF EVERETT	0.24	\$521.32	\$0.00	\$521.32
SNOHOMISH COUNTY-CNT	0.67	\$1,466.00	\$0.00	\$1,466.00
STATE	2.87	\$6,317.48	\$0.00	\$6,317.48
TOTAL	11.23	\$24,729.15	\$11,787.77	\$12,941.38

Pending Property Values

Pending Tax Year	Market Land Value	Market Improvement Value	Market Total Value	Current Use Land Value	Current Use Improvement	Current Use Total Value
2021	\$495,400.00	\$1,576,600.00	\$2,072,000.00	\$0.00	\$0.00	\$0.00

Levy Rate History

Tax Year	Total Levy Rate
2019	11.153497
2018	12.168671
2017	12.217961

Real Property Structures

Description	Type	Year Built	More Information
MEDICAL ARTS CENTER OF EVERETT	Commercial	1948	View Detailed Structure Information

Receipts

Date	Receipt No.	Amount Tendered	Amount Due
09/14/2020 00:00:00	11171272	\$12,364.58	\$12,364.58
03/16/2020 00:00:00	10882088	\$12,364.57	\$24,729.15
12/13/2019 09:54:00	10850371	\$12,630.78	\$12,630.78
04/03/2019 00:00:00	10335428	\$11,482.52	\$22,965.05
10/15/2018 00:00:00	10093202	\$11,706.27	\$11,706.27
03/07/2018 00:00:00	9752800	\$11,706.26	\$23,412.53
10/04/2017 00:00:00	9498069	\$11,564.30	\$11,564.30
02/23/2017 00:00:00	9181513	\$11,564.30	\$23,128.60
10/05/2016 00:00:00	8937753	\$10,687.54	\$10,687.54
04/05/2016 00:00:00	8655124	\$10,687.53	\$21,375.07
10/19/2015 00:00:00	8424849	\$10,661.11	\$10,661.11
04/02/2015 00:00:00	8103873	\$10,661.10	\$21,322.21

Sales History

Sale Date	Entry Date	Recording Date	Recording Number	Sale Amount	Excise Number	Deed Type	Transfer Type	Grantor(Seller)	Grantee(Buyer)	Other Parcels
06/13/2019	06/21/2019	06/13/2019	201906210117	\$0.00	E122418	QC	S	SALAMA SAMY MD & SAMIA	SALAMA SAMEH M IRREVOCABLE TRUST	No
06/13/2019	06/21/2019	06/13/2019	201906210112	\$0.00	E122417	QC	S	SALAMA SAMY MD & SAMIA	LANK SYLVIA M	No
06/13/2019	06/21/2019	06/13/2019	201906210095	\$0.00	E122416	X	S	SALAMA SYLVIA M IRREVOCABLE TRUST	LANK SYLVIA M	No
06/13/2019	06/21/2019	06/13/2019	201906210094	\$0.00	E122415	X	S	SALAMA PETER IRREVOCABLE TRUST	SALAMA PETER	No
06/13/2019	06/21/2019	06/13/2019	201906210092	\$0.00	E122414	QC	S	SALAMA WILLIAM M MD & YVETTE A	SALAMA PETER	No
06/13/2019	06/21/2019	06/13/2019	201906210090	\$0.00	E122413	X	S	SALAMA PAUL IRREVOCABLE TRUST	SALAMA PAUL	No
06/13/2019	06/21/2019	06/13/2019	201906210088	\$0.00	E122412	QC	S	SALAMA WILLIAM M MD & YVETTE A	SALAMA PAUL	No

9/27/2020

06/25/2019	06/28/2019	06/25/2019		\$2,075,000.00	E123035	W	S	SALAMA TRUST/SYLVAIA/PETER/PAUL	BETHANY OF THE NORTHWEST	No
Property Maps										
Neighborhood Code	Township	Range	Section	Quarter	Parcel Map					
5304000	29	05	30	NE	View parcel maps for this Township/Range/Section					

Exhibit 5
HPSA/MUA Documentation

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Primary Care	153999532B	COMMUNITY HEALTH CENTER OF SNOHOMISH COUNTY	Federally Qualified Health Center	Washington	Snohomish County, WA		20	Designated	Non-Rural	12/03/2003	08/18/2019
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status				
	Administration	8609 Evergreen Way	Everett	WA	98208-2619	Snohomish	Non-Rural				
	Arlington Clinic	326 S Stillaguamish Ave	Arlington	WA	98223-1652	Snohomish	Non-Rural				
	Edmonds Clinic	23320 Highway 99	Edmonds	WA	98026-8744	Snohomish	Non-Rural				
	Everett Central Clinic	4201 Rucker Ave	Everett	WA	98203-2215	Snohomish	Non-Rural				
	Everett Gospel Mission (Outreach)	5118 S 2nd Ave	Everett	WA	98203-4168	Snohomish	Non-Rural				
	Everett-College Clinic	930 N Broadway	Everett	WA	98201-1409	Snohomish	Non-Rural				
	Everett-North Clinic	1424 Broadway	Everett	WA	98201-1720	Snohomish	Non-Rural				
	Everett-South Clinic	1019 112th St SW	Everett	WA	98204-4875	Snohomish	Non-Rural				
	Housing Hope (Outreach)	5830 Evergreen Way	Everett	WA	98203-3748	Snohomish	Non-Rural				
	Lynnwood Clinic	4111 194th St SW	Lynnwood	WA	98036-4604	Snohomish	Non-Rural				
Mental Health	7539995340	COMMUNITY HEALTH CENTER OF SNOHOMISH COUNTY	Federally Qualified Health Center	Washington	Snohomish County, WA		21	Designated	Non-Rural	12/03/2003	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Site Name		Site Address	Site City	Site State	Site ZIP Code		County		Rural Status	
	Administration		8609 Evergreen Way	Everett	WA	98208-2619		Snohomish		Non-Rural	
	Arlington Clinic		326 S Stillaguamish Ave	Arlington	WA	98223-1652		Snohomish		Non-Rural	
	Edmonds Clinic		23320 Highway 99	Edmonds	WA	98026-8744		Snohomish		Non-Rural	
	Everett Central Clinic		4201 Rucker Ave	Everett	WA	98203-2215		Snohomish		Non-Rural	
	Everett Gospel Mission (Outreach)		5118 S 2nd Ave	Everett	WA	98203-4168		Snohomish		Non-Rural	
	Everett-College Clinic		930 N Broadway	Everett	WA	98201-1409		Snohomish		Non-Rural	
	Everett-North Clinic		1424 Broadway	Everett	WA	98201-1720		Snohomish		Non-Rural	
	Everett-South Clinic		1019 112th St SW	Everett	WA	98204-4875		Snohomish		Non-Rural	
	Housing Hope (Outreach)		5830 Evergreen Way	Everett	WA	98203-3748		Snohomish		Non-Rural	
	Lynnwood Clinic		4111 194th St SW	Lynnwood	WA	98036-4604		Snohomish		Non-Rural	
Dental Health	6539995372	COMMUNITY HEALTH CENTER OF SNOHOMISH COUNTY	Federally Qualified Health Center	Washington	Snohomish County, WA		25	Designated	Non-Rural	12/03/2003	08/18/2019
	Site Name		Site Address	Site City	Site State	Site ZIP Code		County		Rural Status	
	Administration		8609 Evergreen Way	Everett	WA	98208-2619		Snohomish		Non-Rural	
	Arlington Clinic		326 S Stillaguamish Ave	Arlington	WA	98223-1652		Snohomish		Non-Rural	
	Edmonds Clinic		23320 Highway 99	Edmonds	WA	98026-8744		Snohomish		Non-Rural	
	Everett Central Clinic		4201 Rucker Ave	Everett	WA	98203-2215		Snohomish		Non-Rural	
	Everett Gospel Mission (Outreach)		5118 S 2nd Ave	Everett	WA	98203-4168		Snohomish		Non-Rural	
	Everett-College Clinic		930 N Broadway	Everett	WA	98201-1409		Snohomish		Non-Rural	
	Everett-North Clinic		1424 Broadway	Everett	WA	98201-1720		Snohomish		Non-Rural	
	Everett-South Clinic		1019 112th St SW	Everett	WA	98204-4875		Snohomish		Non-Rural	
	Housing Hope (Outreach)		5830 Evergreen Way	Everett	WA	98203-3748		Snohomish		Non-Rural	
	Lynnwood Clinic		4111 194th St SW	Lynnwood	WA	98036-4604		Snohomish		Non-Rural	

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designati on Date	Update Date
Primary Care	153999531Y	Sea-Mar Community Health Center	Federally Qualified Health Center	Washington	King County, WA		20	Designated	Non-Rural	12/02/2003	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status				
	Sea Mar CHC - Aberdeen Sumner Ave.	1813 Sumner Ave	Aberdeen	WA	98520-4600	Grays Harbor	Rural				
	Sea Mar CHC - Administration	1040 S Henderson St	Seattle	WA	98108-4720	King	Non-Rural				
	Sea Mar CHC - Anacortes M Avenue	1004 M Ave Ste 107	Anacortes	WA	98221-1954	Skagit	Rural				
	Sea Mar CHC - Auburn 12th St. SE	735 12th St SE Fl 1	Auburn	WA	98002-6709	King	Non-Rural				
	Sea Mar CHC - Battle Ground	118 S Parkway Ave	Battle Ground	WA	98604-9215	Clark	Non-Rural				
	Sea Mar CHC - Battle Ground NE 189th St.	11117 NE 189th St	Battle Ground	WA	98604-6244	Clark	Non-Rural				
	Sea Mar CHC - Bellevue 116th Ave. NE	2000 116th Ave NE	Bellevue	WA	98004-3047	King	Non-Rural				
	Sea Mar CHC - Bellevue 150th Ave. SE	3801 150th Ave SE	Bellevue	WA	98006-1668	King	Non-Rural				
	Sea Mar CHC - Bellevue 156th Ave. NE	1811 156th Ave NE Ste 2	Bellevue	WA	98007-4344	King	Non-Rural				
	Sea Mar CHC - Bellevue Bell-Red Rd.	12835 NE Bel Red Rd Ste 100	Bellevue	WA	98005-2625	King	Non-Rural				
	Sea Mar CHC - Bellingham Behavioral Health	3350 Airport Dr	Bellingham	WA	98226-8048	Whatcom	Non-Rural				
	Sea Mar CHC - Bellingham Cordata Parkway	4455 Cordata Pkwy	Bellingham	WA	98226-8037	Whatcom	Non-Rural				
	Sea Mar CHC - Burien 8th Ave. S.	18010 8th Ave S Ste 416	Seatac	WA	98148-1908	King	Non-Rural				

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Burien Ambaum Blvd. SW	14434 Ambaum Blvd SW	Burien	WA		98166-1438		King		Non-Rural	
	Sea Mar CHC - Concrete	7438 S D Ave	Concrete	WA		98237-9642		Skagit		Rural	
	Sea Mar CHC - Des Moines S. 242nd St.	2781 S 242nd St	Des Moines	WA		98198-5166		King		Non-Rural	
	Sea Mar CHC - Elma W. Main St.	515 W Main St	Elma	WA		98541-9285		Grays Harbor		Rural	
	Sea Mar CHC - Everett 100th St. SE	1920 100th St SE	Everett	WA		98208-3832		Snohomish		Non-Rural	
	Sea Mar CHC - Everett Claremont Way	5007 Claremont Way	Everett	WA		98203-3321		Snohomish		Non-Rural	
	Sea Mar CHC - Everson Hannegan Rd.	6884 Hannegan Rd	Everson	WA		98247-9637		Whatcom		Non-Rural	
	Sea Mar CHC - Federal Way 18th Ave S	31405 18th Ave S	Federal Way	WA		98003-5433		King		Non-Rural	
	Sea Mar CHC - Gig Harbor 50th St Ct NW	3208 50th Street Ct Ste 202-203	Gig Harbor	WA		98335-8590		Pierce		Non-Rural	
	Sea Mar CHC - Kelso Allen St.	1710 Allen St	Kelso	WA		98626-4907		Cowlitz		Non-Rural	
	Sea Mar CHC - Kent 104th Ave SE	25028 104th Ave SE	Kent	WA		98030-9310		King		Non-Rural	
	Sea Mar CHC - Kent 233 2nd Ave. S.	233 2nd Ave S	Kent	WA		98032-5852		King		Non-Rural	
	Sea Mar CHC - Lacey Woodland Square Loop	669 Woodland Square Loop SE	Lacey	WA		98503-1038		Thurston		Non-Rural	
	Sea Mar CHC - Lakewood Bridgeport Way W	7424 Bridgeport Way W	Lakewood	WA		98499-8120		Pierce		Non-Rural	
	Sea Mar CHC - Lynnwood Alderwood Mall Blvd.	4111 Alderwood Mall Blvd	Lynnwood	WA		98036-6765		Snohomish		Non-Rural	

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designati on Date	Update Date
	Sea Mar CHC - Marysville Grove St. NE	4922 Grove St	Marysville	WA		98270-4427		Snohomish		Non-Rural	
	Sea Mar CHC - Marysville State Ave.	9710 State Ave	Marysville	WA		98270-2232		Snohomish		Non-Rural	
	Sea Mar CHC - Mercy Housing Bellingham	512 Sterling Dr	Bellingham	WA		98226-5503		Whatcom		Non-Rural	
	Sea Mar CHC - Monroe Fryelands Blvd. SE	14090 Fryelands Blvd SE	Monroe	WA		98272-2693		Snohomish		Non-Rural	
	Sea Mar CHC - Monroe W. Main St.	17707 W Main St	Monroe	WA		98272-1967		Snohomish		Non-Rural	
	Sea Mar CHC - Mt. Vernon E. College Way	1010 E College Way	Mount Vernon	WA		98273-5624		Skagit		Non-Rural	
	Sea Mar CHC - Mt. Vernon N. LaVenture Rd.	1400 N Laventure Rd	Mount Vernon	WA		98273-2766		Skagit		Non-Rural	
	Sea Mar CHC - Mt. Vernon Old Hwy 99	2203 Old Highway 99 S Rd	Mount Vernon	WA		98273-9009		Skagit		Non-Rural	
	Sea Mar CHC - Oak Harbor 31775 SR 20	31775 WA-20, Ste A3	Oak Harbor	WA		98277-5104		Island		Rural	
	Sea Mar CHC - Oak Harbor BH	31640 State Route 20	Oak Harbor	WA		98277-3128		Island		Rural	
	Sea Mar CHC - Ocean Shores Point Brown Ave.	597 Point Brown Ave NW	Ocean Shores	WA		98569-9632		Grays Harbor		Rural	
	Sea Mar CHC - Olympia 3030 Limited Lane NW	3030 Limited Ln NW	Olympia	WA		98502-2704		Thurston		Non-Rural	
	Sea Mar CHC - Olympia Ensign Rd NE	3622 Ensign Rd NE	Olympia	WA		98506-5081		Thurston		Non-Rural	
	Sea Mar CHC - Port Angeles W. 1st St.	228 W 1st St, Ste L	Port Angeles	WA		98362-2639		Clallam		Rural	
	Sea Mar CHC - Puyallup 101st Avenue Ct. E.	12812 101st Avenue Ct E	Puyallup	WA		98373-9101		Pierce		Non-Rural	

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Puyallup 125th Street Ct. E.	10217 125th Street Ct E	Puyallup	WA	98374-2761		Pierce		Non-Rural		
	Sea Mar CHC - Seattle 17th Place S.	10001 17th Pl S Lowr Lev	Seattle	WA	98168-1615		King		Non-Rural		
	Sea Mar CHC - Seattle 8720 14th Ave. S.	8720 14th Ave S	Seattle	WA	98108-4807		King		Non-Rural		
	Sea Mar CHC - Seattle 8801 14th Ave S	8801 14th Ave S	Seattle	WA	98108-4809		King		Non-Rural		
	Sea Mar CHC - Seattle 8915 14th Ave. S.	8915 14th Ave S	Seattle	WA	98108-4813		King		Non-Rural		
	Sea Mar CHC - Seattle Des Moines Memorial Drive S	9635 Des Moines Memorial Dr	Seattle	WA	98108-5061		King		Non-Rural		
	Sea Mar CHC - Skagit Valley Women's Health Center	125 N 18th St Ste A	Mount Vernon	WA	98273-3902		Skagit		Non-Rural		
	Sea Mar CHC - Tacoma 1215 S. 11th St.	1215 S 11th St	Tacoma	WA	98405-4020		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma 1307 S. 11th St.	1307 S 11th St	Tacoma	WA	98405-3644		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma 6th Ave	1112 6th Ave Ste 301	Tacoma	WA	98405-4048		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S 14th St	702 S 14th St	Tacoma	WA	98405-4407		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S. 11th St.	1516 S 11th St	Tacoma	WA	98405-3332		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S. 19th St.	2121 S 19th St	Tacoma	WA	98405-2922		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S. Cedar St.	3712 S Cedar St	Tacoma	WA	98409-5715		Pierce		Non-Rural		

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Tacoma S. Cushman Ave.	1112 S Cushman Ave	Tacoma	WA	98405-3631	Pierce	Non-Rural				
	Sea Mar CHC - Tillicum Community Center	14916 Washington Ave SW	Lakewood	WA	98498-2271	Pierce	Non-Rural				
	Sea Mar CHC - Tumwater 6334 Littlerock Rd. SW	6334 Littlerock Rd SW	Tumwater	WA	98512-7332	Thurston	Non-Rural				
	Sea Mar CHC - Tumwater 6336 Littlerock Rd. SW	6336 Littlerock Rd SW	Tumwater	WA	98512-7332	Thurston	Non-Rural				
	Sea Mar CHC - Tumwater Capitol Blvd SE	6004 Capitol Blvd SE	Tumwater	WA	98501-8520	Thurston	Non-Rural				
	Sea Mar CHC - Vancouver 1601 E Fourth Plain Blvd	1601 E Fourth Plain Blvd Bldg 17	Vancouver	WA	98661-3717	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 317 E 39th St	317 E 39th St	Vancouver	WA	98663-2233	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 34th St.	19005 SE 34th St	Vancouver	WA	98683-1450	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 5411 E. Mill Plain Blvd.	5411 E Mill Plain Blvd	Vancouver	WA	98661-7057	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 7803 NE Fourth Plain Rd.	7803 NE Fourth Plain Blvd	Vancouver	WA	98662-7294	Clark	Non-Rural				
	Sea Mar CHC - Vancouver Behavioral Health	5501 NE 109th Ct	Vancouver	WA	98662-6177	Clark	Non-Rural				
	Sea Mar CHC - Vancouver Delaware Lane	7410 Delaware Ln	Vancouver	WA	98664-1408	Clark	Non-Rural				
	Sea Mar CHC - Vancouver Fourth Plain	6100 NE Fourth Plain Blvd	Vancouver	WA	98661-6830	Clark	Non-Rural				
	Sea Mar CHC - Vancouver NE 20th Ave.	14508 NE 20th Ave	Vancouver	WA	98686-6424	Clark	Non-Rural				
	Sea Mar CHC - Vancouver NE 65th St.	11801 NE 65th St	Vancouver	WA	98662-5527	Clark	Non-Rural				

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Vancouver NE 88th St.	1412 NE 88th St	Vancouver	WA	98665-9620		Clark		Non-Rural		
	Sea Mar CHC - White Center 15th Ave. SW	9650 15th Ave SW Ste 100	Seattle	WA	98106-2576		King		Non-Rural		
	Sea Mar CHC - Yelm Cullens St. NW	202 Cullens St NW	Yelm	WA	98597-9417		Thurston		Non-Rural		
	Sea Mar CHC – Everett W Mukilteo Blvd	215 W Mukilteo Blvd	Everett	WA	98203-2057		Snohomish		Non-Rural		
Mental Health	7539995334	Sea-Mar Community Health Center	Federally Qualified Health Center	Washington	King County, WA		19	Designated	Non-Rural	12/02/2003	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status				
	Sea Mar CHC - Aberdeen Sumner Ave.	1813 Sumner Ave	Aberdeen	WA	98520-4600	Grays Harbor	Rural				
	Sea Mar CHC - Administration	1040 S Henderson St	Seattle	WA	98108-4720	King	Non-Rural				
	Sea Mar CHC - Anacortes M Avenue	1004 M Ave Ste 107	Anacortes	WA	98221-1954	Skagit	Rural				
	Sea Mar CHC - Auburn 12th St. SE	735 12th St SE Fl 1	Auburn	WA	98002-6709	King	Non-Rural				
	Sea Mar CHC - Battle Ground	118 S Parkway Ave	Battle Ground	WA	98604-9215	Clark	Non-Rural				
	Sea Mar CHC - Battle Ground NE 189th St.	11117 NE 189th St	Battle Ground	WA	98604-6244	Clark	Non-Rural				
	Sea Mar CHC - Bellevue 116th Ave. NE	2000 116th Ave NE	Bellevue	WA	98004-3047	King	Non-Rural				
	Sea Mar CHC - Bellevue 150th Ave. SE	3801 150th Ave SE	Bellevue	WA	98006-1668	King	Non-Rural				
	Sea Mar CHC - Bellevue 156th Ave. NE	1811 156th Ave NE Ste 2	Bellevue	WA	98007-4344	King	Non-Rural				
	Sea Mar CHC - Bellevue Bell-Red Rd.	12835 NE Bel Red Rd Ste 100	Bellevue	WA	98005-2625	King	Non-Rural				
	Sea Mar CHC - Bellingham Behavioral Health	3350 Airport Dr	Bellingham	WA	98226-8048	Whatcom	Non-Rural				
	Sea Mar CHC - Bellingham Cordata Parkway	4455 Cordata Pkwy	Bellingham	WA	98226-8037	Whatcom	Non-Rural				
	Sea Mar CHC - Burien 8th Ave. S.	18010 8th Ave S Ste 416	Seatac	WA	98148-1908	King	Non-Rural				

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Burien Ambaum Blvd. SW	14434 Ambaum Blvd SW	Burien	WA		98166-1438		King		Non-Rural	
	Sea Mar CHC - Concrete	7438 S D Ave	Concrete	WA		98237-9642		Skagit		Rural	
	Sea Mar CHC - Des Moines S. 242nd St.	2781 S 242nd St	Des Moines	WA		98198-5166		King		Non-Rural	
	Sea Mar CHC - Elma W. Main St.	515 W Main St	Elma	WA		98541-9285		Grays Harbor		Rural	
	Sea Mar CHC - Everett 100th St. SE	1920 100th St SE	Everett	WA		98208-3832		Snohomish		Non-Rural	
	Sea Mar CHC - Everett Claremont Way	5007 Claremont Way	Everett	WA		98203-3321		Snohomish		Non-Rural	
	Sea Mar CHC - Everson Hannegan Rd.	6884 Hannegan Rd	Everson	WA		98247-9637		Whatcom		Non-Rural	
	Sea Mar CHC - Federal Way 18th Ave S	31405 18th Ave S	Federal Way	WA		98003-5433		King		Non-Rural	
	Sea Mar CHC - Gig Harbor 50th St Ct NW	3208 50th Street Ct Ste 202-203	Gig Harbor	WA		98335-8590		Pierce		Non-Rural	
	Sea Mar CHC - Kelso Allen St.	1710 Allen St	Kelso	WA		98626-4907		Cowlitz		Non-Rural	
	Sea Mar CHC - Kent 104th Ave SE	25028 104th Ave SE	Kent	WA		98030-9310		King		Non-Rural	
	Sea Mar CHC - Kent 233 2nd Ave. S.	233 2nd Ave S	Kent	WA		98032-5852		King		Non-Rural	
	Sea Mar CHC - Lacey Woodland Square Loop	669 Woodland Square Loop SE	Lacey	WA		98503-1038		Thurston		Non-Rural	
	Sea Mar CHC - Lakewood Bridgeport Way W	7424 Bridgeport Way W	Lakewood	WA		98499-8120		Pierce		Non-Rural	
	Sea Mar CHC - Lynnwood Alderwood Mall Blvd.	4111 Alderwood Mall Blvd	Lynnwood	WA		98036-6765		Snohomish		Non-Rural	

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Marysville Grove St. NE	4922 Grove St	Marysville	WA	98270-4427		Snohomish	Non-Rural			
	Sea Mar CHC - Marysville State Ave.	9710 State Ave	Marysville	WA	98270-2232		Snohomish	Non-Rural			
	Sea Mar CHC - Mercy Housing Bellingham	512 Sterling Dr	Bellingham	WA	98226-5503		Whatcom	Non-Rural			
	Sea Mar CHC - Monroe Fryelands Blvd. SE	14090 Fryelands Blvd SE	Monroe	WA	98272-2693		Snohomish	Non-Rural			
	Sea Mar CHC - Monroe W. Main St.	17707 W Main St	Monroe	WA	98272-1967		Snohomish	Non-Rural			
	Sea Mar CHC - Mt. Vernon E. College Way	1010 E College Way	Mount Vernon	WA	98273-5624		Skagit	Non-Rural			
	Sea Mar CHC - Mt. Vernon N. LaVenture Rd.	1400 N Laventure Rd	Mount Vernon	WA	98273-2766		Skagit	Non-Rural			
	Sea Mar CHC - Mt. Vernon Old Hwy 99	2203 Old Highway 99 S Rd	Mount Vernon	WA	98273-9009		Skagit	Non-Rural			
	Sea Mar CHC - Oak Harbor 31775 SR 20	31775 WA-20, Ste A3	Oak Harbor	WA	98277-5104		Island	Rural			
	Sea Mar CHC - Oak Harbor BH	31640 State Route 20	Oak Harbor	WA	98277-3128		Island	Rural			
	Sea Mar CHC - Ocean Shores Point Brown Ave.	597 Point Brown Ave NW	Ocean Shores	WA	98569-9632		Grays Harbor	Rural			
	Sea Mar CHC - Olympia 3030 Limited Lane NW	3030 Limited Ln NW	Olympia	WA	98502-2704		Thurston	Non-Rural			
	Sea Mar CHC - Olympia Ensign Rd NE	3622 Ensign Rd NE	Olympia	WA	98506-5081		Thurston	Non-Rural			
	Sea Mar CHC - Port Angeles W. 1st St.	228 W 1st St, Ste L	Port Angeles	WA	98362-2639		Clallam	Rural			
	Sea Mar CHC - Puyallup 101st Avenue Ct. E.	12812 101st Avenue Ct E	Puyallup	WA	98373-9101		Pierce	Non-Rural			

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Puyallup 125th Street Ct. E.	10217 125th Street Ct E	Puyallup	WA	98374-2761		Pierce		Non-Rural		
	Sea Mar CHC - Seattle 17th Place S.	10001 17th Pl S Lowr Lev	Seattle	WA	98168-1615		King		Non-Rural		
	Sea Mar CHC - Seattle 8720 14th Ave. S.	8720 14th Ave S	Seattle	WA	98108-4807		King		Non-Rural		
	Sea Mar CHC - Seattle 8801 14th Ave S	8801 14th Ave S	Seattle	WA	98108-4809		King		Non-Rural		
	Sea Mar CHC - Seattle 8915 14th Ave. S.	8915 14th Ave S	Seattle	WA	98108-4813		King		Non-Rural		
	Sea Mar CHC - Seattle Des Moines Memorial Drive S	9635 Des Moines Memorial Dr	Seattle	WA	98108-5061		King		Non-Rural		
	Sea Mar CHC - Skagit Valley Women's Health Center	125 N 18th St Ste A	Mount Vernon	WA	98273-3902		Skagit		Non-Rural		
	Sea Mar CHC - Tacoma 1215 S. 11th St.	1215 S 11th St	Tacoma	WA	98405-4020		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma 1307 S. 11th St.	1307 S 11th St	Tacoma	WA	98405-3644		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma 6th Ave	1112 6th Ave Ste 301	Tacoma	WA	98405-4048		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S 14th St	702 S 14th St	Tacoma	WA	98405-4407		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S. 11th St.	1516 S 11th St	Tacoma	WA	98405-3332		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S. 19th St.	2121 S 19th St	Tacoma	WA	98405-2922		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S. Cedar St.	3712 S Cedar St	Tacoma	WA	98409-5715		Pierce		Non-Rural		

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Tacoma S. Cushman Ave.	1112 S Cushman Ave	Tacoma	WA	98405-3631	Pierce	Non-Rural				
	Sea Mar CHC - Tillicum Community Center	14916 Washington Ave SW	Lakewood	WA	98498-2271	Pierce	Non-Rural				
	Sea Mar CHC - Tumwater 6334 Littlerock Rd. SW	6334 Littlerock Rd SW	Tumwater	WA	98512-7332	Thurston	Non-Rural				
	Sea Mar CHC - Tumwater 6336 Littlerock Rd. SW	6336 Littlerock Rd SW	Tumwater	WA	98512-7332	Thurston	Non-Rural				
	Sea Mar CHC - Tumwater Capitol Blvd SE	6004 Capitol Blvd SE	Tumwater	WA	98501-8520	Thurston	Non-Rural				
	Sea Mar CHC - Vancouver 1601 E Fourth Plain Blvd	1601 E Fourth Plain Blvd Bldg 17	Vancouver	WA	98661-3717	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 317 E 39th St	317 E 39th St	Vancouver	WA	98663-2233	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 34th St.	19005 SE 34th St	Vancouver	WA	98683-1450	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 5411 E. Mill Plain Blvd.	5411 E Mill Plain Blvd	Vancouver	WA	98661-7057	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 7803 NE Fourth Plain Rd.	7803 NE Fourth Plain Blvd	Vancouver	WA	98662-7294	Clark	Non-Rural				
	Sea Mar CHC - Vancouver Behavioral Health	5501 NE 109th Ct	Vancouver	WA	98662-6177	Clark	Non-Rural				
	Sea Mar CHC - Vancouver Delaware Lane	7410 Delaware Ln	Vancouver	WA	98664-1408	Clark	Non-Rural				
	Sea Mar CHC - Vancouver Fourth Plain	6100 NE Fourth Plain Blvd	Vancouver	WA	98661-6830	Clark	Non-Rural				
	Sea Mar CHC - Vancouver NE 20th Ave.	14508 NE 20th Ave	Vancouver	WA	98686-6424	Clark	Non-Rural				
	Sea Mar CHC - Vancouver NE 65th St.	11801 NE 65th St	Vancouver	WA	98662-5527	Clark	Non-Rural				

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Vancouver NE 88th St.	1412 NE 88th St	Vancouver	WA	98665-9620		Clark		Non-Rural		
	Sea Mar CHC - White Center 15th Ave. SW	9650 15th Ave SW Ste 100	Seattle	WA	98106-2576		King		Non-Rural		
	Sea Mar CHC - Yelm Cullens St. NW	202 Cullens St NW	Yelm	WA	98597-9417		Thurston		Non-Rural		
	Sea Mar CHC – Everett W Mukilteo Blvd	215 W Mukilteo Blvd	Everett	WA	98203-2057		Snohomish		Non-Rural		
Dental Health	6539995360	Sea-Mar Community Health Center	Federally Qualified Health Center	Washington	King County, WA		25	Designated	Non-Rural	07/15/2003	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status				
	Sea Mar CHC - Aberdeen Sumner Ave.	1813 Sumner Ave	Aberdeen	WA	98520-4600	Grays Harbor	Rural				
	Sea Mar CHC - Administration	1040 S Henderson St	Seattle	WA	98108-4720	King	Non-Rural				
	Sea Mar CHC - Anacortes M Avenue	1004 M Ave Ste 107	Anacortes	WA	98221-1954	Skagit	Rural				
	Sea Mar CHC - Auburn 12th St. SE	735 12th St SE Fl 1	Auburn	WA	98002-6709	King	Non-Rural				
	Sea Mar CHC - Battle Ground	118 S Parkway Ave	Battle Ground	WA	98604-9215	Clark	Non-Rural				
	Sea Mar CHC - Battle Ground NE 189th St.	11117 NE 189th St	Battle Ground	WA	98604-6244	Clark	Non-Rural				
	Sea Mar CHC - Bellevue 116th Ave. NE	2000 116th Ave NE	Bellevue	WA	98004-3047	King	Non-Rural				
	Sea Mar CHC - Bellevue 150th Ave. SE	3801 150th Ave SE	Bellevue	WA	98006-1668	King	Non-Rural				
	Sea Mar CHC - Bellevue 156th Ave. NE	1811 156th Ave NE Ste 2	Bellevue	WA	98007-4344	King	Non-Rural				
	Sea Mar CHC - Bellevue Bell-Red Rd.	12835 NE Bel Red Rd Ste 100	Bellevue	WA	98005-2625	King	Non-Rural				
	Sea Mar CHC - Bellingham Behavioral Health	3350 Airport Dr	Bellingham	WA	98226-8048	Whatcom	Non-Rural				
	Sea Mar CHC - Bellingham Cordata Parkway	4455 Cordata Pkwy	Bellingham	WA	98226-8037	Whatcom	Non-Rural				
	Sea Mar CHC - Burien 8th Ave. S.	18010 8th Ave S Ste 416	Seatac	WA	98148-1908	King	Non-Rural				

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Burien Ambaum Blvd. SW	14434 Ambaum Blvd SW	Burien	WA		98166-1438		King		Non-Rural	
	Sea Mar CHC - Concrete	7438 S D Ave	Concrete	WA		98237-9642		Skagit		Rural	
	Sea Mar CHC - Des Moines S. 242nd St.	2781 S 242nd St	Des Moines	WA		98198-5166		King		Non-Rural	
	Sea Mar CHC - Elma W. Main St.	515 W Main St	Elma	WA		98541-9285		Grays Harbor		Rural	
	Sea Mar CHC - Everett 100th St. SE	1920 100th St SE	Everett	WA		98208-3832		Snohomish		Non-Rural	
	Sea Mar CHC - Everett Claremont Way	5007 Claremont Way	Everett	WA		98203-3321		Snohomish		Non-Rural	
	Sea Mar CHC - Everson Hannegan Rd.	6884 Hannegan Rd	Everson	WA		98247-9637		Whatcom		Non-Rural	
	Sea Mar CHC - Federal Way 18th Ave S	31405 18th Ave S	Federal Way	WA		98003-5433		King		Non-Rural	
	Sea Mar CHC - Gig Harbor 50th St Ct NW	3208 50th Street Ct Ste 202-203	Gig Harbor	WA		98335-8590		Pierce		Non-Rural	
	Sea Mar CHC - Kelso Allen St.	1710 Allen St	Kelso	WA		98626-4907		Cowlitz		Non-Rural	
	Sea Mar CHC - Kent 104th Ave SE	25028 104th Ave SE	Kent	WA		98030-9310		King		Non-Rural	
	Sea Mar CHC - Kent 233 2nd Ave. S.	233 2nd Ave S	Kent	WA		98032-5852		King		Non-Rural	
	Sea Mar CHC - Lacey Woodland Square Loop	669 Woodland Square Loop SE	Lacey	WA		98503-1038		Thurston		Non-Rural	
	Sea Mar CHC - Lakewood Bridgeport Way W	7424 Bridgeport Way W	Lakewood	WA		98499-8120		Pierce		Non-Rural	
	Sea Mar CHC - Lynnwood Alderwood Mall Blvd.	4111 Alderwood Mall Blvd	Lynnwood	WA		98036-6765		Snohomish		Non-Rural	

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	Sea Mar CHC - Marysville Grove St. NE	4922 Grove St	Marysville	WA	98270-4427		Snohomish		Non-Rural		
	Sea Mar CHC - Marysville State Ave.	9710 State Ave	Marysville	WA	98270-2232		Snohomish		Non-Rural		
	Sea Mar CHC - Mercy Housing Bellingham	512 Sterling Dr	Bellingham	WA	98226-5503		Whatcom		Non-Rural		
	Sea Mar CHC - Monroe Fryelands Blvd. SE	14090 Fryelands Blvd SE	Monroe	WA	98272-2693		Snohomish		Non-Rural		
	Sea Mar CHC - Monroe W. Main St.	17707 W Main St	Monroe	WA	98272-1967		Snohomish		Non-Rural		
	Sea Mar CHC - Mt. Vernon E. College Way	1010 E College Way	Mount Vernon	WA	98273-5624		Skagit		Non-Rural		
	Sea Mar CHC - Mt. Vernon N. LaVenture Rd.	1400 N Laventure Rd	Mount Vernon	WA	98273-2766		Skagit		Non-Rural		
	Sea Mar CHC - Mt. Vernon Old Hwy 99	2203 Old Highway 99 S Rd	Mount Vernon	WA	98273-9009		Skagit		Non-Rural		
	Sea Mar CHC - Oak Harbor 31775 SR 20	31775 WA-20, Ste A3	Oak Harbor	WA	98277-5104		Island		Rural		
	Sea Mar CHC - Oak Harbor BH	31640 State Route 20	Oak Harbor	WA	98277-3128		Island		Rural		
	Sea Mar CHC - Ocean Shores Point Brown Ave.	597 Point Brown Ave NW	Ocean Shores	WA	98569-9632		Grays Harbor		Rural		
	Sea Mar CHC - Olympia 3030 Limited Lane NW	3030 Limited Ln NW	Olympia	WA	98502-2704		Thurston		Non-Rural		
	Sea Mar CHC - Olympia Ensign Rd NE	3622 Ensign Rd NE	Olympia	WA	98506-5081		Thurston		Non-Rural		
	Sea Mar CHC - Port Angeles W. 1st St.	228 W 1st St, Ste L	Port Angeles	WA	98362-2639		Clallam		Rural		
	Sea Mar CHC - Puyallup 101st Avenue Ct. E.	12812 101st Avenue Ct E	Puyallup	WA	98373-9101		Pierce		Non-Rural		

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	Sea Mar CHC - Puyallup 125th Street Ct. E.	10217 125th Street Ct E	Puyallup	WA	98374-2761		Pierce		Non-Rural		
	Sea Mar CHC - Seattle 17th Place S.	10001 17th Pl S Lowr Lev	Seattle	WA	98168-1615		King		Non-Rural		
	Sea Mar CHC - Seattle 8720 14th Ave. S.	8720 14th Ave S	Seattle	WA	98108-4807		King		Non-Rural		
	Sea Mar CHC - Seattle 8801 14th Ave S	8801 14th Ave S	Seattle	WA	98108-4809		King		Non-Rural		
	Sea Mar CHC - Seattle 8915 14th Ave. S.	8915 14th Ave S	Seattle	WA	98108-4813		King		Non-Rural		
	Sea Mar CHC - Seattle Des Moines Memorial Drive S	9635 Des Moines Memorial Dr	Seattle	WA	98108-5061		King		Non-Rural		
	Sea Mar CHC - Skagit Valley Women's Health Center	125 N 18th St Ste A	Mount Vernon	WA	98273-3902		Skagit		Non-Rural		
	Sea Mar CHC - Tacoma 1215 S. 11th St.	1215 S 11th St	Tacoma	WA	98405-4020		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma 1307 S. 11th St.	1307 S 11th St	Tacoma	WA	98405-3644		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma 6th Ave	1112 6th Ave Ste 301	Tacoma	WA	98405-4048		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S 14th St	702 S 14th St	Tacoma	WA	98405-4407		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S. 11th St.	1516 S 11th St	Tacoma	WA	98405-3332		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S. 19th St.	2121 S 19th St	Tacoma	WA	98405-2922		Pierce		Non-Rural		
	Sea Mar CHC - Tacoma S. Cedar St.	3712 S Cedar St	Tacoma	WA	98409-5715		Pierce		Non-Rural		

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Tacoma S. Cushman Ave.	1112 S Cushman Ave	Tacoma	WA	98405-3631	Pierce	Non-Rural				
	Sea Mar CHC - Tillicum Community Center	14916 Washington Ave SW	Lakewood	WA	98498-2271	Pierce	Non-Rural				
	Sea Mar CHC - Tumwater 6334 Littlerock Rd. SW	6334 Littlerock Rd SW	Tumwater	WA	98512-7332	Thurston	Non-Rural				
	Sea Mar CHC - Tumwater 6336 Littlerock Rd. SW	6336 Littlerock Rd SW	Tumwater	WA	98512-7332	Thurston	Non-Rural				
	Sea Mar CHC - Tumwater Capitol Blvd SE	6004 Capitol Blvd SE	Tumwater	WA	98501-8520	Thurston	Non-Rural				
	Sea Mar CHC - Vancouver 1601 E Fourth Plain Blvd	1601 E Fourth Plain Blvd Bldg 17	Vancouver	WA	98661-3717	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 317 E 39th St	317 E 39th St	Vancouver	WA	98663-2233	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 34th St.	19005 SE 34th St	Vancouver	WA	98683-1450	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 5411 E. Mill Plain Blvd.	5411 E Mill Plain Blvd	Vancouver	WA	98661-7057	Clark	Non-Rural				
	Sea Mar CHC - Vancouver 7803 NE Fourth Plain Rd.	7803 NE Fourth Plain Blvd	Vancouver	WA	98662-7294	Clark	Non-Rural				
	Sea Mar CHC - Vancouver Behavioral Health	5501 NE 109th Ct	Vancouver	WA	98662-6177	Clark	Non-Rural				
	Sea Mar CHC - Vancouver Delaware Lane	7410 Delaware Ln	Vancouver	WA	98664-1408	Clark	Non-Rural				
	Sea Mar CHC - Vancouver Fourth Plain	6100 NE Fourth Plain Blvd	Vancouver	WA	98661-6830	Clark	Non-Rural				
	Sea Mar CHC - Vancouver NE 20th Ave.	14508 NE 20th Ave	Vancouver	WA	98686-6424	Clark	Non-Rural				
	Sea Mar CHC - Vancouver NE 65th St.	11801 NE 65th St	Vancouver	WA	98662-5527	Clark	Non-Rural				

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Sea Mar CHC - Vancouver NE 88th St.	1412 NE 88th St	Vancouver	WA	98665-9620		Clark		Non-Rural		
	Sea Mar CHC - White Center 15th Ave. SW	9650 15th Ave SW Ste 100	Seattle	WA	98106-2576		King		Non-Rural		
	Sea Mar CHC - Yelm Cullens St. NW	202 Cullens St NW	Yelm	WA	98597-9417		Thurston		Non-Rural		
	Sea Mar CHC – Everett W Mukilteo Blvd	215 W Mukilteo Blvd	Everett	WA	98203-2057		Snohomish		Non-Rural		
Primary Care	1532009335	Tulalip Health Center	Indian Health Service, Tribal Health, and Urban Indian Health Organizations	Washington	Snohomish County, WA		17	Designated	Non-Rural	10/26/2002	09/09/2019
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County		Rural Status			
	Tulalip Health Center	7520 Totem Beach Rd	Tulalip	WA	98271-6160	Snohomish		Non-Rural			
Mental Health	7534015826	Tulalip Health Center	Indian Health Service, Tribal Health, and Urban Indian Health Organizations	Washington	Snohomish County, WA		17	Designated	Non-Rural	10/26/2002	09/09/2019
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County		Rural Status			
	Tulalip Health Center	7520 Totem Beach Rd	Tulalip	WA	98271-6160	Snohomish		Non-Rural			
Dental Health	6539808975	Tulalip Health Center	Indian Health Service, Tribal Health, and Urban Indian Health Organizations	Washington	Snohomish County, WA		20	Designated	Non-Rural	10/26/2002	09/09/2019
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County		Rural Status			
	Tulalip Health Center	7520 Totem Beach Rd	Tulalip	WA	98271-6160	Snohomish		Non-Rural			
Primary Care	1531308366	Stilaguamish Health Center	Indian Health Service, Tribal Health, and Urban Indian Health Organizations	Washington	Snohomish County, WA		17	Designated	Non-Rural	08/18/2019	09/09/2019
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County		Rural Status			
	Stilaguamish Health Center	902 E Maple St	Arlington	WA	98223-1634	Snohomish		Non-Rural			

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Mental Health	7533245254	Stilaguamish Health Center	Indian Health Service, Tribal Health, and Urban Indian Health Organizations	Washington	Snohomish County, WA		17	Designated	Non-Rural	08/18/2019	09/09/2019
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County		Rural Status			
	Stilaguamish Health Center	902 E Maple St	Arlington	WA	98223-1634	Snohomish		Non-Rural			
Dental Health	6539546512	Stilaguamish Health Center	Indian Health Service, Tribal Health, and Urban Indian Health Organizations	Washington	Snohomish County, WA		20	Designated	Non-Rural	08/18/2019	09/09/2019
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County		Rural Status			
	Stilaguamish Health Center	902 E Maple St	Arlington	WA	98223-1634	Snohomish		Non-Rural			
Primary Care	1539799168	LI - Marysville	Low Income Population HPSA	Washington	Snohomish County, WA	2.00	15	Designated	Non-Rural	07/30/2020	07/30/2020
	Component State Name	Component County Name	Component Name	Component Type	Component GEOID		Component Rural Status				
	Washington	Snohomish	Census Tract 529.03, Snohomish County, Washington	Census Tract	53061052903		Non-Rural				
	Washington	Snohomish	Census Tract 529.04, Snohomish County, Washington	Census Tract	53061052904		Non-Rural				
	Washington	Snohomish	Census Tract 529.05, Snohomish County, Washington	Census Tract	53061052905		Non-Rural				
	Washington	Snohomish	Census Tract 529.06, Snohomish County, Washington	Census Tract	53061052906		Non-Rural				
Primary Care	1531900325	LI - Lynnwood	Low Income Population HPSA	Washington	Snohomish County, WA	4.106	15	Designated	Non-Rural	08/17/2020	08/17/2020

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Component State Name		Component County Name	Component Name	Component Type		Component GEOID		Component Rural Status		
	Washington		Snohomish	Census Tract 512, Snohomish County, Washington	Census Tract		53061051200		Non-Rural		
	Washington		Snohomish	Census Tract 514, Snohomish County, Washington	Census Tract		53061051400		Non-Rural		
	Washington		Snohomish	Census Tract 515, Snohomish County, Washington	Census Tract		53061051500		Non-Rural		
	Washington		Snohomish	Census Tract 516.01, Snohomish County, Washington	Census Tract		53061051601		Non-Rural		
	Washington		Snohomish	Census Tract 517.01, Snohomish County, Washington	Census Tract		53061051701		Non-Rural		
	Washington		Snohomish	Census Tract 517.02, Snohomish County, Washington	Census Tract		53061051702		Non-Rural		
	Washington		Snohomish	Census Tract 519.05, Snohomish County, Washington	Census Tract		53061051905		Non-Rural		
Primary Care	1532193355	Monroe/Sultan Service Area	Geographic HPSA	Washington	Snohomish County, WA	3.95	12	Designated	Partially Rural	10/26/2017	10/26/2017
	Component State Name		Component County Name	Component Name	Component Type		Component GEOID		Component Rural Status		
	Washington		Snohomish	522.08	Census Tract		53061052208		Non-Rural		
	Washington		Snohomish	522.09	Census Tract		53061052209		Non-Rural		
	Washington		Snohomish	538.01	Census Tract		53061053801		Rural		
	Washington		Snohomish	538.02	Census Tract		53061053802		Non-Rural		
	Washington		Snohomish	538.03	Census Tract		53061053803		Non-Rural		
Primary Care	1539443641	Darrington	Geographic HPSA	Washington	Snohomish County, WA	0.90	16	Designated	Rural	10/16/2017	10/16/2017

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Component State Name		Component County Name	Component Name		Component Type		Component GEOID		Component Rural Status	
	Washington		Snohomish	Darrington CCD		County Subdivision		5306190839		Rural	
Primary Care	1531764807	Tulalip	Geographic HPSA	Washington	Snohomish County, WA	2.84	15	Designated	Non-Rural	09/13/2007	10/20/2017
	Component State Name		Component County Name	Component Name		Component Type		Component GEOID		Component Rural Status	
	Washington		Snohomish	9400.01		Census Tract		53061940001		Non-Rural	
	Washington		Snohomish	9400.02		Census Tract		53061940002		Non-Rural	
Dental Health	6538397236	Monroe/Sultan	Geographic HPSA	Washington	Snohomish County, WA	4.89	15	Designated	Partially Rural	10/20/2017	10/20/2017
	Component State Name		Component County Name	Component Name		Component Type		Component GEOID		Component Rural Status	
	Washington		Snohomish	522.03		Census Tract		53061052203		Non-Rural	
	Washington		Snohomish	522.04		Census Tract		53061052204		Non-Rural	
	Washington		Snohomish	522.08		Census Tract		53061052208		Non-Rural	
	Washington		Snohomish	522.09		Census Tract		53061052209		Non-Rural	
	Washington		Snohomish	538.01		Census Tract		53061053801		Rural	
	Washington		Snohomish	538.02		Census Tract		53061053802		Non-Rural	
	Washington		Snohomish	538.03		Census Tract		53061053803		Non-Rural	
Mental Health	7536318681	Monroe/Sultan	Geographic HPSA	Washington	Snohomish County, WA	1.60	12	Designated	Partially Rural	11/24/2017	11/24/2017
	Component State Name		Component County Name	Component Name		Component Type		Component GEOID		Component Rural Status	
	Washington		Snohomish	522.03		Census Tract		53061052203		Non-Rural	
	Washington		Snohomish	522.04		Census Tract		53061052204		Non-Rural	
	Washington		Snohomish	522.08		Census Tract		53061052208		Non-Rural	
	Washington		Snohomish	522.09		Census Tract		53061052209		Non-Rural	
	Washington		Snohomish	538.01		Census Tract		53061053801		Rural	
	Washington		Snohomish	538.02		Census Tract		53061053802		Non-Rural	
	Washington		Snohomish	538.03		Census Tract		53061053803		Non-Rural	

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designati on Date	Update Date
Dental Health	6531512910	Darrington	Geographic HPSA	Washington	Snohomish County, WA	1.77	15	Designated	Partially Rural	09/21/2017	09/21/2017
	Component State Name		Component County Name	Component Name		Component Type		Component GEOID		Component Rural Status	
	Washington		Snohomish	535.06		Census Tract		53061053506		Non-Rural	
	Washington		Snohomish	537		Census Tract		53061053700		Rural	
Mental Health	7534856546	Northwest Snohomish	Geographic HPSA	Washington	Snohomish County, WA	10.18	15	Designated	Partially Rural	09/15/2017	09/15/2017

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Component State Name		Component County Name	Component Name	Component Type		Component GEOID		Component Rural Status		
	Washington		Snohomish	401	Census Tract		53061040100		Non-Rural		
	Washington		Snohomish	402	Census Tract		53061040200		Non-Rural		
	Washington		Snohomish	403	Census Tract		53061040300		Non-Rural		
	Washington		Snohomish	404	Census Tract		53061040400		Non-Rural		
	Washington		Snohomish	405	Census Tract		53061040500		Non-Rural		
	Washington		Snohomish	407	Census Tract		53061040700		Non-Rural		
	Washington		Snohomish	408	Census Tract		53061040800		Non-Rural		
	Washington		Snohomish	409	Census Tract		53061040900		Non-Rural		
	Washington		Snohomish	410	Census Tract		53061041000		Non-Rural		
	Washington		Snohomish	521.04	Census Tract		53061052104		Non-Rural		
	Washington		Snohomish	525.03	Census Tract		53061052503		Non-Rural		
	Washington		Snohomish	525.04	Census Tract		53061052504		Non-Rural		
	Washington		Snohomish	526.03	Census Tract		53061052603		Non-Rural		
	Washington		Snohomish	526.04	Census Tract		53061052604		Non-Rural		
	Washington		Snohomish	526.05	Census Tract		53061052605		Non-Rural		
	Washington		Snohomish	526.06	Census Tract		53061052606		Non-Rural		
	Washington		Snohomish	527.01	Census Tract		53061052701		Non-Rural		
	Washington		Snohomish	527.05	Census Tract		53061052705		Non-Rural		
	Washington		Snohomish	527.06	Census Tract		53061052706		Non-Rural		
	Washington		Snohomish	527.07	Census Tract		53061052707		Non-Rural		
	Washington		Snohomish	527.08	Census Tract		53061052708		Non-Rural		
	Washington		Snohomish	527.09	Census Tract		53061052709		Non-Rural		
	Washington		Snohomish	528.03	Census Tract		53061052803		Non-Rural		
	Washington		Snohomish	528.04	Census Tract		53061052804		Non-Rural		
	Washington		Snohomish	528.05	Census Tract		53061052805		Non-Rural		
	Washington		Snohomish	528.06	Census Tract		53061052806		Non-Rural		

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Washington	Washington		Snohomish	529.03	Census Tract		53061052903		Non-Rural		
	Washington		Snohomish	529.04	Census Tract		53061052904		Non-Rural		
	Washington		Snohomish	529.05	Census Tract		53061052905		Non-Rural		
	Washington		Snohomish	529.06	Census Tract		53061052906		Non-Rural		
	Washington		Snohomish	531.01	Census Tract		53061053101		Non-Rural		
	Washington		Snohomish	531.02	Census Tract		53061053102		Non-Rural		
	Washington		Snohomish	532.01	Census Tract		53061053201		Non-Rural		
	Washington		Snohomish	532.02	Census Tract		53061053202		Non-Rural		
	Washington		Snohomish	533.01	Census Tract		53061053301		Non-Rural		
	Washington		Snohomish	533.02	Census Tract		53061053302		Non-Rural		
	Washington		Snohomish	534	Census Tract		53061053400		Non-Rural		
	Washington		Snohomish	535.04	Census Tract		53061053504		Non-Rural		
	Washington		Snohomish	535.05	Census Tract		53061053505		Non-Rural		
	Washington		Snohomish	535.06	Census Tract		53061053506		Non-Rural		
	Washington		Snohomish	535.07	Census Tract		53061053507		Non-Rural		
	Washington		Snohomish	535.08	Census Tract		53061053508		Non-Rural		
	Washington		Snohomish	535.09	Census Tract		53061053509		Non-Rural		
	Washington		Snohomish	536.02	Census Tract		53061053602		Non-Rural		
	Washington		Snohomish	536.03	Census Tract		53061053603		Non-Rural		
	Washington		Snohomish	536.04	Census Tract		53061053604		Non-Rural		
	Washington		Snohomish	537	Census Tract		53061053700		Rural		
	Washington		Snohomish	9400.01	Census Tract		53061940001		Non-Rural		
	Washington		Snohomish	9400.02	Census Tract		53061940002		Non-Rural		
	Washington		Snohomish	9900.02	Census Tract		53061990002		Not Applicable		
	Washington		Snohomish	9901	Census Tract		53061990100		Not Applicable		
Primary Care	1535203276	LI-Everett	Low Income Population HPSA	Washington	Snohomish County, WA	16.89	16	Designated	Non-Rural	10/20/2017	10/20/2017

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Component State Name		Component County Name	Component Name	Component Type		Component GEOID		Component Rural Status		
	Washington		Snohomish	401	Census Tract		53061040100		Non-Rural		
	Washington		Snohomish	402	Census Tract		53061040200		Non-Rural		
	Washington		Snohomish	403	Census Tract		53061040300		Non-Rural		
	Washington		Snohomish	404	Census Tract		53061040400		Non-Rural		
	Washington		Snohomish	405	Census Tract		53061040500		Non-Rural		
	Washington		Snohomish	407	Census Tract		53061040700		Non-Rural		
	Washington		Snohomish	408	Census Tract		53061040800		Non-Rural		
	Washington		Snohomish	409	Census Tract		53061040900		Non-Rural		
	Washington		Snohomish	410	Census Tract		53061041000		Non-Rural		
	Washington		Snohomish	411	Census Tract		53061041100		Non-Rural		
	Washington		Snohomish	412.01	Census Tract		53061041201		Non-Rural		
	Washington		Snohomish	412.02	Census Tract		53061041202		Non-Rural		
	Washington		Snohomish	413.03	Census Tract		53061041303		Non-Rural		
	Washington		Snohomish	414	Census Tract		53061041400		Non-Rural		
	Washington		Snohomish	415	Census Tract		53061041500		Non-Rural		
	Washington		Snohomish	417.01	Census Tract		53061041701		Non-Rural		
	Washington		Snohomish	418.05	Census Tract		53061041805		Non-Rural		
	Washington		Snohomish	418.06	Census Tract		53061041806		Non-Rural		
	Washington		Snohomish	418.08	Census Tract		53061041808		Non-Rural		
	Washington		Snohomish	418.09	Census Tract		53061041809		Non-Rural		
	Washington		Snohomish	418.10	Census Tract		53061041810		Non-Rural		
	Washington		Snohomish	418.11	Census Tract		53061041811		Non-Rural		
	Washington		Snohomish	418.12	Census Tract		53061041812		Non-Rural		
	Washington		Snohomish	419.01	Census Tract		53061041901		Non-Rural		
	Washington		Snohomish	419.03	Census Tract		53061041903		Non-Rural		
	Washington		Snohomish	419.04	Census Tract		53061041904		Non-Rural		

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	Washington	Snohomish	419.05	Census Tract		53061041905			Non-Rural		
	Washington	Snohomish	501.02	Census Tract		53061050102			Non-Rural		
	Washington	Snohomish	518.03	Census Tract		53061051803			Non-Rural		
Dental Health	6533621776	CF-Monroe Correctional Complex	Correctional Facility	Washington	Snohomish County, WA	0.02	12	Designated	Non-Rural	11/29/2017	11/29/2017
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County		Rural Status			
	CF-Monroe Correctional Complex	16700 177th Ave SE	Monroe	WA	98272-9141	Snohomish		Non-Rural			
Primary Care	1535274806	Monroe Correctional Complex	Correctional Facility	Washington	Snohomish County, WA	2.80	18	Designated	Non-Rural	05/13/2002	11/29/2017
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County		Rural Status			
	Monroe Correctional Complex	16700 177th Ave SE	Monroe	WA	98272-9141	Snohomish		Non-Rural			
Mental Health	7539179773	CF-Monroe Correctional Complex	Correctional Facility	Washington	Snohomish County, WA	0.17	9	Designated	Non-Rural	02/14/1986	12/27/2017
	Site Name	Site Address	Site City	Site State	Site ZIP Code	County		Rural Status			
	CF-Monroe Correctional Complex	16700 177th Ave SE	Monroe	WA	98272-9141	Snohomish		Non-Rural			

Discipline	MUA/P ID	Service Area Name	Designation Type	Primary State Name	County	Index of Medical Underservice Score	Status	Rural Status	Designation Date	Update Date
Primary Care	03687	Central Everett Service Area	Medically Underserved Area	Washington	Snohomish County, WA	61.9	Designated	Non-Rural	08/27/1992	02/01/1994
	Component State Name		Component County Name	Component Name	Component Type		Component GEOID		Component Rural Status	
	Washington		Snohomish	402	Census Tract		53061040200		Non-Rural	
	Washington		Snohomish	403	Census Tract		53061040300		Non-Rural	
	Washington		Snohomish	404	Census Tract		53061040400		Non-Rural	
	Washington		Snohomish	407	Census Tract		53061040700		Non-Rural	
	Washington		Snohomish	408	Census Tract		53061040800		Non-Rural	
	Washington		Snohomish	409	Census Tract		53061040900		Non-Rural	
	Washington		Snohomish	410	Census Tract		53061041000		Non-Rural	
	Washington		Snohomish	411	Census Tract		53061041100		Non-Rural	
	Washington		Snohomish	9900.02	Census Tract		53061990002		Not Applicable	
Primary Care	03688	West Edmonds Service Area	Medically Underserved Area	Washington	Snohomish County, WA	58.9	Designated	Non-Rural	08/27/1992	02/01/1994
	Component State Name		Component County Name	Component Name	Component Type		Component GEOID		Component Rural Status	
	Washington		Snohomish	505	Census Tract		53061050500		Non-Rural	
	Washington		Snohomish	9900.02	Census Tract		53061990002		Not Applicable	

Exhibit 6
Bethany Home Health
Policies and Procedures

Bethany Home Health, LLC

Category: Clinical Number: 6.001.1

Subject: In-Service Education

Applies to: All Staff Page: 1 of 2

Purpose: To provide staff members with information, to improve the Agency's performance, and to ensure the competency of the Agency's staff.

Policy: The Agency provides in-service education programs for its staff.

Procedure:

1. Clinical Manager plans annual in-service calendar based on:
 - a) Needs assessment including QA follow-up
 - b) Agency program objectives
 - c) Regulatory requirements
 - d) Patient care policies and procedures
 - e) Infection control policies and procedures
 - f) Incident/Accident Reporting
 - g) Patient rights and responsibilities
 - h) Safety testing on equipment used in the work environment
 - i) Work place and patient safety
 - j) Cultural Awareness
 - k) Compliance Program
 - l) Emergency/Disaster Preparedness
 - m) Patient Complaints
 - n) Ethics and Ethical Issues
 - o) Services provided
 - p) Communication Barriers
 - q) OSHA (Right to Know Laws)
 - r) Reporting requirements for suspected abuse, neglect and exploitation annually.
2. The Clinical Manager notifies staff of scheduled in-services by phone, mail or office postings.
3. A staff RN will participate in all in service educations.
4. All unlicensed home care staff must attend at least one in-service program annually, but are encouraged to attend as many as possible. At times, mandatory in-services will be held, that would be considered in addition to the one annual in-service.

Bethany Home Health, LLC

Category:	Clinical	Number:	6.001.1
Subject:	In-Service Education		
Applies to:	All Staff	Page:	2 of 2

5. Direct care staff including aides must attend twelve (12) hours of in-service during each twelve (12) month period. The 12 month period shall begin on the Date of Hire. Non direct care staff will receive at least eight (8) hours of in service/continuing education each twelve (12) month period. The 12 month period shall begin on the Date of Hire. A staff RN supervisors this in service requirement.
6. Evidence of a staff member's attendance at in-service are:
 - a) Signature on in-service attendance log.
 - b) Signature of attendance after reading/viewing material and discussing with supervisor.
 - c) Copies of certificate of attendance at outside professional continuing education programs.
7. Maintain an in-service notebook which contains:
 - a) In-service content materials
 - b) Minutes/Attendance sheets
 - c) Employee In-service/Continuing Education Record
 - d) Make this notebook available to the QA committee.
8. Any change in job position requires documented education related to the new position.

Refer to:

In-service minutes

Individual In-service/Continuing Education Record

Bethany Home Health, LLC

Category: Clinical Number: 6.002.1

Subject: Patient Education

Applies: Clinical Staff Page: 1 of 1

Purpose: To clearly define the educational responsibilities of direct care staff.

Policy: All patients will be educated at every teachable moment. Education procedures will take into account the cultural background, learning or knowledge deficiencies and possible barriers to learning. Education should reflect improving knowledge about the patient's diagnosis and treatments.

Procedure:

1. Education will be provided by all clinical staff and may include many formats, such as:
 - a) written instructions
 - b) verbal instructions
 - c) demonstrations
2. Common topics to be covered during the education process (not an inclusive list):
 - a) What to do in the event of services interruption related to a disaster
 - b) Proper medication usage
 - c) Infection prevention and control
 - d) Pain management
 - e) Hygiene
 - f) Treatment and Disease management
 - g) Proper use, and infection control issues related to the use and maintenance of any equipment provided
 - h) Plan of care
 - i) How to notify the company of problems, concerns, and complaints
 - j) Emergency preparedness
 - k) Discharge teaching
 - l) Oral health
 - m) Safety and safe home environment as well as usage of equipment
 - n) Disposal of hazardous waste
 - o) Rehab techniques
3. Competency evaluation will include:
 - a) documentation
 - b) proficiency in performing the task
 - c) return demonstrations from the caregiver/patient
 - d) on-going assessment of patient/caregiver compliance with therapy will be done at periodic intervals.
4. Staff will have access to the Knowledgebase/Resource Center.

Bethany Home Health, LLC

Category:	Quality Management	Number:	8.002.1
Subject:	Patient Satisfaction Survey		
Applies to:	Administrative	Page:	1 of 1

Purpose: To provide a method for measuring the quality of care and service delivered.

Policy: The Agency surveys patients at least upon discharge to obtain information regarding their satisfaction with the services, which were provided. The information obtained is analyzed and any problems identified are addressed.

Procedure:

1. Upon discharge and/or while the patient is under the Agency's care, mail the patient and/or the family a satisfaction survey and pre-addressed return envelope. Phone surveys may also be conducted.
2. Clinical Manager (Clinical Manager) or designee reviews all returned surveys. Returned surveys, which have narrative comments, are retained in the Agency's administrative files.
3. Clinical Manager or designee investigates all negative comments and/or scores, documenting findings and actions taken on the *Patient Satisfaction Follow-up Report*.
4. Clinical Manager forwards findings to the Administrator if further review is indicated.
5. Include findings of Patient Satisfaction Surveys in QA activities.

Bethany Home Health, LLC

Category:	Quality Management	Number:	8.001.1
Subject:	Quality Assessment & Performance Improvement Plan		
Applies to:	All Staff	Page:	1 of 5

Purpose: To provide for the objective and systemic monitoring, evaluation and coordination of the quality, appropriateness and cost-effectiveness of patient care, resolve identified problems and improve the Agency's performance.

Policy: The governing body shall establish and maintain an ongoing Quality Assessment and Performance Improvement Program comprised of a system of measures that captures significant outcomes that are essential to optimal care, and are used in the care planning and coordination of services and events. The QAPI committee is appointed by the Administrator and approved by the governing body. The Clinical Manager is responsible for the day to day QI activities. The frequency and detail of the data collection has been set forth by the governing body.

The governing body is responsible for ensuring the following:

- a. That an ongoing program for quality improvement and patient safety is defined, implemented, and maintained;
- b. That the agency wide quality assessment and performance improvement efforts address priorities for improved quality of care and patient safety, and that all improvement actions are evaluated for effectiveness;
- c. That clear expectations for patient safety are established, implemented, and maintained; and
- d. That any findings of fraud or waste are appropriately addressed

Procedure:

A. Monitoring of the QAPI Program

1. The QAPI Committee will be responsible for the ongoing monitoring of the QAPI Program. Findings are to be used by the Agency to correct identified problems and revise policies, if necessary.
2. The QAPI Committee will review the plan at least quarterly within a calendar year and revise the plan if needed.

Category:	Quality Management	Number:	8.001.1
Subject:	Quality Assessment & Performance Improvement Plan		
Applies to:	All Staff	Page:	2 of 5

B. QAPI Committee Membership Qualifications and Frequency of Meetings

1. At a minimum, the QAPI Committee must consist of at least (1) the Administrator; (2) the Clinical Manager; (3) a therapist (one person may represent all therapies, e.g., PT, OT, SLP, SW, provided however, that should be the therapy being delivered); (4) representation from an unskilled discipline.

NOTE: *A nurse cannot represent the therapies and a therapist cannot represent the skilled nurses.*

2. The QAPI Committee must meet at least quarterly and more often if needed.
3. Members are trained on QAPI activities which includes:
 - The purpose of QAPI activities
 - Persons responsible for coordinating QAPI activities
 - Individual's role in QAPI
 - QAPI outcomes

FOCUS:

1. This agency's performance improvement activities shall:
 - a. Focus on high risk, high volume, or problem-prone areas;
 - b. Consider incidence, prevalence, and severity of problems in those areas; and
 - c. Lead to an immediate correction of any identified problem that directly or potentially threaten the health and safety of patients.
2. Performance improvement activities must track adverse patient events, analyze their causes, and implement preventive actions.
3. The HHA must take actions aimed at performance improvement, and, after implementing those actions, the HHA must measure its success and track performance to ensure that improvements are sustained.
4. Prevention and reduction of medical errors.
5. This agency shall use the data collected to—
 - a. Monitor the effectiveness and safety of services and quality of care;
 - b. Determine and define problematic areas for the purpose of conducting performance improvement projects; and
 - c. Identify opportunities for improvement.
6. This agency shall document the quality improvement projects undertaken, the reasons for conducting these projects, and the measurable progress achieved on these projects.

Bethany Home Health, LLC

Category:	Quality Management	Number:	8.001.1
Subject:	Quality Assessment & Performance Improvement Plan		
Applies to:	All Staff	Page:	3 of 5

SCOPE:

The number and scope of distinct improvement projects conducted annually must reflect the scope, complexity, and past performance of the HHA's services and operations.

The HHA must document the quality improvement projects undertaken, the reasons for conducting these projects, and the measurable progress achieved on these projects.

PROGRAM:

This QAPI program shall show measurable improvement in indicators for which there is evidence that improvement in those indicators will improve health outcomes, patient safety, and quality of care. The following measures (at a minimum) will be used to capture significant outcomes that are essential to optimal care and will be used in care planning and coordination of services and events. (Assessment of these measures will be through data collection, which at a minimum will consist of clinical record review, patient interviews, and patient satisfaction reports).

1. An analysis of services furnished to existing and prior patients. (Utilization Review).
The following elements are considered within the plan:
 - Program objectives
 - All patient care disciplines
 - Description of how the program will be administered and coordinated
 - Methodology for monitoring and evaluating the quality of care
 - Priorities for resolution of problems
 - Monitoring to determine effectiveness of the action
 - Oversight and responsibility for reports to the governing body
 - Documentation of the review of its own program
 - Annual Evaluation
2. The QAPI committee will review at least the following:
 - a. Prior QAPI Action Plans and their outcomes
 - b. Program Evaluation
 - c. Negative patient care outcomes
 - d. Patient Care
 - e. Operating Systems

Category:	Quality Management	Number:	8.001.1
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Applies to:	All Staff	Page:	3 of 5

- f. Direct observation of clinical performance
- g. Issues of unprofessional conduct by licensed staff and misconduct by unlicensed staff
- h. Infection control activities
- i. Communicable diseases
- j. Incidents/Accidents
- k. Worker Compensation Claims
- l. Track and Trend Employee Turnover Rates
- m. At least one important aspect related to the care provided
- n. At least one important administrative aspect of function or care
- o. Emergency preparedness review
- p. Medication administration and errors
- q. Adverse Drug Reactions
- r. Emergent care services, hospital admissions and re-admissions
- s. On call responses
- t. Supervision appropriate to the level of service
- u. Staffing Patterns and Performance
- v. Provision of services appropriate to the patients' needs
- w. OBQM and OBQI reports
- x. Quality indicator data, including measures derived from OASIS and other relevant data to ensure a data driven program.
- y. OASIS Submission Statistics
- z. OASIS Error Summary Report
- aa. Determination that services have been performed as outlined in the plan of care as well as revised and updated as necessary.
- bb. An analysis of patient complaint and satisfaction survey data.
- cc. Complete Chart Audits as defined in Policy 4.005.1 Clinical Record Review/Quarterly Review
- dd. Compliance with completing employee performance evaluations.
- ee. Review and evaluation of coordination of services through documentation of written reports, telephone consultation, or case conferences.
- ff. Patient and Staff Complaints (ongoing monitoring)

Bethany Home Health, LLC

Category:	Quality Management	Number:	8.001.1
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gg. An annual review of applicable state and federal health authority recommendations related to infection control practices, communicable disease testing, and vaccinations and update trainings and policies and procedures as necessary.

hh. Effectiveness and safety of all services provided, including

- the competency of the agency's clinical staff
- the promptness of service delivery
- appropriateness of the agency's responses to patient complaints and incidents
- review all incidents

3. The annual QAPI report includes, but is not limited to:

- The effectiveness of the QAPI program
- The effectiveness, quality and appropriateness of care/service provided to the patients, care/service areas and community served, including culturally diverse populations
- Effectiveness of all programs including care/service provided under contractual arrangements
- Utilization of personnel
- Review and revision of policies and procedures, and forms used by the organization
- Summary of all PI activities, findings and corrective actions
- The Annual Evaluation

4. Each performance improvement activity/study includes the following items:

- A description of indicator(s) to be monitored/activities to be conducted
- Frequency of activities
- Designation of who is responsible for conducting the activities
- Methods of data collection
- Acceptable limits for findings
- Written plan of correction when thresholds are not met
- Plans to re-evaluate if findings fail to meet acceptable limits in addition to any other activities required under state or federal laws or regulations

Bethany Home Health, LLC

Category:	Quality Management	Number:	8.001.1
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5. Must use the evaluation process to correct identified problems and, if necessary, to revise policies
 - This agency must document corrective action to ensure that improvements are sustained over time.
 - This agency will immediately correct identified problems that directly or potentially threaten the patient care and safety.
 - In-service education will be provided to all staff in relation to new policies or process to be changed.
6. The QAPI committee will meet 30 days after implementing the QAPI Action Plan for the purpose of evaluating the effectiveness of any changes and to make modifications as needed.
7. At the conclusion of every QAPI meeting a QAPI Action Plan will be completed and made available to the agency and the Administrator will give a copy to the governing body within 15 days of concluding the meeting.
8. The administrator allocates resources for implementation of the Performance Improvement program. Resources include, but are not limited to:
 - Training and education programs related to PI
 - Personnel time
 - Information management systems
 - Computer support

Attachment
QAPI Action Plan

Bethany Home Health LLC

Category: Administrative

Number:

Subject: **Charity Care Policy**

Applies: Intake Staff

Page: 1

Policy Statement: It is the policy of Bethany Home Health LLC to provide services to all patients regardless of ability to pay. The agency will identify charity care cases and provide discounted or uncompensated care based upon the information provided at the time of application for charity care by the patient or their representative.

Purpose:

To provide medically necessary home health care at a discounted rate or at no cost to patients or their representative, when adequate income or assets are not available to pay for home health services. Bethany Home Health will provide charity care consistent with the following procedure. Bethany Home Health will not deny medically necessary care to any patients based on their ability to pay, national origin, age, physical disabilities, race, color, sex, or religion

Charity adjustments may only be granted to patients receiving non-elective care. Charity adjustments may be applied to approved accounts for uninsured patients based on the patient's total gross family income and the patient's willful cooperation in applying for Medicaid or other available coverage.

In order to ensure the funds for uncompensated care are not abused and will be available for those in need, Bethany Home Health. will make reasonable attempts to assist eligible candidates to become covered under any available assistance programs in the community.

Bethany Home Health will proactively makes reasonable efforts to determine whether a patient is eligible for financial assistance before engaging in any collection activities -

DEFINITIONS

Family Unit Size is defined as the applicant (patient, if applicable), spouse, and all legal dependents as allowed by the Federal Government. If patient/applicant is a minor, the family unit will include parent(s)/legal guardian(s) and all household dependents as allowed by the Federal Government.

Family Unit Income is defined as gross income for all members of the family unit for the last three months or the last calendar year, whichever is the lesser amount. Examples of income are retirement, veteran's administration, workers compensation, sick leave, disability compensation, welfare, social security retirement (SSI not included in income determination), alimony, child support, stock/certificate dividends, interest, or income from property.

Medically Indigent is defined as an uninsured person who is not eligible for other health insurance coverage such as Medicare, Medicaid, or other private insurance. Those that are "medically indigent" make too much to qualify for Medicaid but too little to purchase health insurance or health care.

Uninsured patients are defined as patients without third party insurance coverage for health services.

Category: Administrative

Number:

Subject: **Charity Care Policy**

Applies: Intake Staff

Page: 2

SCOPE/PROCEDURE

The calculation of the discount for uninsured patients qualified for a charity care adjustment will be based on our Medicare reimbursement rate. This discount will be updated annually when new Medicare rates are received.

Uninsured patients (i.e. those patients without third party coverage for health care services) qualify for a charity adjustment on a sliding scale as follows:

- Family income of 200% or less of the Federal Poverty Guidelines qualifies for a 100% charity adjustment, which means that their services are free.
- A family income above 200% of the Federal Poverty Guidelines may qualify for an adjustment rate or partial charity care when circumstances determined by Bethany Home Health indicate that full payment may cause social and financial hardship to significantly harm the patient or family unit.

CATASTROPHIC PROVISION: Insured patients or uninsured patients who are not eligible for charity care and the patient's responsibility exceeds 25% of the annual gross family income may qualify for a catastrophic charity adjustment. (Based on fairness and ability to pay)

ELIGIBILITY CRITERIA:

1. Charity care is secondary to all other financial resources available to the patient. Insured patients are eligible for charity if their family income is 200% or less of the Federal Poverty Guidelines and they meet all other criteria.
2. Patients who are insured and their family income is more than 200% of the Federal Poverty Guidelines are ineligible for the charity program but will be considered under the catastrophic provision should the remaining balance for which they are responsible exceed 25% of the family's annual gross income.
3. Determination of eligibility of a patient for charity care shall be applied regardless of the source of referral and without discrimination as to race, color, creed, national origin, age, handicap status, or marital status.
4. Charity care will be provided to uninsured patients when net available assets are not sufficient and gross family income is between 0 and 200 percent of the Federal Poverty Guidelines adjusted for family size.
5. Charity care will be provided to insured patients when net available assets are not sufficient and gross family income is between 0 and 200 percent of the Federal Poverty Guidelines adjusted for family size.
6. A patient who does not qualify for charity care, but whose patient responsibility incurred for medical care at Bethany Home Health, even after payment by third-party payers, significantly exceeds the patient's ability to pay the balance in full (25% or more of the patient's gross income, considering all assets and resources) may be considered for a catastrophic charity adjustment

Category: Administrative

Number:

Subject: **Charity Care Policy**

Applies: Intake Staff

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ELIGIBILITY DETERMINATION

1. Charity eligibility can be determined once a completed application has been received along with **ALL** supporting documentation or through other criteria-based methods to determine charity eligibility. Should documentation not be supplied, or should the application remain incomplete, charity will **NOT** be granted. In these instances, the account(s) will be noted as uncooperative and will be subject to the normal account flow process of self-pay collection statements and outsourcing to bad debt collection agencies as well as debt collection attorneys as appropriate.
2. Cases for consideration may be requested by the patient, the patient's family, the patient's physician, Bethany Home Health personnel who have been made aware of the financial need of the patient or recognized social agencies.
3. Following the initial request for charity care, Bethany Home Health will pursue other sources of funding, including Medicaid and/or state programs. If a patient refuses to pursue any other source of funding, the patient will be ineligible for the Charity Care Program. All outstanding accounts will be notated as uncooperative and will be subject to the normal account flow process of self-pay collection statements and outsourcing to bad debt collection agencies as well as debt collection attorneys if appropriate.
4. Forms and instructions will be furnished to the responsible party when charity care is requested, when need is indicated, or when financial screening indicates potential needs. Refusal to complete the forms will result in denial of charity care and will subject the account to the normal escalation process including self-pay collection statements and outsourcing to bad debt collection agencies as well as debt collection attorneys.
5. The responsible party will be given fifteen (15) business days or a reasonable time as required by the person's medical condition to complete the required forms and furnish proof of income and assets.
6. Designations of charity care, while generally determined at the time of application, may occur at any time prior to judgment upon learning of facts that would indicate financial need. If a responsible party pays a portion or all of the charges related to medical care and is subsequently found to have met the charity care criteria at the time of application, the amount that will be eligible for charity care will be the balance due on the patient's account at the time of reapplication.
7. Approval for charity is granted for periods of six (6) months. If it has been longer than 6 months since an application and financial documentation have been supplied to Bethany Home Health, a new application and required documentation must be provided for reconsideration of charity care.
8. If the patient/responsible party's financial situation changes after charity has been approved and awarded, Bethany Home Health reserves the right to reverse their decision at the discretion of the Program Administrator. Examples include but are not limited to a payout from court settlement, lottery, etc.

Category: Administrative

Number:

Subject: **Charity Care Policy**

Applies: Intake Staff

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APPLICATION PROCESS

1. All patients desiring consideration under the Bethany Home Health. Charity Care Program must apply for assistance in writing disclosing financial information that is considered pertinent to the determination of the patient's eligibility for charity care. Persons requesting assistance will be given a Charity Care Application form. The patient will authorize the Agency to make inquiries of employers, banks, credit bureaus, and other institutions for verifying statements made by the patient in applying for assistance.
2. When returned, the financial statement shall be accompanied by one or more of the following types of documentation as needed for purposes of verifying income:
 1. Payroll check stubs for the last three months.
 2. IRS tax return forms from the most recently completed calendar year.
 3. Forms denying unemployment or worker's compensation benefits.
 4. Income shall be annualized, when appropriate, based upon documentation provided and upon verbal information provided by the patient. This process will take into consideration seasonal employment and temporary increases and/or decreases of income.
3. All applications, supporting documentation, and communications will be treated with proper regard for patient confidentiality. Bethany Home Health will exercise reasonable care to maintain supporting documents with the application form.
4. Additional information may be requested to complete the application

NOTIFICATION

1. Financial agreement forms will state that financial responsibility is waived or reduced if the patient is determined eligible for charity care.
2. Bethany Home Health will make reasonable efforts to notify the patient of the final determination within fifteen (15) working days of receipt of financial statement with related documented materials (proof of income, etc.). The notification will include a determination of the amount for which the responsible party will be financially accountable. Denials will be written and include instructions for reconsideration.

APPEALS PROCESS

The responsible party may request reconsideration of eligibility for charity care by providing additional verification of income or family size within thirty (30) calendar days of receipt of notification. The Program Administrator of Bethany Home Health will review all requests for reconsideration and will make the final determination. If the determination affirms the previous denial of charity care, written notification will be sent to the patient/guarantor.

Exhibit 7
Financial Statements and Assumptions

Bethany Home Health Financial Assumptions

Balance Sheet

- Accounts receivable – 33 days in AR
- Accounts payable – 10 days in AP
- Accrued payroll and payroll taxes – 7.9% of payroll expenses
- Related party line of credit

Income Statement & Change in Shareholder's Equity

- Patient service revenue – estimated prices for each service were multiplied by estimated volumes. Charges for services are listed below.
 - Skilled Nursing - \$178.00
 - Physical Therapy - \$217.00
 - Speech Therapy - \$162.00
 - OT- \$210.00
 - MSW/Other - \$339.00
 - Home Health Aide - \$131.00
- Contractual allowances – 20% of gross patient service revenue, net of bad debt and the adjustment for charity care
- Bad debt – 1.5% of gross patient service revenue
- Adjustment for charity care – 2.5% of gross patient service revenue
- Salaries and wages – Based on expected staffing levels needed for the expected volumes and estimated salaries for each position.
- Health insurance and benefits – 7.5% of salaries
- Payroll taxes – 9.5% of salaries
- Supplies – 4.0% of gross patient service revenue
- Administrative services: \$10,000/month as identified in management agreement
- Contract labor (Medical Director): \$250/hour x 4 hours/month
- Repairs and Maintenance: \$500/month
- Utilities: \$5.95/rented SF for \$1,678 SF; rounded to \$10,000.
- Rent: Per lease agreement
- Minor equipment: \$18,000 for the first year and \$5,000 for the 2nd and 3rd years.
- Travel and meals: 4.0% of gross patient service revenue
- Taxes and licenses: \$12,000 for the first year and \$3,000 for the 2nd and 3rd years.
- Other – Includes, but is not limited to:
 - Advertising (\$500/month)
 - Dues & subscriptions (\$1,500/month)
- Does not include inflation

Bethany Home Health Income Statements

	2022	2023	2024
Patient service revenue			
Medicare	\$ 330,000	\$ 686,000	\$ 1,025,000
Medicaid	61,000	127,000	189,000
Other (commerical insurance, private pay, etc.)	130,000	270,000	403,000
Total gross patient service revenue	521,000	1,083,000	1,617,000
Deductions from patient service revenue			
Contractual adjustments	82,000	171,000	256,000
Bad debt	8,000	16,000	24,000
Adjustment for charity care	13,000	27,000	40,000
Total deductions from patient service revenue	103,000	214,000	320,000
Total net patient service revenue	418,000	869,000	1,297,000
<i>Operating expenses</i>			
Salaries and wages	289,000	491,000	683,000
Payroll taxes	27,000	47,000	65,000
Employee benefits	22,000	37,000	51,000
Supplies	21,000	43,000	65,000
Administrative purchased services	120,000	120,000	120,000
Contract labor (medical director)	12,000	12,000	12,000
Repairs and maintenance	6,000	6,000	6,000
Utilities	10,000	10,000	10,000
Rent	25,000	26,000	27,000
Minor equipment	18,000	5,000	5,000
Taxes and licenses	12,000	3,000	3,000
Travel and meals	21,000	43,000	65,000
Other	24,000	24,000	24,000
Total operating expenses	607,000	867,000	1,136,000
Net Income	(189,000)	2,000	161,000
	-	-	-

Bethany Home Health Balance Sheets

ASSETS	2022	2023	2024
<i>Current assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable, net	38,000	79,000	117,000
Total current assets	38,000	79,000	117,000
Total assets	\$ 38,000	\$ 79,000	\$ 117,000
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Accounts payable	\$ 7,000	\$ 8,000	\$ 9,000
Accrued compensation and related liabilities	27,000	45,000	63,000
Related party line of credit	193,000	213,000	71,000
Total current liabilities	227,000	266,000	143,000
Net assets without donor restrictions	(189,000)	(187,000)	(26,000)
Total liabilities and net assets	\$ 38,000	\$ 79,000	\$ 117,000

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	2022	2023	2024
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
<i>Cash flows from operating activities</i>			
Receipts from and on behalf of patients	\$ 380,000	\$ 828,000	\$ 1,259,000
Payments to and on behalf of employees	(311,000)	(557,000)	(781,000)
Payments to suppliers and contractors	(262,000)	(291,000)	(336,000)
Net cash provided by (used in) operating activities	(193,000)	(20,000)	142,000
<i>Cash flows from financing activities</i>			
Proceeds from line of credit	193,000	20,000	-
Payments on line of credit	-	-	(142,000)
Net cash provided by (used in) financing activities	193,000	20,000	(142,000)
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -

	2022	2023	2024
<i>Reconciliation of Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities</i>			
Net income (loss)	\$ (189,000)	\$ 2,000	\$ 161,000
<i>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities</i>			
Bad debt	8,000	16,000	24,000
Decrease (increase) in assets:			
Accounts receivable	(46,000)	(57,000)	(62,000)
Increase (decrease) in liabilities:			
Accounts payable	7,000	1,000	1,000
Accrued payroll and payroll taxes	27,000	18,000	18,000
Net cash provided by (used in) operating activities	\$ (193,000)	\$ (20,000)	\$ 142,000

Bethany of the Northwest Balance Sheets

ASSETS	2022	2023	2024
<i>Current assets</i>			
Cash and cash equivalents	\$ 2,850,150	\$ 3,694,248	\$ 4,700,346
Receivables:			
Resident accounts	2,569,826	2,569,826	2,569,826
Due from Everett Transitional Care Services	47,459	47,459	47,459
Due from Bethany Home Health	193,000	213,000	71,000
Investments	250,050	250,050	250,050
Other current assets	470,077	470,077	470,077
Total current assets	6,380,562	7,244,660	8,108,758
<i>Noncurrent assets</i>			
Cash and cash equivalents restricted by bond for capital acquisitions	2,620,968	2,620,968	2,620,968
Investments limited as to use	18,512,119	18,512,119	18,512,119
Investment in Everett Transitional Care Services	510,908	510,908	510,908
Property and equipment, net	11,320,435	11,320,435	11,320,435
Total noncurrent assets	32,964,430	32,964,430	32,964,430
Total assets	\$ 39,344,992	\$ 40,209,090	\$ 41,073,188
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Accounts payable	\$ 158,791	\$ 158,791	\$ 158,791
Accrued compensation and related liabilities	1,215,015	1,215,015	1,215,015
Current maturities of long-term debt	31,505	31,505	31,505
Total current liabilities	1,405,311	1,405,311	1,405,311
<i>Noncurrent liabilities</i>			
Construction accounts payable	808,026	808,026	808,026
Long-term debt, less current maturities	4,768,495	4,768,495	4,768,495
Total noncurrent liabilities	5,576,521	5,576,521	5,576,521
<i>Net assets</i>			
Net assets without donor restrictions	32,304,038	33,156,546	34,009,054
Net assets with donor restrictions	59,122	70,712	82,302
Total net assets	32,363,160	33,227,258	34,091,356
Total liabilities and net assets	\$ 39,344,992	\$ 40,209,090	\$ 41,073,188

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Bethany of the Northwest Income Statements

	2022	2023	2024
<i>Revenue, gains, and other support without donor restrictions</i>			
Resident care service revenue	\$ 27,748,766	\$ 27,748,766	\$ 27,748,766
Other revenue	162,211	162,211	162,211
Total revenue and other support without donor restrictions	27,910,977	27,910,977	27,910,977
<i>Net assets released from restriction</i>	13,852	13,852	13,852
<i>Operating expenses</i>			
Salaries and wages	16,605,943	16,605,943	16,605,943
Payroll taxes	1,449,070	1,449,070	1,449,070
Employee benefits	1,239,296	1,239,296	1,239,296
Supplies	2,676,235	2,676,235	2,676,235
Purchased services	2,874,312	2,874,312	2,874,312
Depreciation	720,378	720,378	720,378
Insurance	168,927	168,927	168,927
Repairs and maintenance	74,095	74,095	74,095
Utilities	498,840	498,840	498,840
Rent	451,231	451,231	451,231
Minor equipment	177,766	177,766	177,766
Taxes and licenses	860,445	860,445	860,445
Other	442,371	442,371	442,371
Total operating expenses	28,238,909	28,238,909	28,238,909
<i>Operating income (loss)</i>	(314,080)	(314,080)	(314,080)
<i>Nonoperating revenues (expenses)</i>			
Investment return, net	1,627,166	1,627,166	1,627,166
Grants and contributions	29,480	29,480	29,480
Loss on investment in Everett Transitional Care Services	(470,994)	(470,994)	(470,994)
Loss on property disposal	(19,064)	(19,064)	(19,064)
Total nonoperating revenues (expenses), net	1,166,588	1,166,588	1,166,588
Excess of revenues over expenses	852,508	852,508	852,508
Change in net assets without donor restrictions	852,508	852,508	852,508
Change in net assets with donor restrictions			
Grants and contributions	25,442	25,442	25,442
Net assets released from restriction	(13,852)	(13,852)	(13,852)
Change in net assets with donor restrictions	11,590	11,590	11,590
Change in net assets	864,098	864,098	864,098
Net assets, beginning of year	31,499,062	32,363,160	33,227,258
Net assets, end of year	\$ 32,363,160	\$ 33,227,258	\$ 34,091,356

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Combined Income Statements

	2022	2023	2024
<i>Revenue, gains, and other support without donor restrictions</i>			
Resident care service revenue	\$ 27,748,766	\$ 27,748,766	\$ 27,748,766
Patient service revenue	418,000	869,000	1,297,000
Other revenue	162,211	162,211	162,211
Total revenue and other support without donor restrictions	28,328,977	28,779,977	29,207,977
<i>Net assets released from restriction</i>	13,852	13,852	13,852
<i>Operating expenses</i>			
Salaries and wages	16,894,943	17,096,943	17,288,943
Payroll taxes	1,476,070	1,496,070	1,514,070
Employee benefits	1,261,296	1,276,296	1,290,296
Supplies	2,697,235	2,719,235	2,741,235
Purchased services	2,994,312	2,994,312	2,994,312
Depreciation	720,378	720,378	720,378
Contract labor (medical director)	12,000	12,000	12,000
Insurance	168,927	168,927	168,927
Repairs and maintenance	80,095	80,095	80,095
Utilities	508,840	508,840	508,840
Rent	476,231	477,231	478,231
Minor equipment	195,766	182,766	182,766
Taxes and licenses	872,445	863,445	863,445
Travel and meals	21,000	43,000	65,000
Other	466,371	466,371	466,371
Total operating expenses	28,845,909	29,105,909	29,374,909
<i>Operating income (loss)</i>	(503,080)	(312,080)	(153,080)
<i>Nonoperating revenues (expenses)</i>			
Investment return, net	1,627,166	1,627,166	1,627,166
Grants and contributions	29,480	29,480	29,480
Loss on investment in Everett Transitional Care Services	(470,994)	(470,994)	(470,994)
Loss on property disposal	(19,064)	(19,064)	(19,064)
Total nonoperating revenues (expenses), net	1,166,588	1,166,588	1,166,588
Excess of revenues over expenses	663,508	854,508	1,013,508
Change in net assets without donor restrictions	663,508	854,508	1,013,508
Change in net assets with donor restrictions			
Grants and contributions	25,442	25,442	25,442
Net assets released from restriction	(13,852)	(13,852)	(13,852)
Change in net assets with donor restrictions	11,590	11,590	11,590
Change in net assets	675,098	866,098	1,025,098
Net assets, beginning of year	31,499,062	32,174,160	33,040,258
Net assets, end of year	\$ 32,174,160	\$ 33,040,258	\$ 34,065,356

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Combined Balance Sheets

ASSETS	2022	2023	2024
<i>Current assets</i>			
Cash and cash equivalents	\$ 2,850,150	\$ 3,694,248	\$ 4,700,346
Receivables:			
Resident accounts	2,569,826	2,569,826	2,569,826
Patient accounts	38,000	79,000	117,000
Due from Everett Transitional Care Services	47,459	47,459	47,459
Investments	250,050	250,050	250,050
Other current assets	470,077	470,077	470,077
Total current assets	6,225,562	7,110,660	8,154,758
<i>Noncurrent assets</i>			
Cash and cash equivalents restricted by bond for capital acquisitions	2,620,968	2,620,968	2,620,968
Investments limited as to use	18,512,119	18,512,119	18,512,119
Investment in Everett Transitional Care Services	510,908	510,908	510,908
Property and equipment, net	11,320,435	11,320,435	11,320,435
Total noncurrent assets	32,964,430	32,964,430	32,964,430
Total assets	\$ 39,189,992	\$ 40,075,090	\$ 41,119,188
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Accounts payable	\$ 165,791	\$ 166,791	\$ 167,791
Accrued compensation and related liabilities	1,242,015	1,260,015	1,278,015
Current maturities of long-term debt	31,505	31,505	31,505
Total current liabilities	1,439,311	1,458,311	1,477,311
<i>Noncurrent liabilities</i>			
Construction accounts payable	808,026	808,026	808,026
Long-term debt, less current maturities	4,768,495	4,768,495	4,768,495
Total noncurrent liabilities	5,576,521	5,576,521	5,576,521
<i>Net assets</i>			
Net assets without donor restrictions	32,115,038	32,969,546	33,983,054
Net assets with donor restrictions	59,122	70,712	82,302
Total net assets	32,174,160	33,040,258	34,065,356
Total liabilities and net assets	\$ 39,189,992	\$ 40,075,090	\$ 41,119,188

-

-

-

Exhibit 8
Fiscal Intermediary Documentation

SECTION 12: SPECIAL REQUIREMENTS FOR HOME HEALTH AGENCIES (HHAS)

INSTRUCTIONS

All HHAs and HHA sub-units enrolling in the Medicare program must complete this section.

HHAs and HHA sub-units initially enrolling in Medicare, Medicaid, or both programs on or after January 1, 1998 are required to provide documentation supporting that they have sufficient initial reserve operating funds (capitalization) to operate for the first three months in the Medicare and/or Medicaid program(s). The capitalization requirement applies to all HHAs and HHA sub-units enrolling in the Medicare program, including HHAs or HHA sub-units currently participating in the Medicare program that, as a result of a change of ownership, will be issued a new provider number. The capitalization requirement does not apply to a branch of an HHA. Regulations found at 42 C.F.R. 489.28 require that the fee-for-service contractor determine the required amount of reserve operating funds needed for the enrolling HHA or HHA sub-unit by comparing the enrolling HHA or HHA sub-unit to at least three other new HHAs that it serves which are comparable to the enrolling HHA or HHA sub-unit. Factors to be considered are geographic location, number of visits, type of HHA or HHA sub-unit and business structure of the HHA or HHA sub-unit. The fee-for-service contractor then verifies that the enrolling HHA or HHA sub-unit has the required funds. To assist the fee-for-service contractor in determining the amount of funds necessary, the enrolling HHA or HHA sub-unit should complete this section.

Check here ☐ if this section does not apply and skip to Section 13.

A. Type of Home Health Agency

1. CHECK ONE:

☐ Non-Profit Agency ☐ Proprietary Agency

2. PROJECTED NUMBER OF VISITS BY THIS HOME HEALTH AGENCY

How many visits does this HHA project it will make in the first:

three months of operation? _____

twelve months of operation? _____

3. FINANCIAL DOCUMENTATION

A) In order to expedite the enrollment process, the HHA may attach a copy of its most current savings, checking, or other financial statement(s) that verifies the initial reserve operating funds, accompanied by:

- 1) An attestation from an officer of the bank or other financial institution stating that the funds are in the account(s) and are immediately available for the HHA's use, and
- 2) Certification from the HHA attesting that at least 50% of the reserve operating funds are non-borrowed funds.

B) Will the HHA be submitting the above documentation with this application? ☐ YES ☐ NO

NOTE: The fee-for-service contractor may require a subsequent attestation that the funds are still available. If the fee-for-service contractor determines that the HHA requires funds in addition to those indicated on the originally submitted account statement(s), it will require verification of the additional amount as well as a new attestation statement.

SECTION 12: SPECIAL REQUIREMENTS FOR HOME HEALTH AGENCIES (HHAS)

(Continued)

4. ADDITIONAL INFORMATION

Provide any additional documentation necessary to assist the fee-for-service contractor or State agency in properly comparing this HHA with other comparable HHAs. Use this space to explain or justify any unique financial situations of this HHA that may be helpful in determining the HHA's compliance with the capitalization requirements.

B. Nursing Registries

If you are changing, adding, or deleting information, check the applicable box, furnish the effective date, and complete the appropriate fields in this section.

CHECK ONE	<input type="checkbox"/> CHANGE	<input type="checkbox"/> ADD	<input type="checkbox"/> DELETE
DATE <i>(mm/dd/yyyy)</i>			

Does this HHA contract with a nursing registry whereby the latter furnishes personnel to perform HHA services on behalf of the provider?

☐ YES—Furnish the information below

☐ NO—Skip to Section 13

Legal Business/Individual Name as Reported to the Internal Revenue Service

Tax Identification Number *(required)*

"Doing Business As" Name *(if applicable)*

Billing Street Address Line 1 *(Street Name and Number)*

Billing Street Address Line 2 *(Suite, Room, etc.)*

City/Town	State	ZIP Code + 4
Telephone Number	Fax Number <i>(if applicable)</i>	E-mail Address <i>(if applicable)</i>

Exhibit 9
Bethany of the Northwest
Letter of Commitment



P.O. BOX 13700, Mill Creek, WA 98082

October 14, 2020

Eric Hernandez, Manager
Certificate of Need Program
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dear Mr. Hernandez:

This letter serves as confirmation that Bethany of the Northwest will fund the initial equipment costs and cover the initial operating deficits for Bethany Home Health LLC. As can be identified in Bethany of the Northwest's audited financials included in Appendix 1, Bethany of the Northwest has sufficient reserves available to be able to fund these costs during startup.

Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,

Joseph Scrivens, CEO
Bethany of the Northwest

Exhibit 10
Surveys



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
PO Box 47874 • Olympia, Washington 98504-7874

July 14, 2020

Joseph Scrivens, Director
Bethany Home Health LLC
1902 120th Pl SE, Suite 201
Everett, WA 98208-6292

RE: **#60966822**

Dear Mr. Scrivens:

The Department of Health Surveyor has reviewed agency submitted policies and procedures and Bill of Rights to ensure compliance with WAC 246-335. The surveyor has accepted the submitted documents and is recommending initial state licensure.

No further action is necessary from your agency; however, the department reserves the right to pursue enforcement action for any deficiencies.

Sincerely,

Lori Barney RN MN
Nurse Consultant
Office of Health Systems Oversight
Washington State Department of Health
Lori.Barney@doh.wa.gov
360-236-4687 | www.doh.wa.gov

State of Washington

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 013314	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED 07/13/2020
NAME OF PROVIDER OR SUPPLIER BETHANY HOME HEALTH LLC		STREET ADDRESS, CITY, STATE, ZIP CODE 1902 120TH PL SE STE 201 EVERETT, WA 98208		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
Z 000	<p>Initial Comments</p> <p>Initial State Licensing Survey</p> <p>The Washington State Department of Health (DOH) in accordance with Washington Administrative Code (WAC), Chapter 246-335 WAC In-Home Services Regulations, the surveyor conducted an Initial Health and Safety survey.</p> <p>Date: 07/13/2020 Examination Number: 2019-552 Service Category: Home Health</p> <p>The survey was conducted by: Lori Barney RN MN</p> <p>No violations were identified during the initial state licensing survey.</p>	Z 000		

State Form 2567

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
AGING AND LONG-TERM SUPPORT ADMINISTRATION
3906-172nd St NE, Suite #100, Arlington, WA 98223

July 24, 2019

BETHANY OF THE NORTHWEST
BETHANY AT SILVER CREST
2131 LAKE HEIGHTS DR
EVERETT, WA 98208

RE: BETHANY AT SILVER CREST License #1346

Dear Administrator:

The Department completed a follow-up inspection of your assisted living facility on July 23, 2019 for the deficiency or deficiencies cited in the report/s dated June 10, 2019 and found no deficiencies.

The Department staff who did the follow-up inspection:
Josemary Tonn, Licensur

If you have any questions please, contact me at (360) 651-6863.

Sincerely,

A handwritten signature in blue ink that reads "Jayne Hill".

Jayne Hill, Field Manager
Region 2, Unit A
Residential Care Services



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
AGING AND LONG-TERM SUPPORT ADMINISTRATION
3906-172nd St NE, Suite #100, Arlington, WA 98223

Statement of Deficiencies	License #: 1346	Completion Date
Plan of Correction	BETHANY AT SILVER CREST	June 10, 2019
Page 1 of 4	Licensee: BETHANY OF THE NORTHWEST	

You are required to be in compliance at all times with all licensing laws and regulations to maintain your assisted living facility license.

This document references the following complaint number: 3649009

The department has completed data collection for the unannounced on-site complaint investigation and full inspection on 6/4/2019, 6/5/2019 and 6/6/2019 of:

BETHANY AT SILVER CREST
2131 LAKE HEIGHTS DR
EVERETT, WA 98208

The following sample was selected for review during the unannounced on-site complaint investigation and full inspection : 7 of 50 current residents and 0 former residents.

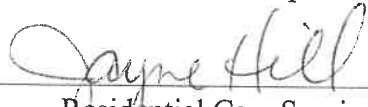
The department staff that inspected the assisted living facility:

Maureen Valentine, RN, Community Complaint Investigator
Josemary Tonn, SW, MAFP, Licenser

From:

DSHS, Aging and Long-Term Support Administration
Residential Care Services, Region 2, Unit A
3906-172nd St NE, Suite #100
Arlington, WA 98223
(360)651-6863

As a result of the on-site complaint investigation and full inspection the department found that you are not in compliance with the licensing laws and regulations as stated in the cited deficiencies in the enclosed report.


Residential Care Services


Date

I understand that to maintain an assisted living facility license I must be in compliance with all the licensing laws and regulations at all times.


Administrator (or Representative)


Date

WAC 388-78A-2481 Tuberculosis Testing method Required. The assisted living facility must ensure that all tuberculosis testing is done through either:

- (1) Intradermal (Mantoux) administration with test results read:
 - (a) Within forty-eight to seventy-two hours of the test; and
 - (b) By a trained professional; or
- (2) A blood test for tuberculosis called interferon-gamma release assay (IGRA).

This requirement was not met as evidenced by:

Based on interview and record review, the Assisted Living Facility (ALF) failed to ensure tuberculosis (TB) screening was initiated within three days of hire for two of seven sampled staff (Staff A and F.) This failure placed residents at risk of contracting a communicable disease.

Findings included...

In an interview on 06/04/19 at 4:15 PM the Resident Care Director stated that she was unclear about the TB testing requirement when a staff person had a chest x-ray.

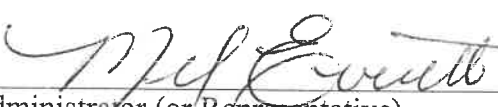
Record review of TB testing records dated 06/29/18 showed Staff A (hired 04/01/18) had a chest x-ray done prior to employment at the ALF. No record of a skin test or blood test could be located.

Record review of Staff F's (hired 01/31/18) TB test records showed a two step skin test done and read prior to employment at the ALF on 11/02/12 and 11/18/12 which were non-reactive. A chest x-ray dated 02/15/16 showed a negative result for TB. No record of a one-step skin test or blood test within three days of hire at the ALF could be located.

Plan/Attestation Statement

I hereby certify that I have reviewed this report and have taken or will take active measures to correct this deficiency. By taking this action, BETHANY AT SILVER CREST is or will be in compliance with this law and / or regulation on (Date) 7/01/19. In addition, I will implement a system to monitor and ensure continued compliance with this requirement.

I understand that to maintain an assisted living facility license, the facility must be in compliance with the licensing laws and regulations at all times.


Administrator (or Representative)

7/01/19
Date

WAC 388-78A-2100 On-going assessments. The assisted living facility must:

(1) Complete a full assessment addressing the elements set forth in WAC 388-78A-2090 for each resident at least annually;

This requirement was not met as evidenced by:

Based on observation, interview and record review, the Assisted Living Facility (ALF) did not complete an assessment addressing the needs of one of seven sampled residents (Resident 7). This failure placed Resident 7 at risk of unsafe oxygen use.

Findings included...

Per WAC 388-78A-2090 (2)(a) Full assessment topics.

The assisted living facility must obtain sufficient information to be able to assess the capabilities, needs, and preferences for each resident, and must complete a full assessment addressing the following, within fourteen days of the resident's move-in date, unless extended by the department for good cause:

(2) Currently necessary and contraindicated medications and treatments for the individual, including:

(a) Any prescribed medications, and over-the-counter medications commonly taken by the individual, that the individual is able to independently self-administer, or safely and accurately direct others to administer to him/her

Resident 7 was admitted to the ALF on 12/10/18 with multiple medical diagnoses that included chronic obstructive pulmonary disease (COPD).

In an interview on 06/04/19 at 11:00 AM the Resident Care Director stated that Resident 7 was on continuous oxygen. In an observation on 06/06/19 at 10:55 AM, Resident 7 was sitting in her apartment wearing a nasal cannula for oxygen attached to a floor oxygen concentrator. In an interview on 06/06/19 at 10:55 AM, Resident 7 stated that she had a portable concentrator which she used when outside of her apartment and she was able to change between the floor concentrator and the portable machine herself. Resident 7 stated that her rate for oxygen varied depending on her activities and she used 1 liter per minute when resting and up to 2 liters per minute when active. Observation of the floor concentrator at that time showed it to be set at 2 liters per minute.

Record review showed an assessment for Resident 7 dated 12/10/18. The assessment under "Nursing Needs" showed, Resident capable of managing O2 (oxygen) and monitoring O2 sats (saturation) independently. It did not give any information regarding the need for and use of an oxygen concentrator, the rate of oxygen flow, or the company providing the equipment and supplies. During the exit on 06/06/19, the Administrator stated that it was known prior to admission and was surprised the information regarding the use of oxygen had not been included on the assessment.

Plan/Attestation Statement

I hereby certify that I have reviewed this report and have taken or will take active measures to correct this deficiency. By taking this action, BETHANY AT SILVER CREST is or will be in compliance with this law and / or regulation on (Date) 7/15/19. In addition, I will implement a system to monitor and ensure continued compliance with this requirement.

I understand that to maintain an assisted living facility license, the facility must be in compliance with the licensing laws and regulations at all times.



Administrator (or Representative)

7/1/19

Date

BETHANY AT SILVER CREST - PLAN OF CORRECTION

Full Survey 06/04 – 06/06/2019

WAC 388-78A-2481 - Tuberculosis Testing

- TB Symptoms screen check was done on Staff A on 06/17/19. She is negative for TB symptom.
- TB Symptoms Screen check done on Staff F on 06/14/19. No TB symptoms were noted.
- All new employees will be tested for Tuberculosis through Skin test or Blood test within 3 days of hire.
- If a new employee had Chest X-ray done to screen for Tuberculosis, she/he will be requested to bring record to show they had a Positive Skin test or a record explaining why Chest X-ray was done.
- TB symptoms checks will be performed within three days of hire to all new employees who present record of Negative Chest X-ray.

Compliance will be ensured and monitored by the facility Director of Nursing with oversight by the facility Administrator.

WAC 388-78A-2100 - On-going Assessments

- Resident 7's Assessment and Care Plan has been reviewed. The following has been added to Resident 7's Annual Assessment and to her Care Plan:
 - a) Resident will use Oxygen Floor Concentrator while in her room and Portable Concentrator while out of room.
 - b) Resident's Oxygen Flow Rate while on physical exertion and when is she is at rest.
 - c) Name and phone number of the Company who supplies oxygen equipment and supplies

WAC 388-78A-2100 – On-going Assessments *continued*

- On-going monitoring and auditing of assessments and care plans for all Residents who use Oxygen will be done by Director of Nursing to ensure all Oxygen needs are addressed as required.
- Assessments for all residents have been reviewed to ensure each Assessment addresses all needs for each resident.

Compliance will be monitored by the facility Director of Nursing with oversight by the facility Administrator.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/02/2019
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 505403		(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 08/26/2019	
NAME OF PROVIDER OR SUPPLIER BETHANY AT SILVER LAKE				STREET ADDRESS, CITY, STATE, ZIP CODE 2235 LAKE HEIGHTS DRIVE EVERETT, WA 98208			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)			ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETE DATE
F000	<p>INITIAL COMMENTS</p> <p>This report is the result of an unannounced Long Term Care Survey conducted at Bethany at Silver Lake on 08/14/19, 08/15/19, 08/16/19, 08/19/19, 08/20/19, 08/21/19, 08/22/19, 08/23/19 and 08/26/19. A sample of 43 residents was selected from a census of 112. The sample included 40 current residents and the records of 3 discharged residents.</p> <p>The survey was conducted by: Cory Cisneros, BA Steven Kindle, RN, MSN Nedra Vranish, RN, BSN, MSEd. Nancy Berger, RN, BSN Leslie Martin, BSHS</p> <p>The survey team is from: Department of Social and Health Services Aging & Long-Term Support Administration Residential Care Services, Region 2, Unit C 3906 172nd St. NE Suite 100 Arlington, WA 98223</p> <p>Telephone: 360-651-6850 Fax: 360-651-6940</p>			F000			
F554 SS=D	<p>Resident Self-Admin Meds-Clinically Approp CFR(s): 483.10(c)(7)</p> <p>483.10(c)(7) The right to self-administer medications if the interdisciplinary team, as defined by 483.21(b)(2)(ii), has determined that this practice is clinically appropriate.</p> <p>This REQUIREMENT is not met as evidenced by:</p>			F554	<p>F-554: Resident Self-Administration Meds-Clinically Appropriate</p> <p>Individual Residents Resident #87 no longer resides in facility.</p> <p>Residents in similar situations Audit will be conducted to ensure other new residents are assessed and appropriate to self-administer medication. Care plans will be updated as needed.</p>		10/10/19

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Electronically Signed

09/11/2019

Any Deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of the survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

This form is a printed electronic version of the CMS 2567L. It contains all the information found on the standard document in much the same form. This electronic form once printed and signed by the facility administrator and appropriately posted will satisfy the CMS requirement to post survey information found on the CMS 2567L.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/02/2019
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NAME OF PROVIDER OR SUPPLIER BETHANY AT SILVER LAKE				STREET ADDRESS, CITY, STATE, ZIP CODE 2235 LAKE HEIGHTS DRIVE EVERETT, WA 98208			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)			ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETE DATE
F554	<p>Continued From page 1</p> <p>Based on observation, interview, and record review, the facility failed to ensure one of 23 residents (#87) reviewed were assessed by the interdisciplinary team prior to being allowed to self-administer a medication. This failed practice placed residents at risk for complications and medication errors.</p> <p>Findings included...</p> <p>Review of a facility policy, titled, "Self Administration of Medications", reviewed 06/09/11, showed to begin a self-medication program. The licensed nurse (LN) would review medications and discuss with the physician to simplify the drug regime. The LN would consult with the pharmacist as needed, obtain physician order. Then make medication information sheet for the resident, and then begin self-medication progress monitor. During phase one of the self-medication progress monitor, the resident was to show he/she was able to go to the medication cart within one hour, able to identify medications, able to remove the medications from the container, and the resident was able to measure the medications accurately.</p> <p>Phase two consisted of ensuring the resident was able to state the purpose of the medication, understand storage requirements, able to understand the label, able to state medication side effects, and able to record medication use. During phase two the resident was allowed to keep his/her medications in their own room in a locked box.</p> <p>RESIDENT #87: Resident #87 admitted to the facility on 07/25/19 with diagnoses to include difficulty walking and congestive heart failure.</p> <p>Review of the Admission Minimum Data Set</p>			F554	<p>Measures to prevent reoccurrence New residents will be reviewed and assessed as needed by interdisciplinary team (IDT) to determine if self-administration of medication is appropriate. If a resident is deemed appropriate to self-admin mediations, then a lock box or lockable drawer will be provided by the facility. Admissions staff and nurse managers will be educated on self-administration assessments.</p> <p>On-going monitoring Negative findings will be presented monthly X3 to Continuous Quality Improvement (CQI) meeting to ensure compliance.</p> <p>Individual to Ensure Compliance Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER BETHANY AT SILVER LAKE				STREET ADDRESS, CITY, STATE, ZIP CODE 2235 LAKE HEIGHTS DRIVE EVERETT, WA 98208			
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F554	<p>Continued From page 2 (MDS) assessment, dated 08/01/19, showed the resident was cognitively intact.</p> <p>Review of the physician orders, as of 08/15/19, showed no order for medications at the bedside or for self-administration of medications.</p> <p>Review of the physician orders, print date 08/23/19, showed the resident had an order, dated 08/16/19, for Ultra Multi Formula/Iron Capsule (Multi-Vitamin Minerals) and to give the resident two tablets by mouth before meals for supplement per resident preference. Bring the bottle to the resident for administration. The resident preferred to see the bottle and remove the tablet himself. Another order, dated 08/16/19, showed an order for Osteo Bi-Flex Joint Shield Tablet and to give the resident one tablet by mouth one time a day for supplement per resident preference. Bring the bottle to the resident for administration. The resident preferred to see the bottle and remove the tablet himself.</p> <p>Review of the comprehensive care plan showed no care plan for medications at bedside or self-administration of medications.</p> <p>Review of the medical record showed no assessment for self-administration of medications or having medications at bedside.</p> <p>In an observation on 08/15/19 at 1:43 PM, Altrum Ultra Multi vitamin with iron and Osteo Bi-Flex medication bottles observed on the residents bedside table. The resident did not have a locked box for medications.</p> <p>In an observation on 08/16/19 at 8:37 AM, Altrum Ultra Multi vitamin with iron and Osteo Bi-Flex medication bottles observed on the</p>			F554			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

DEPARTMENT OF HEALTH AND HUMAN SERVICES
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)			ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETE DATE
F554	<p>Continued From page 3</p> <p>residents bedside table. The resident did not have a locked box for medications.</p> <p>In an interview on 08/20/19 at 1:07 PM, the resident stated staff took his Vitamins from his bedside a couple days prior and informed the resident that nursing must administer the medications. The resident stated that he had had his Altrum Ultra Multi vitamin with iron and Osteo Bi-Flex medication bottles at his bed side since admission. The resident denied being assessed for medications at the bedside or being offered to be on a self-administration program for his medications. There were no medications observed on the resident's bedside at this time.</p> <p>In an interview on 08/21/19 at 2:11 PM, Staff E, Certified Nursing Assistant (CNA), stated that the resident should not have medications at the bedside because nursing needed to supervise medication administration.</p> <p>In an interview on 08/22/19 at 8:38 AM, Staff F, CNA, stated that he had heard medications were found at the residents bedside. Staff F stated that resident's should not have medications at the bedside because nursing needed to oversee medications. Staff F stated if medications were seen at the resident's bedside he should take them to the nurse.</p> <p>In an interview on 08/22/19 at 8:41 AM, Staff G, Licensed Practical Nurse (LPN), stated the resident was not on a self-medication/administration program. Staff G stated prior to self-administration of medications a resident should be assessed, have a physician order, and have a care plan for it. Staff G stated they had a new order to bring the resident the bottles of his multi vitamin and Osteo Bi-Flex</p>			F554			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER BETHANY AT SILVER LAKE				STREET ADDRESS, CITY, STATE, ZIP CODE 2235 LAKE HEIGHTS DRIVE EVERETT, WA 98208			
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F554	<p>Continued From page 4 and to allow resident to administer from the bottle.</p> <p>In an interview on 08/22/19 at 8:56 AM, Staff H, Registered Nurse/Nurse Manager, stated the resident was not on a self-administration program. Staff H stated the resident had brought two medications from home and would like to remove the medications himself from the medication bottles. Staff H stated the resident was alert and oriented. Staff H confirmed the medications had been at the resident's bedside and that staff removed the medications and offered a self-medication program. Staff H stated for a resident to do self-administration of medications they need to be assessed for appropriateness, have a secure place to lock up medications, and ensure the resident understands when to administer medications. Staff H stated they would also need to get a physician's order and the self medication program should be added to the care plan. Staff H acknowledged that the self-medication process had not taken place for Resident #87. Staff H stated that the risks associated with residents self-administering medications or having medications at bedside were that there could be adverse reactions or interactions, or a confused resident or cognitively impaired roommate could end up taking the medications.</p> <p>Reference: (WAC) 388-97-0440</p>			F554			
F578 SS=D	<p>Request/Refuse/Dscntnue Trmnt;Formlte Adv Dir CFR(s): 483.10(c)(6)(8)(g)(12)(i)-(v)</p> <p>483.10(c)(6) The right to request, refuse, and/or discontinue treatment, to participate in or refuse to participate in experimental research, and to formulate an advance directive.</p>			F578	<p>F-578: Request/Refuse/Discontinue Treatment; Formulate Advance Directives</p> <p>Individual Residents Residents #81 and #87 no longer reside in the facility. Resident #103 medical record has been corrected to indicate there is no DPOA in place. Resident #103 has also</p>		10/10/19

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F578	<p>Continued From page 5</p> <p>483.10(c)(8) Nothing in this paragraph should be construed as the right of the resident to receive the provision of medical treatment or medical services deemed medically unnecessary or inappropriate.</p> <p>483.10(g)(12) The facility must comply with the requirements specified in 42 CFR part 489, subpart I (Advance Directives).</p> <p>(i) These requirements include provisions to inform and provide written information to all adult residents concerning the right to accept or refuse medical or surgical treatment and, at the resident's option, formulate an advance directive.</p> <p>(ii) This includes a written description of the facility's policies to implement advance directives and applicable State law.</p> <p>(iii) Facilities are permitted to contract with other entities to furnish this information but are still legally responsible for ensuring that the requirements of this section are met.</p> <p>(iv) If an adult individual is incapacitated at the time of admission and is unable to receive information or articulate whether or not he or she has executed an advance directive, the facility may give advance directive information to the individual's resident representative in accordance with State Law.</p> <p>(v) The facility is not relieved of its obligation to provide this information to the individual once he or she is able to receive such information. Follow-up procedures must be in place to provide the information to the individual directly at the appropriate time.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on interview and record review, the</p>			F578	<p>been provided information on advanced directives.</p> <p>Residents in similar situations Audit conducted to ensure DPOA paperwork is in place. All current residents or their decision makers have been offered advanced directive information.</p> <p>Measures to prevent reoccurrence Leadership staff have been educated on accurate DPOA documentation and offering advanced directive resources to new admissions or current resident requests.</p> <p>On-going monitoring New admission charts will be reviewed to ensure DPOA is present as needed, and that documentation of offering advanced directives is complete. Negative findings will be presented monthly X3 to Continuous Quality Improvement (CQI) meeting to ensure compliance.</p> <p>Individual to Ensure Compliance Administrator or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F578	<p>Continued From page 6</p> <p>facility failed to ensure resident's advanced directives were maintained in the resident's medical records for 3 (#103, #81 and #87) of 23 reviewed. This failure placed the resident at risk of losing the right to have their preferences and choices honored.</p> <p>Findings included...</p> <p>RESIDENT #103 Resident #103 was admitted to the facility on 07/25/19 with diagnosis to include the need for aftercare following a fracture. The resident was alert and oriented and able to make her needs known.</p> <p>Review of the resident's medical record revealed a social services assessment dated 07/26/19, documented the resident had a durable power of attorney (DPOA.)</p> <p>Further record review revealed no evidence of these documents being obtained and becoming part of the residents clinical record.</p> <p>In a follow up interview with the resident on 08/20/19 at 1:55 PM, the resident stated her son was her DPOA.</p> <p>In an interview with Staff D, Social Services, on 08/22/19 at 2:59 PM, Staff D stated, the resident and their representative were asked to bring in a copy of any advanced directives during their care conference. Staff D further stated, there was no process to follow up to ensure the advanced directives became part of the resident's clinical record.</p> <p>RESIDENT #81 Resident #81 admitted to the facility on 07/21/19</p>			F578			

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F578	<p>Continued From page 7</p> <p>with diagnoses to include fracture of cervical vertebra, atrial fibrillation, and dysphagia. The resident was alert and oriented and able to make his needs known.</p> <p>Review of the Advanced Directive Receipt of Information, dated 07/24/19, showed the resident stated he had a living will/advanced directive.</p> <p>Review of the medical record showed there was no copy of the resident's living will on file. There was no record that the resident's living will had been requested.</p> <p>In an interview on 08/16/19 at 1:07 PM, Staff D, Social Services, stated there was no copy of the residents advanced directive and was unable to provide documentation that the facility had requested a copy of the advanced directive.</p> <p>In an interview on 08/20/19 at 1:12 PM, the resident confirmed he had a living will and denied being asked to provide a copy.</p> <p>In an interview on 08/22/19 at 1:43 PM, Staff I, Licensed Practical Nurse (LPN), stated the advanced directive should have been requested upon admission.</p> <p>In an interview on 08/22/19 at 1:45 PM, Staff J, Admissions Coordinator, reviewed the medical record and was unable to find a copy of the resident's advanced directive.</p> <p>RESIDENT #87 Resident #87 admitted to the facility on 07/25/19 with diagnoses to include difficulty walking and congestive heart failure. The resident was alert and oriented and able to make his needs known.</p>			F578			

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F578	<p>Continued From page 8</p> <p>Review of the medical record showed no documentation that the resident had been offered or informed of advance directives.</p> <p>In an interview on 08/16/19 at 12:42 PM, Staff D stated he did not believe the resident had an advanced directive. Staff D was unable to locate an advanced directive or documentation that information for advanced directives was requested or offered to the resident.</p> <p>In an interview on 08/22/19 at 1:38 PM, Staff I stated that she did ask for advanced directives on admission and discussed the form but was unable to provide documentation that this had occurred. Staff I stated social services assisted with obtaining advanced directives and providing information.</p> <p>Reference: (WAC) 388-97-0280 (3) (a) (c) (i-II)</p>		F578				
F604 SS=D	<p>Right to be Free from Physical Restraints CFR(s): 483.10(e)(1), 483.12(a)(2)</p> <p>483.10(e) Respect and Dignity. The resident has a right to be treated with respect and dignity, including:</p> <p>483.10(e)(1) The right to be free from any physical or chemical restraints imposed for purposes of discipline or convenience, and not required to treat the resident's medical symptoms, consistent with 483.12(a)(2).</p> <p>483.12 The resident has the right to be free from abuse, neglect, misappropriation of resident property, and exploitation as defined in this subpart. This includes but is not limited to freedom from corporal punishment, involuntary seclusion and any physical or chemical restraint not required to</p>		F604	<p>F-604: Right to be Free from Physical Restraints</p> <p>Individual Residents Resident #312 no longer resides in facility.</p> <p>Residents in similar situations There are no other residents currently in a similar situation.</p> <p>Measures to prevent reoccurrence Nurse managers will be in-serviced on performing resident assessment, obtaining physician orders and developing and implementing care plans for physical restraints. Nurse managers will also be in-serviced for documentation of less restrictive options prior to use of seatbelt.</p>		10/10/19	

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F604	<p>Continued From page 9 treat the resident's medical symptoms.</p> <p>483.12(a) The facility must-</p> <p>483.12(a)(2) Ensure that the resident is free from physical or chemical restraints imposed for purposes of discipline or convenience and that are not required to treat the resident's medical symptoms. When the use of restraints is indicated, the facility must use the least restrictive alternative for the least amount of time and document ongoing re-evaluation of the need for restraints.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on observation, interview, and record review, the facility failed to perform a resident assessment, obtain thorough physician orders for the use of physical restraints, and properly develop and implement a care plan for one of one residents (#312) reviewed for physical restraints. The resident's care plan did not properly address the use of a physical restraint as ordered by the physician, there was insufficient documentation of the specific restraint(s) utilized, the duration of use, monitoring of the restraints while in use, and/or a plan to evaluate the effectiveness/need for continued use. There was no evidence of lesser restrictive options attempted prior to the use of the seatbelt. This failed practice placed the residents at risk of a diminished quality of life.</p> <p>Findings Included...</p> <p>Review of a facility policy, titled, "Procedure for Physical Restraint Use," last revised 06/28/01, showed a physical restraint was defined as any manual method or physical or mechanical</p>			F604	<p>On-going monitoring All residents assessed as needing supportive devices will be reviewed and presented at daily stand-up. Negative findings of not completing assessment thoroughly, obtaining thorough physician order or implementing care plan with be discussed monthly X3 to Continuous Quality Improvement (CQI) meeting. Residents assessed for needing supportive devices will be reviewed during quarterly MDS cycle or as needed for less restrictive support.</p> <p>Individual to Ensure Compliance Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F604	<p>Continued From page 10</p> <p>device, material, or equipment attached or adjacent to the resident's body that the individual cannot remove easily, which restricts freedom of movement or normal access to one's body. The procedure included the following components for physical restraint use: At any time that there was a change in plan of care, the Licensed nurse would complete a physical restraint assessment and safety intervention form with input from multiple disciplinary team, resident, and family as needed for each resident. Documentation of alternative methods tried and proven unsuccessful was to be located at the back of the consent form and assistive device progress notes. Obtain a doctor's orders for restraint use to include the type of restraint, reason for use, time interval needed and to be released at least every two hours for toileting, position changes, and exercises-released during supervised activities and meal time. Obtain informed consent from resident/surrogate. Potential negative outcomes and benefits will be discussed and copy given to resident/surrogate. Complete the resident's plan of care.</p> <p>RESIDENT #312 Resident #312 admitted to the facility on 08/08/19 with diagnoses to include stroke, and NSTEMI (a type of heart attack).</p> <p>Review of the Admission Minimum Data Set (MDS) assessment, dated 08/15/19, showed the resident had impaired cognition and had inattention and altered level of consciousness present and fluctuating. The MDS showed the resident required extensive assistance with transfers, bed mobility, and locomotion on and off the unit (in a wheelchair).</p> <p>Review of the comprehensive care plan showed the resident was at high risk for falls related to</p>			F604			

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F604	<p>Continued From page 11 confusion, deconditioning, gait/balance problems, and poor communication/comprehension. Interventions included to clip the residents clip call light to clothing when in bed, prompt response to all requests for assistance, Bentley wheelchair to enhance sitting balance, Blue star program to increase visual awareness and indicate high fall risk, body pillow to right side when in bed to define edge of bed, follow facility fall protocol, keep frequently used items in reach, non-skid foot wear, bed in low position, left side of bed against wall to decrease clutter and decrease risk for fall related injury. For positioning apply Velcro lap belt/strap when up in wheelchair, and right side of bed fall matts when the resident was in bed.</p> <p>Review of the physician's orders, as of 08/19/19, showed an order dated 08/16/19, to apply Velcro lap belt/strap when up in wheelchair for positioning and comfort.</p> <p>In an observation on 08/16/19 at 10:03 AM, the resident was observed sitting in a wheelchair with a strap tied above the resident's right shoulder and going across the resident's chest and tied to the chair at the resident's left hip. The resident was observed trying to self-propel forward and struggling to move himself.</p> <p>In an observation on 08/16/19 at 11:27 AM, the resident was observed working with Staff K, Occupational Therapist, and Staff K stated the resident could remove the seatbelt himself. The seatbelt was observed to go from resident's right shoulder to the residents left hip.</p> <p>In an observation on 08/16/19 at 1:01 PM, the resident was being assisted to the dining room. The resident was observed wearing the seatbelt</p>			F604			

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F604	<p>Continued From page 12 across his lap.</p> <p>In an observation on 08/16/19 at 1:29 PM, the resident was unable to remove the seatbelt when asked to demonstrate he could remove it himself. The resident then fell asleep mid-sentence and Staff L, Certified Nursing Assistant (CNA), took the resident to his room to lay down.</p> <p>In an observation on 08/19/19 at 9:07 AM, the resident was observed in the hall by the central nursing station with the Velcro seatbelt in place across the resident's lap. The resident was asked to demonstrate his ability to remove seatbelt and resident stated he could probably remove it but was unable to demonstrate his ability to find the seatbelt.</p> <p>In an observation on 08/20/19 at 2:39 PM, the resident was observed working with a Physical Therapist on removing the seatbelt independently. The resident was observed to struggle with the instructions to remove the seatbelt and did not show he could remove it.</p> <p>In an observation on 08/21/19 at 2:06 PM, the resident was observed by the central nurse's station wearing the seatbelt across his lap.</p> <p>In an observation on 08/22/19 at 1:01 PM, the resident was sitting in his wheelchair in the hall with his seatbelt in place with 2 red stripes at the end of the belt. The belt was across the resident's stomach area. Staff H, Registered Nurse(RN)/Nurse Manager, sat next to the resident and asked the resident if he could show her how he released his seat belt. The resident was confused and began touching the handles to his wheelchair. Staff H reminded him those were the handles to the wheelchair. Staff H asked the resident repeatedly to show how he</p>			F604			

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F604	<p>Continued From page 13</p> <p>could remove his seatbelt. The resident continued to be confused and touching around his wheelchair. During this time Staff K approached and asked if she could help. Staff K sat next to the resident and asked him to look at her. While the resident was looking at Staff K, she asked the resident to remove his seatbelt. The resident began touching his hand rails on his wheelchair and Staff K told the resident, "No, not those, those are handles." Staff K stated she knew the resident could do it. Staff K continued to ask the resident to look at his seatbelt and show her how he can take it off. The resident stated with confusion, "I hear you." Staff K then held the end of the seatbelt with the red tape up for the resident and prompted him to pull on the seatbelt to release it. The resident was unable to hold the seatbelt and/or pull on it. Observation ended at 1:11 PM. The resident was unable to remove the seatbelt with 10 minutes of cueing and prompting from staff to self-release the seatbelt.</p> <p>In an observation on 08/22/19 at 1:54 PM, the resident was observed by the central nurse's station wearing the seatbelt across his lap.</p> <p>In an observation on 08/23/19 at 7:30 AM, the resident was observed sleeping in his wheelchair with the seatbelt across the resident's lap.</p> <p>In an interview on 08/22/19 at 9:10 AM, Staff H, RN/RCM, stated the resident had an above knee amputation and was having muscle spasms, and that this was contributing to the resident having falls and this was what lead to the use of the seatbelt. Staff H stated that for use of the seatbelt there should be a care plan with goals of use and interventions and that there was not a specific care plan addressing the resident's</p>			F604			

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F604	Continued From page 14 use of a seatbelt. Staff H stated nursing was monitoring for the resident's ability to self- release the seatbelt as part of the nursing assessment for a seatbelt. Reference: (WAC) 388-97-0620 (1) (a) (b)			F604			
F610 SS=D	Investigate/Prevent/Correct Alleged Violation CFR(s): 483.12(c)(2)-(4) 483.12(c) In response to allegations of abuse, neglect, exploitation, or mistreatment, the facility must: 483.12(c)(2) Have evidence that all alleged violations are thoroughly investigated. 483.12(c)(3) Prevent further potential abuse, neglect, exploitation, or mistreatment while the investigation is in progress. 483.12(c)(4) Report the results of all investigations to the administrator or his or her designated representative and to other officials in accordance with State law, including to the State Survey Agency, within 5 working days of the incident, and if the alleged violation is verified appropriate corrective action must be taken. This REQUIREMENT is not met as evidenced by: Based on interview and record review, the facility failed to thoroughly investigate unwitnessed falls for 1 of 16 incident reports (Resident #312) reviewed for incidents and accidents. Failure to conduct a thorough investigation to identify root cause and all contributing factors related to accident hazards placed residents at significant risk for harm and			F610	F-610: Investigate/Prevent/Correct Alleged Violation Individual Residents Resident #312 no longer resides in facility. Residents in similar situations Other resident incidents for the past 14 days were assessed to ensure thorough investigations were completed. Other residents care plans updated as needed and are receiving appropriate assistance for supervision and safety. Measures to prevent reoccurrence All nurse managers in-serviced on complete and thorough investigation to identify root cause or other contributing factors. On-going monitoring Monthly fall committee meetings to review patient fall occurrences to identify trends and review investigation and interventions. Negative findings will be presented monthly X3 to Continuous Quality Improvement (CQI) meeting to ensure compliance. Individual to Ensure Compliance Director of Nursing or designee Date of Compliance		10/10/19

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NAME OF PROVIDER OR SUPPLIER BETHANY AT SILVER LAKE				STREET ADDRESS, CITY, STATE, ZIP CODE 2235 LAKE HEIGHTS DRIVE EVERETT, WA 98208			
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F610	<p>Continued From page 15 injury, sequential falls, and a diminished quality of life.</p> <p>Findings included...</p> <p>RESIDENT #312 Resident #312 admitted to the facility on 08/08/19 with diagnoses to include stroke, and NSTEMI (a type of heart attack).</p> <p>Review of the Admission Minimum Data Set (MDS) assessment, dated 08/15/19, showed the resident had impaired cognition and had inattention and altered level of consciousness present and fluctuating. The MDS showed the resident required extensive assistance with transfers, bed mobility, and locomotion on and off the unit (in a wheelchair). The MDS showed the resident had one fall with injury and two falls without injury since admission. Review of the Care Area Assessment (CAA) showed a note that falls would be addressed on the care plan due to recent falls.</p> <p>Review of the medical record showed the resident had falls on 08/09/19, 08/12/19, 08/13/19, 08/14/19, and 08/17/19.</p> <p>Review of a progress note, dated 08/09/19, showed the resident had an unwitnessed fall. The resident was grimacing after the fall. The resident's brief was saturated with urine but he denied trying to ambulate to bathroom or move towards his urinal. Floors were cleaned and the waste basket was placed next to bed. The resident's call light was in reach.</p> <p>Review of the comprehensive care plan showed the resident was at high risk for falls related to confusion, deconditioning, gait/balance problems, and poor</p>			F610	10/10/2019		

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F610	<p>Continued From page 16</p> <p>communication/comprehension. Interventions included to clip the residents clip call light to clothing when in bed, prompt response to all requests for assistance, Bentley wheelchair to enhance sitting balance, Blue star program to increase visual awareness and indicate high fall risk, body pillow to right side when in bed to define edge of bed, follow facility fall protocol, keep frequently used items in reach, non-skid foot wear, bed in low position, left side of bed against wall to decrease clutter and decrease risk for fall related injury. For positioning apply Velcro lap belt/strap when up in wheelchair, and right side of bed side fall matts when res in bed.</p> <p>Review of an incident report, dated 08/09/19, showed the resident had an unwitnessed fall in his room. The resident was noted to have grimacing after the fall but could not describe the quality of his pain. The resident's brief was saturated with urine and resident denied trying to self-ambulate or reach for his urinal. The resident stated he was reaching for the waste basket, and the waste basket was several feet away from the resident and under the sink. The resident's brief and sheets were changed. The floors were cleaned and waste basket was placed next to his bed.</p> <p>The attached care plan with a print date of 08/15/19, showed updates to the care plan for the residents fall on 08/09/19. Care plan interventions showed that the following updates to care plan made 08/13/19: Right bedside fall mats when resident in bed, Physical therapy to evaluate and treat as ordered as needed, left side of bed against the wall to decrease clutter, decrease risk for fall related injury, and Bentley wheelchair to enhance sitting position.</p> <p>These interventions were put in place on</p>			F610			

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F610	<p>Continued From page 17</p> <p>08/13/19, after the resident had three falls in total. The incident report showed that the incident report was not completed and not concluded until 08/14/19, six days after the fall. The physician was notified on 08/12/19, three days after the first fall. The incident report indicated the resident was assisted off the floor but did not indicate how staff assisted off the floor (i.e. hoist lift, sit to stand) and did not specify if the resident's floor was wet or dry, but did indicate the floor was cleaned after the incident. The incident report did not include a statement from the resident's roommate, Resident #87.</p> <p>Review of an incident report dated 08/12/19, showed the resident had an unwitnessed fall in his room. The resident was unable to give details of how he fell, but stated he "slid out of bed." The same attached care plan update sheet that was dated 08/15/19 and also included in the fall on 08/09/19 was attached to the report. The resident's roommate, Resident #87 was not interviewed.</p> <p>Review of an incident report, dated 08/13/19, showed the resident had an unwitnessed fall in his room, with urine and feces on the floor. The resident was noted to be leaning head against the wall and had bump to right side of the head measuring 6 centimeters (CM) by 5 CM. The resident stated he was going back to jail. The same attached care plan update sheet that was dated 08/15/19 and also included in the fall on 08/09/19 and 08/12/19 was attached to the report. The resident's roommate, Resident #87 was not interviewed. The hand written statements from staff included 2 drawings of how the resident was found. The drawings show one with the resident's head near his bed, the other drawing showed the resident's head near the wall.</p>			F610			

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F610	<p>Continued From page 18</p> <p>Review of an incident report dated 08/17/19, showed the resident had an unwitnessed fall in his room. This was the resident's fifth fall since admission. The resident's roommate, Resident #87 was not interviewed.</p> <p>In an interview on 08/15/19 at 1:32 PM, Resident #87 stated his roommate, Resident #312, had fallen out of bed four times the past few nights. Resident #87 stated he had to put the call light on each time to get help for resident #312.</p> <p>In an interview on 08/21/19 at 2:12 PM, staff E, Certified Nursing Assistant (CNA), stated the fall on 08/09/19 there had been urine on the floor, and believed the resident's urinal had spilled on the floor and may have contributed to the resident's fall. Staff was unable to provide information on interventions for falls for the resident and was unaware of what interventions were in place for the resident. The information about the urine on the floor or possible spilled urinal was not included in the incident report and not included in determining the contributing factors to the resident's fall.</p> <p>In an interview on 08/22/19 at 9:01 AM, Staff H, Registered Nurse/Resident Care Manager (RCM), stated the nurse on shift should start the incident report if the incident happened on their shift. The following day the resident care manager would follow up and ensure the incident report was complete, and update the care plan. Staff H stated the Kardex should also be changed to reflect any changes made from the incident report. Staff H confirmed the physician was not notified of the resident's fall on 08/09/19 until 08/12/19 and stated the physician should have been notified right away.</p>			F610			

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F610	Continued From page 19 In an interview on 08/22/19 at 11:11 AM, Staff N, Licensed Practical Nurse (LPN), acknowledged that the incident report was not completed within the required five days. When asked why the physician was not notified of the fall until three days later. Staff N stated it should not have been that long to notify the physician and was unable to state why the physician was notified late. When asked for clarification of how residents were assisted off the floor, Staff N stated it was two person assist off the floor, and if a Hoyer lift was used it would have stated that. Staff N acknowledged that the reports did not indicate two person assist off the floor and that it was not clear in the incident reports for other falls how the resident was assisted off the floor. The investigations lacked enough information for the facility to make a determination to rule out abuse or facility neglect. Reference: (WAC) 388-97-0640 (6)(a)(b)		F610				
F623 SS=D	Notice Requirements Before Transfer/Discharge CFR(s): 483.15(c)(3)-(6)(8) 483.15(c)(3) Notice before transfer. Before a facility transfers or discharges a resident, the facility must- (i) Notify the resident and the resident's representative(s) of the transfer or discharge and the reasons for the move in writing and in a language and manner they understand. The facility must send a copy of the notice to a representative of the Office of the State Long-Term Care Ombudsman. (ii) Record the reasons for the transfer or discharge in the resident's medical record in accordance with paragraph (c)(2) of this section; and		F623	F-623: Notice Requirements Before Transfer/Discharge Individual Residents Resident #106 no longer resides in the facility. Residents in similar situations All other residents that have been discharged/transferred by facility have been provided written notice. Measures to prevent reoccurrence Social Services, Medical Records and nursing will be in-serviced on providing written notices of transfers and discharges.		10/10/19	

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F623	<p>Continued From page 20</p> <p>(iii) Include in the notice the items described in paragraph (c)(5) of this section.</p> <p>483.15(c)(4) Timing of the notice.</p> <p>(i) Except as specified in paragraphs (c)(4)(ii) and (c)(8) of this section, the notice of transfer or discharge required under this section must be made by the facility at least 30 days before the resident is transferred or discharged.</p> <p>(ii) Notice must be made as soon as practicable before transfer or discharge when-</p> <p>(A) The safety of individuals in the facility would be endangered under paragraph (c)(1)(i)(C) of this section;</p> <p>(B) The health of individuals in the facility would be endangered, under paragraph (c)(1)(i)(D) of this section;</p> <p>(C) The resident's health improves sufficiently to allow a more immediate transfer or discharge, under paragraph (c)(1)(i)(B) of this section;</p> <p>(D) An immediate transfer or discharge is required by the resident's urgent medical needs, under paragraph (c)(1)(i)(A) of this section; or</p> <p>(E) A resident has not resided in the facility for 30 days.</p> <p>483.15(c)(5) Contents of the notice. The written notice specified in paragraph (c)(3) of this section must include the following:</p> <p>(i) The reason for transfer or discharge;</p> <p>(ii) The effective date of transfer or discharge;</p> <p>(iii) The location to which the resident is transferred or discharged;</p> <p>(iv) A statement of the resident's appeal rights, including the name, address (mailing and email), and telephone number of the entity which receives such requests; and information on how to obtain an appeal form and assistance in completing the form and submitting the appeal hearing request;</p> <p>(v) The name, address (mailing and email) and</p>			F623	<p>On-going monitoring</p> <p>Discharge list for will be provided monthly to SS by Medical Records to audit and ensure all notifications were made. Negative findings will be presented monthly X3 to Continuous Quality Improvement (CQI) meeting to ensure compliance.</p> <p>Individual to Ensure Compliance Social Services Director or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F623	<p>Continued From page 21</p> <p>telephone number of the Office of the State Long-Term Care Ombudsman;</p> <p>(vi) For nursing facility residents with intellectual and developmental disabilities or related disabilities, the mailing and email address and telephone number of the agency responsible for the protection and advocacy of individuals with developmental disabilities established under Part C of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (Pub. L. 106-402, codified at 42 U.S.C. 15001 et seq.); and</p> <p>(vii) For nursing facility residents with a mental disorder or related disabilities, the mailing and email address and telephone number of the agency responsible for the protection and advocacy of individuals with a mental disorder established under the Protection and Advocacy for Mentally Ill Individuals Act.</p> <p>483.15(c)(6) Changes to the notice. If the information in the notice changes prior to effecting the transfer or discharge, the facility must update the recipients of the notice as soon as practicable once the updated information becomes available.</p> <p>483.15(c)(8) Notice in advance of facility closure In the case of facility closure, the individual who is the administrator of the facility must provide written notification prior to the impending closure to the State Survey Agency, the Office of the State Long-Term Care Ombudsman, residents of the facility, and the resident representatives, as well as the plan for the transfer and adequate relocation of the residents, as required at 483.70(l).</p> <p>This REQUIREMENT is not met as evidenced by:</p>			F623			

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F623	<p>Continued From page 22</p> <p>Based on interview and record review, the facility failed to provide the required written notice to one of two residents (#106) reviewed for hospitalization. The failure to provide a written notice, disallowed the resident and family members an opportunity to fully understand the rationale and resident rights associated with the resident's discharge.</p> <p>Findings included...</p> <p>Resident 106 was admitted to the facility on 06/04/19 with diagnosis to include aftercare following surgery.</p> <p>On 6/26/19, the resident complained of not feeling well, he had large amount of emesis with blood clots. The physician was notified and an order was obtained to send the resident to the hospital, the resident did not return to the facility.</p> <p>Review of the resident's clinical record, revealed the resident and residents representative were not provided written notice of the reason for the transfer and discharge to the hospital.</p> <p>In an interview on 08/22/19 at 2:22 PM, Staff D, Social Services stated, the residents family was notified over the phone and verified the resident and his representatives were not provided the written notices as required.</p> <p>Reference: WAC 388-97-0120(1)(2)</p>			F623			
F641 SS=E	<p>Accuracy of Assessments CFR(s): 483.20(g)</p> <p>483.20(g) Accuracy of Assessments. The assessment must accurately reflect the resident's status.</p>			F641	<p>F-641: Accuracy of Assessments</p> <p>Individual Residents Residents #17, #43, #48, #52, #57, #77, #79 and #100 have had their MDS assessments reviewed and corrected for</p>		10/10/19

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F641	<p>Continued From page 23</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on observation, interview and record review, the facility failed to complete accurate Minimum Data Set (MDS) assessments for 8 of 23 residents (Resident #17, #43, #48, #52, #57, #77, #79, & #100) reviewed for resident assessments. The failed practice placed residents at risk for not meeting the resident's individualized care needs and not receiving adequate and/or appropriate care and services.</p> <p>Findings Included...</p> <p>According to the Resident Assessment Instrument (RAI), dated October 2018, one of the criteria necessary for coding group activity on the MDS is that there be no more than four residents per supervising helper or caregiver to assure each resident, even in a group setting, received individualized attention.</p> <p>RESTORATIVE In an observation and interview on 08/21/19 at 10:13 AM, a group of seven residents, (Residents #52, #100, #17, #57, #43, #48, and #77) were observed in a restorative therapy group exercise with one restorative aide, Staff X, who was leading the group. Staff X stated the group was a restorative therapy group that met daily, and the program minutes were recorded as a restorative program.</p> <p>In an interview on 08/23/19 at 1:55 PM, Staff W, Registered Nurse (RN)/ Restorative Nursing Manager, stated they typically offer restorative group exercises twice daily and that the groups were usually full. Staff W stated they typically have 10-15 residents attend the morning group</p>			F641	<p>accuracy of individualized care.</p> <p>Residents in similar situations All affected MDS's have been identified and corrected for accurate individualized care.</p> <p>Measures to prevent reoccurrence Staff responsible for completing MDS's have in-serviced on correct coding and accuracy. Staff in-serviced on documenting target behaviors. Individual in-service for Staff W on Restorative Nursing guidelines and requirements.</p> <p>On-going monitoring Audits for correct coding of restorative programs and behaviors during quarterly MDS cycle will be conducted. Negative findings of inaccurate MDS's will be corrected and presented monthly X3 at Continuous Quality Improvement (CQI) meeting.</p> <p>Individual to Ensure Compliance Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F641	<p>Continued From page 24</p> <p>with one to two restorative aides to lead the restorative program during the group. Staff W stated she was recording the large groups of 10 or more people as a restorative program. When asked if Staff was aware of the required 1 staff to 4 resident ratio for recording and coding a group restorative program, Staff W stated she was unaware and still learning on the job. Staff W acknowledged she had been coding and recording the restorative groups incorrectly on the MDS based on a one staff to four resident ratio requirement.</p> <p>RESIDENT #79 Resident #79 admitted to the facility on 02/22/18 with diagnoses to include psychosis, dementia, delusional disorder, and depression.</p> <p>Review of an Annual MDS assessment, dated 02/11/19, showed the resident had hallucinations and delusions during the assessment period.</p> <p>Review of the Quarterly MDS assessment, dated 07/25/19, showed the resident had hallucinations and delusions during the assessment period.</p> <p>Review of the progress notes showed no documented delusions or hallucinations during the assessment period for the Annual MDS dated 02/11/19 and the Quarterly MDS dated 07/25/19.</p> <p>Review of the Medication Administration Record (MAR)/Treatment Administration Record (TAR), dated February 2019, showed no documented hallucinations or delusions.</p> <p>Review of the MAR/TAR, dated July 2019, showed no documented hallucinations or</p>			F641			

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F641	Continued From page 25 delusions. In an interview on 08/23/19 at 1:47 PM, Staff Y, Social Services, stated she coded the resident as having had hallucinations and delusions based on undocumented observations. Staff stated the observations were not documented and should have been. Staff Y did not provide any further information. Reference: (WAC) 388-97-1000 (1) (b) (4) (a)			F641			
F655 SS=D	Baseline Care Plan CFR(s): 483.21(a)(1)-(3) 483.21 Comprehensive Person-Centered Care Planning 483.21(a) Baseline Care Plans 483.21(a)(1) The facility must develop and implement a baseline care plan for each resident that includes the instructions needed to provide effective and person-centered care of the resident that meet professional standards of quality care. The baseline care plan must- (i) Be developed within 48 hours of a resident's admission. (ii) Include the minimum healthcare information necessary to properly care for a resident including, but not limited to- (A) Initial goals based on admission orders. (B) Physician orders. (C) Dietary orders. (D) Therapy services. (E) Social services. (F) PASARR recommendation, if applicable. 483.21(a)(2) The facility may develop a comprehensive care plan in place of the baseline care plan if the comprehensive care plan- (i) Is developed within 48 hours of the resident's			F655	F-655: Baseline Care Plan Individual Residents Resident #81 no longer resides in the facility. Resident #25 baseline care plan was reviewed and provided to family. Current care plan reviewed for accuracy and to address preferences, vision and hearing needs. Residents in similar situations Audit conducted of new admit baseline care plans and summary for the past 14 days to ensure completion and accuracy, that care needs were met and addressed, and that resident or decision-maker was offered a copy. Measures to prevent reoccurrence Admissions nurse and nurse managers in- serviced on baseline care plan updates and requirements. Nurse managers will review care plans for any unmet needs and revise as needed. On-going monitoring Nurse managers will report findings to monthly CQI meeting.		10/10/19

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F655	<p>Continued From page 26 admission. (ii) Meets the requirements set forth in paragraph (b) of this section (excepting paragraph (b)(2)(i) of this section).</p> <p>483.21(a)(3) The facility must provide the resident and their representative with a summary of the baseline care plan that includes but is not limited to: (i) The initial goals of the resident. (ii) A summary of the resident's medications and dietary instructions. (iii) Any services and treatments to be administered by the facility and personnel acting on behalf of the facility. (iv) Any updated information based on the details of the comprehensive care plan, as necessary.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on interview and record review, the facility failed to fully develop a baseline care plan and/or to provide a written summary of the baseline care plan information that included all of the required elements to two of eight residents (#25, #81) and/or their representatives reviewed for baseline care plans. This failure placed residents at risk for unmet care needs, and for not being informed of their initial goals, a summary of their medications and dietary instructions, or any services and treatments to be administered on behalf of the facility.</p> <p>Findings included ...</p> <p>RESIDENT #25 The resident admitted to the facility on 11/27/18 with diagnoses to include dementia, diabetes, depression, anxiety, breathing problems,</p>			F655	<p>Individual to Ensure Compliance Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F655	<p>Continued From page 27</p> <p>Alzheimer's disease, malnutrition, constipation, and chronic pain. Review of her quarterly Minimum Data Set (MDS) assessment, dated 06/04/19, revealed she was rarely or never understood, was occasionally incontinent of urine, was on a scheduled pain management program, and had weight loss.</p> <p>Review of the baseline care plan, dated 11/28/19, revealed the baseline care plan was incomplete, it had no information regarding: vision or hearing, bathing preferences, preferred bedtime, a baseline care plan summary, and it had been signed by social services and dietary staff, but not by nursing staff.</p> <p>In an interview on 08/22/19 at 10:22 AM, Staff C, Registered Nurse/Resident Care Manager, stated she they may have dropped the ball on this one, and that previously the facility had an admission nurse that did the baseline care plans, but she had not done this one.</p> <p>RESIDENT #81 Resident #81 admitted to the facility on 07/21/19 with diagnoses to include fracture of the second cervical vertebra (fracture of a bone in the neck), and hypertension.</p> <p>Review of the Admission MDS assessment, dated 07/28/19, showed the resident was cognitively intact, received scheduled and as needed (PRN) pain medications and non-medical interventions were provided. The resident was coded as having had frequent pain. The MDS showed the resident required extensive assistance with personal hygiene and bathing.</p> <p>Review of the baseline care plan, dated</p>			F655			

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F655	<p>Continued From page 28</p> <p>07/22/19, showed the baseline care plan was incomplete. It had no information regarding: the residents hygiene care for his neck brace, address pain and interventions, address if the resident had an advanced directive, the contributing factors/diagnoses for admission, and a baseline care plan summary.</p> <p>In an interview on 08/22/19 at 1:56 PM, the resident denied receiving a copy of his baseline care plan and did not receive a summary.</p> <p>In an interview on 08/23/19 at 9:56 AM, Staff AA, Licensed Practical Nurse/Resident Care Manager, acknowledged the baseline care plan did not address the resident's neck fracture and brace care and did not address the resident's pain.</p> <p>Reference: No associated WAC reference.</p>			F655			
F656 SS=E	<p>Develop/Implement Comprehensive Care Plan CFR(s): 483.21(b)(1)</p> <p>483.21(b) Comprehensive Care Plans 483.21(b)(1) The facility must develop and implement a comprehensive person-centered care plan for each resident, consistent with the resident rights set forth at 483.10(c)(2) and 483.10(c)(3), that includes measurable objectives and timeframes to meet a resident's medical, nursing, and mental and psychosocial needs that are identified in the comprehensive assessment. The comprehensive care plan must describe the following - (i) The services that are to be furnished to attain or maintain the resident's highest practicable physical, mental, and psychosocial well-being as required under 483.24, 483.25 or 483.40; and (ii) Any services that would otherwise be</p>			F656	<p>F-656: Develop/Implement Comprehensive Care Plans</p> <p>Individual Residents Residents #81 and #312 no longer resident in the facility. Residents #54 and #79 had their care plans reviewed and corrected to ensure person centered care with measurable and specific goals. Non-medical interventions have been included as needed.</p> <p>Residents in similar situations Resident care plans reviewed during MDS cycle and revised as needed to ensure person-centered care plans are accurate and that care needs are met and addressed.</p>		10/10/19

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F656	<p>Continued From page 29 required under 483.24, 483.25 or 483.40 but are not provided due to the resident's exercise of rights under 483.10, including the right to refuse treatment under 483.10(c)(6). (iii) Any specialized services or specialized rehabilitative services the nursing facility will provide as a result of PASARR recommendations. If a facility disagrees with the findings of the PASARR, it must indicate its rationale in the resident's medical record. (iv) In consultation with the resident and the resident's representative(s)- (A) The resident's goals for admission and desired outcomes. (B) The resident's preference and potential for future discharge. Facilities must document whether the resident's desire to return to the community was assessed and any referrals to local contact agencies and/or other appropriate entities, for this purpose. (C) Discharge plans in the comprehensive care plan, as appropriate, in accordance with the requirements set forth in paragraph (c) of this section.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on observation, interview, and record review, the facility failed to develop and implement comprehensive, person-centered care plans to meet the needs of 4 of 23 residents (#54, #79, #81 and #312) reviewed for care plans. This failure placed residents at risk of not receiving the appropriate care and services and at risk of a diminished quality of life.</p> <p>Findings Included...</p> <p>RESIDENT #54</p>			F656	<p>Measures to prevent reoccurrence All nurse managers and other staff responsible for care plans in-serviced on person-centered care planning.</p> <p>On-going monitoring Nurse managers in-serviced on thorough review and correcting care plans quarterly during MDS cycle, or as a needed. Negative finding of inaccurate or outdated care plans will be reviewed at monthly CQI meeting.</p> <p>Individual to Ensure Compliance Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F656	<p>Continued From page 30</p> <p>Resident 54 was admitted to the facility on 4/10/17, with diagnosis to include pseudobulbar affect (a condition that's characterized by episodes of sudden uncontrollable and inappropriate laughing or crying.) The resident was oriented to person only, with severe cognitive impairments.</p> <p>Observation of the resident revealed the following:</p> <p>On 08/15/19 at 11:25 AM, the resident was observed in her room, the resident was heard crying out loud while lying in bed. No staff interaction was observed during this time.</p> <p>On 08/16/19 at 10:19 AM, the resident was crying out loud for approximately 10 minutes, an activity staff person was observed to enter the residents room and tried to distract her by offering the resident hot chocolate or an activity, the resident did not respond.</p> <p>On 08/21/19 at 12:13 PM, Staff GG, a nursing assistant, heard the resident crying from the hallway. Staff GG, walked into the resident's room and asked the resident what was wrong? The resident was unable to answer and just continued to cry. Staff GG was asked about the resident's crying. Staff GG stated, "she does that sometimes, I don't know, maybe she is in pain. I'll let the nurse know."</p> <p>On 08/22/19 at 10:40 AM, the resident was in the hall way, in her wheelchair crying out loud, during this time, Staff B, a nursing assistant, stated, "I don't know what's wrong, I'm trying to figure it out."</p> <p>Review of the residents care plan and kardex, revealed no mention of the residents manner of</p>			F656			

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F656	<p>Continued From page 31 expressing her pseudobulbar affect diagnosis and appropriate ways to address her crying episodes.</p> <p>In an interview on 08/23/19 at 12:56 PM, Staff HH, Resident Care Manager stated the care plan needed to include information on how to address the residents condition.</p> <p>RESIDENT #312 Resident #312 admitted to the facility on 08/08/19 with diagnoses to include stroke, and NSTEMI (a type of heart attack).</p> <p>Review of the Admission Minimum Data Set (MDS) assessment, dated 08/15/19, showed the resident had impaired cognition and had inattention and altered level of consciousness present and fluctuating.</p> <p>Review of the comprehensive care plan showed the resident was at high risk for falls related to confusion, deconditioning, gait/balance problems, and poor communication/comprehension.</p> <p>Interventions included to clip the residents clip call light to clothing when in bed, prompt response to all requests for assistance, Bentley wheelchair to enhance sitting balance, Blue star program to increase visual awareness and indicate high fall risk, body pillow to right side when in bed to define edge of bed, follow facility fall protocol, keep frequently used items in reach, non-skid foot wear, bed in low position, left side of bed against wall to decrease clutter and decrease risk for fall related injury. For positioning apply Velcro lap belt/strap when up in wheelchair, and right side of bed fall mats when the resident is in bed.</p>			F656			

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F656	<p>Continued From page 32</p> <p>The care plan did not properly address the use of a physical restraints as ordered by the physician, restraint application/implementation, the duration of use, monitoring of the restraints while in use, the amount of assistance the resident needed to remove the restraint, and/or a plan to evaluate the effectiveness/need for continued use.</p> <p>Review of the physician's orders, as of 08/19/19, showed an order dated 08/16/19, to apply Velcro lap belt/strap when up in wheelchair for positioning and comfort.</p> <p>In an observation on 08/16/19 at 10:03 AM, the resident was observed sitting in a wheelchair with a strap tied above the resident's right shoulder and going across the resident's chest and tied to the chair at the resident's left hip. Resident was observed trying to self-propel forward and struggling to move himself.</p> <p>In an observation on 08/16/19 at 11:27 AM, the resident was observed working with Staff K, Occupational Therapist, and Staff K stated the resident could remove the seatbelt himself. The seatbelt was observed to go from resident's right shoulder to the residents left hip.</p> <p>In an observation on 08/16/19 at 1:01 PM, the resident was being assisted to the dining room. The resident was observed wearing the seatbelt across his lap.</p> <p>In an observation on 08/16/19 at 1:29 PM, the resident was unable to remove the seatbelt when asked to demonstrate he could remove it himself. The resident then fell asleep mid-sentence and Staff L, Certified Nursing Assistant (CNA), took the resident to his room to lay down.</p>			F656			

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F656	<p>Continued From page 33</p> <p>In an observation on 08/19/19 at 9:07 AM, the resident was observed in the hall by the central nursing station with the Velcro seatbelt in place across the resident's lap. The resident was asked to demonstrate his ability to remove seatbelt and resident stated he could probably remove it but was unable to demonstrate his ability to find the seatbelt.</p> <p>In an observation on 08/20/19 at 2:39 PM, the resident was observed working with a Physical Therapist on removing the seatbelt independently. The resident was observed to struggle with the instructions to remove the seatbelt and did not show he could remove it.</p> <p>In an observation on 08/21/19 at 2:06 PM, the resident was observed by the central nurse's station wearing the seatbelt across his lap.</p> <p>In an observation on 08/22/19 at 1:54 PM, the resident was observed by the central nurse's station wearing the seatbelt across his lap.</p> <p>In an observation on 08/22/19 at 1:01 PM, the resident was sitting in his wheelchair in the hall with his seatbelt in place with 2 red stripes at the end of the belt. The belt was across the resident's stomach area. Staff H, Registered Nurse/Nurse Manager, sat next to the resident and asked the resident if he could show her how he released his seat belt. The resident was confused and began touching the handles to his wheelchair. Staff H reminded him those were the handles to the wheelchair. Staff H asked the resident repeatedly to show how he could remove his seatbelt. The resident continued to be confused and touching around his wheelchair. During this time Staff K approached and asked if she could help. Staff K sat next to</p>			F656			

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F656	<p>Continued From page 34</p> <p>the resident and asked him to look at her. While the resident was looking at Staff K, she asked the resident to remove his seatbelt. The resident began touching his hand rails on his wheelchair and Staff K told the resident, "No, not those, those are handles." Staff K stated she knew the resident could do it. Staff K continued to ask the resident to look at his seatbelt and show her how he can take it off. The resident stated with confusion, "I hear you." Staff K then held the end of the seatbelt with the red tape up for the resident and prompted him to pull on the seatbelt to release it. The resident was unable to hold the seatbelt and/or pull on it. Observation ended at 1:11 PM. The resident was unable to remove the seatbelt with 10 minutes of cueing and prompting from staff to self-release the seatbelt.</p> <p>In an observation on 08/23/19 at 7:30 AM, the resident was observed sleeping in his wheelchair with the seatbelt across the resident's lap.</p> <p>In an interview on 08/22/19 at 9:10 AM, Staff H, RN/RCM, stated the resident had an above knee amputation and was having muscle spasms, and that this was contributing to the resident having falls and this was what lead to the use of the seatbelt. Staff H stated that for use of the seatbelt there should be a care plan with goals of use and interventions and that there was not a specific care plan addressing the resident's use of a seatbelt. Staff H stated nursing was monitoring for the resident's ability to self-release the seatbelt as part of the nursing assessment for a seatbelt. No further information was provided.</p> <p>RESIDENT #81 Resident #81 admitted to the facility on 07/21/19</p>			F656			

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F656	<p>Continued From page 35 with diagnoses to include fracture of the second cervical vertebra (fracture of a bone in the neck), and hypertension.</p> <p>Review of the Admission MDS assessment, dated 07/28/19, showed the resident was cognitively intact, received scheduled and as needed (PRN) pain medications and non-medical interventions were provided. The resident was coded as having had frequent pain.</p> <p>Review of the physician orders, as of 08/19/19, showed the resident received gabapentin once a day for neuropathy, acetaminophen three times a day for pain management, oxycodone every six hours for acute pain and oxycodone every four hours as needed for breakthrough pain and 30 minutes prior to therapy.</p> <p>Review of the comprehensive care plan, showed the resident had a fracture of the cervical fracture of first and second vertebra. This was an unstable fracture and care must be provided slowly and smoothly to prevent further damage. The care plan showed the resident had an alteration in musculoskeletal status related to ground level fall resulting in unstable cervical 2 odontoid fracture.</p> <p>Interventions included anticipate and meet the resident's needs, ensure the call light was within reach and respond promptly to all requests, follow physician orders for weight bearing status, give analgesics as ordered by physician - monitor and document for side effects and effectiveness, monitor for fatigue, monitor, document, report as needed signs or symptoms or complications related to arthritis, and the resident needed to changes positions frequently.</p> <p>The care plan also showed the resident was</p>			F656			

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F656	<p>Continued From page 36</p> <p>receiving pain medication therapy of routine Tylenol and Oxycodone for new pain following a ground level fall resulting in a neck fracture, and chronic pain due to diabetic neuropathy, right lateral malleolus ulcer, and unspecified degenerative joint disease.</p> <p>Interventions included to administer analgesic medications as ordered by the physician - monitor/document side effects and effectiveness each shift, for respiratory depression monitor respiratory rate, depth, and effort after administration of pain medications, monitor for increased risk of falls, and monitor/document/report as needed adverse reactions to analgesic therapy. The care plan did not address the residents as needed Oxycodone, and did not list non-medical interventions to pain.</p> <p>In an interview on 08/15/19 at 10:59 AM, the resident stated he had pain all the time. The resident stated staff provided him with pain medication but did not provide or offer non-medical interventions for pain.</p> <p>In an interview on 08/21/19 at 2:08 PM, Staff FF, Certified Nursing Assistant, stated if the resident had pain she would tell the nurse so the nurse could provide medication. Staff FF stated there were no non-medical interventions for pain.</p> <p>In an interview on 08/23/19, Staff AA, Licensed Practice Nurse/Resident Care Manager, acknowledged the resident did not have non-medical interventions for pain on the care plan.</p> <p>RESIDENT #79 Resident #79 admitted to the facility on 02/22/18 with diagnoses to include psychosis, dementia, delusional disorder, and depression.</p>			F656			

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F656	<p>Continued From page 37</p> <p>Review of the Quarterly MDS assessment, dated 07/25/19, showed the resident had dementia, hallucinations, delusions, and other behaviors that interrupts the care/living environment. The MDS showed the resident was receiving antipsychotic and antidepressant medications.</p> <p>Review of the physician orders showed the resident had orders for Risperidone (an antipsychotic) for dementia and delusional disorder, Divalproex (an anticonvulsant that affects the brain) for dementia with behavioral disturbance, and Duloxetine (an antidepressant) for depression.</p> <p>Review of the comprehensive care plan showed the resident had a behavioral problem with historical diagnosis of dementia with behaviors, hallucinations, paranoia, bi-polar, and depression. The resident had a history of fixating on other residents and becoming agitated.</p> <p>Interventions included administer medications as ordered - monitor/document for side effects and effectiveness, allow resident to awaken at will - hush no rush, anticipate and meet the resident's needs, caregivers to provide opportunity for positive interaction and attention - stop and talk with the resident as passing by, and monitor behavior episodes and attempt to determine underlying cause.</p> <p>The care plan also showed the resident had a mood problem related to major depressive disorder diagnosed in 2014, paranoia, hallucinations, and bi-polar disorder. The care plan listed a goal that the resident would have improved mood state through the review date.</p>			F656			

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F656	<p>Continued From page 38</p> <p>Interventions included administer medications as ordered - monitor and document for side effects and effectiveness, behavioral health consults PRN (as needed), educate the resident/family/caregivers regarding expectations of treatment, monitor/document/report PRN any risk for harm to self, monitor/record mood to determine if problems seem to be related to external causes, monitor/record/report to the physician PRN acute episode feelings of sadness; loss of pleasure and interest in activities, feelings of worthlessness or guilt, change in appetite/eating habits, change in sleep patterns, diminished ability to concentrate, and change in psychomotor skills.</p> <p>Other interventions included monitor/record/report to the physician PRN mood patterns of signs/symptoms of depression, anxiety, sad mood as per facility behavior monitoring protocols, monitor/record/report to the physician PRN risk for harming others, observe for signs and symptoms of mania or hypomania.</p> <p>The care plan showed the resident had depression related to dementia. The goal was the resident would exhibit indicators of depression, anxiety, or sad mood less than daily and would remain free of signs and symptoms of depression, anxiety, or say mood through the review date.</p> <p>Interventions included administer medications as ordered - monitor/document for side effects and effectiveness, arrange for psych consult, monitor/document/report PRN any risk for harm to self, monitor/document/report PRN any signs or symptoms of depression. The care plan did not address the resident's specific target</p>			F656			

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F656	<p>Continued From page 39</p> <p>behaviors of depression, anxiety, bi-polar disorder, and dementia with behaviors.</p> <p>The care plan goals did not give resident centered, measureable, and specific goals for the resident. The care plan did not list non-medical interventions to behaviors. The care plan did not address the resident having hallucinations or delusions, information on specific hallucinations/delusions that cause the resident distress, and interventions to address the resident's hallucinations or delusions.</p> <p>In an interview on 08/23/19 at 10:11 AM, Staff Y, Social Services, stated that the care plan was developed based on the residents behaviors and the need for medications. Staff Y stated nursing created the behavioral interventions for behaviors and psychotropic medications. Staff Y acknowledged the care plan did not address and specify the resident's hallucinations or delusions. Staff Y acknowledged the resident's behaviors could be personalized and specific.</p> <p>In an interview on 08/23/19 at 10:49 AM, Staff HH, Licensed Nurse/Resident Care Manager, acknowledged that the target behaviors for hallucinations could be more personalized and specific. Staff HH acknowledged that the care plan and Kardex (instructions for resident care) did not have individualized behavior interventions for the resident.</p> <p>Reference: (WAC) 388-97-1020 (1), (2)(a)(b)</p>			F656			
F726 SS=E	<p>Competent Nursing Staff CFR(s): 483.35(a)(3)(4)(c)</p> <p>483.35 Nursing Services The facility must have sufficient nursing staff with the appropriate competencies and skills</p>			F726	<p>F-726: Competent Nurse Staffing</p> <p>Individual Residents No residents identified. Staff BB, DD, EE have had their competencies re-assessed and completed.</p>		10/10/19

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F726	<p>Continued From page 40</p> <p>sets to provide nursing and related services to assure resident safety and attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident, as determined by resident assessments and individual plans of care and considering the number, acuity and diagnoses of the facility's resident population in accordance with the facility assessment required at 483.70(e).</p> <p>483.35(a)(3) The facility must ensure that licensed nurses have the specific competencies and skill sets necessary to care for residents' needs, as identified through resident assessments, and described in the plan of care.</p> <p>483.35(a)(4) Providing care includes but is not limited to assessing, evaluating, planning and implementing resident care plans and responding to resident's needs.</p> <p>483.35(c) Proficiency of nurse aides. The facility must ensure that nurse aides are able to demonstrate competency in skills and techniques necessary to care for residents' needs, as identified through resident assessments, and described in the plan of care.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on interview and record review the facility failed to ensure Nursing Assistants Certified (NAC's) competencies were assessed and completed timely for four of five newly hired NAC's (BB, CC, DD and EE) reviewed. The failed practice had the potential to negatively affect the competency of these NAC's and the quality of care provided to residents in the facility.</p>			F726	<p>Staff CC is no longer employed.</p> <p>Residents in similar situations Systems for nurse aid competency assessment developed and in place. All nurse managers educated on system to ensure competency checklists are completed timely.</p> <p>Measures to prevent reoccurrence Nurse managers in-serviced on ensuring completed competency checklist is done timely. Facility leadership and staff development will monitor newly hired NAC's to ensure completed competencies are done.</p> <p>On-going monitoring Negative finding will be reviewed at monthly CQI meeting.</p> <p>Individual to Ensure Compliance Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F726	<p>Continued From page 41 Findings included...</p> <p>Employee files were reviewed on 08/19 and 08/20/19. The five newly hired nursing assistants were reviewed for having appropriate skills competency evaluated to ensure their ability to safely and competently provide the necessary care to residents.</p> <p>The forms for the new employees, which was utilized to check skills competency, was titled, "NAC Skills Checklist/Floor Orientation List." The three page form included a list of 78 skills with the instructions: Trainer/Preceptor instructs and observes each skill and signs when completed. Orientees to sign and turn in when completed. Turn in to Staff Development upon completion. This form becomes part of the NAC/s Employee Record.</p> <p>Staff V, RN, Staff Development Coordinator provided the skills checklists for the new employees on 08/20/19 and stated the newly hired nursing assistants are paired with seasoned NAC's, who check them off on their skills. A restorative aide is paired with the new nursing assistant for the mobility skills.</p> <p>Staff BB, NAC, had a hire date of 05/29/19. Seventeen of the skills have no documentation as being checked off. The dates for those that have been evaluated by the trainer/s were dated 06/07 and 06/10/19.</p> <p>Staff CC, NAR (Nursing Assistant Registered) had a hire date of 06/27/19. Twenty seven of the skills have no documentation as being checked off. There are no trainer initials for any of the skills. Some skills listed have no date as being evaluated. The dates for those skills with</p>			F726			

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F726	<p>Continued From page 42 the date evaluated were documented as 06/27/19. Staff V stated the person Staff CC was paired with had been off due to illness.</p> <p>Staff DD, NAC, had a hire date of 07/15/19. Eighteen of the skills have no documentation as being checked off. The dates for those evaluated were 07/16, 07/18 and 07/22/19.</p> <p>Staff EE, NAC, had a hire date of 05/19/19. Seven of the skills have no documentation as being checked off. The dates for those evaluated were 05/13, 05/14 and 05/15/19.</p> <p>Reference (WAC) 388-97-1080(1)</p>			F726			
F732 SS=B	<p>Posted Nurse Staffing Information CFR(s): 483.35(g)(1)-(4)</p> <p>483.35(g) Nurse Staffing Information. 483.35(g)(1) Data requirements. The facility must post the following information on a daily basis: (i) Facility name. (ii) The current date. (iii) The total number and the actual hours worked by the following categories of licensed and unlicensed nursing staff directly responsible for resident care per shift: (A) Registered nurses. (B) Licensed practical nurses or licensed vocational nurses (as defined under State law). (C) Certified nurse aides. (iv) Resident census.</p> <p>483.35(g)(2) Posting requirements. (i) The facility must post the nurse staffing data specified in paragraph (g)(1) of this section on a daily basis at the beginning of each shift. (ii) Data must be posted as follows: (A) Clear and readable format.</p>			F732	<p>F-732: Posted Nurse Staffing Information</p> <p>Individual Residents No residents identified.</p> <p>Residents in similar situations No residents identified.</p> <p>Measures to prevent reoccurrence Leadership and appointed manager in- served on new prominent posting locations for current and accurate nurse staffing hours. Scheduler has been in- served on timely posting of hours to reflect current and future nursing hours. Procedure for staff posting has been updated and applicable staff have been in- served.</p> <p>On-going monitoring Scheduled staffing reports will be reviewed at daily standup for 14 days to ensure timely and accurate posting of reports. Negative findings of inaccurate or untimely posting will be addressed at monthly at</p>		10/10/19

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F732	<p>Continued From page 43</p> <p>(B) In a prominent place readily accessible to residents and visitors.</p> <p>483.35(g)(3) Public access to posted nurse staffing data. The facility must, upon oral or written request, make nurse staffing data available to the public for review at a cost not to exceed the community standard.</p> <p>483.35(g)(4) Facility data retention requirements. The facility must maintain the posted daily nurse staffing data for a minimum of 18 months, or as required by State law, whichever is greater.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on observation, interview and record review, the facility failed to ensure nurse staffing information postings were current, accurate, and posted in a prominent location. These failures placed residents and visitors at risk for not being fully informed of current nurse staffing levels and resident census information.</p> <p>Findings included...</p> <p>In an observation on 08/16/19 at 8:40 AM, the nurse staffing information posting was observed on a wall in an alcove by the restrooms and the entrance to the facility's hallways leading back to the kitchen, maintenance and the loading dock area.</p> <p>In an observation on 08/16/19 at 8:42 AM, there was no nurse staffing posting back in the memory care unit.</p> <p>In an observation/record review on 08/19/19 at 8:52 AM the nurse staffing information posting</p>			F732	<p>CQI meeting.</p> <p>Individual to Ensure Compliance Administrator or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F732	<p>Continued From page 44 was not current, it was dated 08/18/19.</p> <p>In an observation/record review on 08/23/19 at 8:23 AM, the nurse staffing information posting was not current, it was dated 08/22/19.</p> <p>In an interview/record review on 08/20/19 at 10:29 AM, the daily nurse staffing information postings were jointly compared to the daily staffing sheets with Staff U, Scheduler. The joint review revealed the NAC hours (Nursing Assistant Certified) were not accurate because some of the nursing assistants only worked partial shifts, but the NAC hours included them for eight hours. Staff U stated she would review the NAC hours on the nurse staffing postings and submit revised postings with accurate NAC hours. Staff U stated "No," when asked if the nurse staffing information posting was in a prominent location, she stated the facility used to have a few postings in different locations, but she had been told they only needed the one posting.</p> <p>On 08/20/19 at 1:13 PM, Staff U submitted revised nurse staffing information postings for 08/01/19 - 08/20/19, all 20 of those postings had corrections done to the NAC hours.</p> <p>In an interview/joint observation on 08/23/19 at 8:23 AM, the nurse staffing information posting was jointly observed with the Director of Nursing Services (DNS) and it was found to still be the posting from 08/22/19. The DNS was unable to provide any information about the posting not being current. The DNS was unable to provide any information about the posting not being in a prominent location so all residents had ready access to it.</p> <p>Reference: No associated WAC reference.</p>			F732			

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F732	Continued From page 45			F732			
F757 SS=D	<p>Drug Regimen is Free from Unnecessary Drugs CFR(s): 483.45(d)(1)-(6)</p> <p>483.45(d) Unnecessary Drugs-General. Each resident's drug regimen must be free from unnecessary drugs. An unnecessary drug is any drug when used-</p> <p>483.45(d)(1) In excessive dose (including duplicate drug therapy); or</p> <p>483.45(d)(2) For excessive duration; or</p> <p>483.45(d)(3) Without adequate monitoring; or</p> <p>483.45(d)(4) Without adequate indications for its use; or</p> <p>483.45(d)(5) In the presence of adverse consequences which indicate the dose should be reduced or discontinued; or</p> <p>483.45(d)(6) Any combinations of the reasons stated in paragraphs (d)(1) through (5) of this section.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on interview and record review the facility failed to ensure that two of five residents (#40 and #81) were free of unnecessary medications. The failure to adequately monitor and care plan medication use and to ensure non medication interventions were attempted prior to the administration of as needed pain medications placed the residents at risk for receiving unnecessary medications and adverse drug effects.</p>			F757	<p>F-757: Drug Regimen is Free from Unnecessary Drugs</p> <p>Individual Residents Resident #81 no longer resides in facility. Resident #40 care plan and MAR reviewed and update to include non-medication interventions prior to offering pain medications.</p> <p>Residents in similar situations Other residents reviewed for non- medication interventions on care plans and MAR and receiving pain medications as ordered.</p> <p>Measures to prevent reoccurrence Licensed nurses in-serviced on accurate care plans and electronic medical record (EMR) MAR ensure non-medication interventions are attempted prior to offering pain medications.</p> <p>On-going monitoring Quarterly MDS and care planning reviews will be done by nurse managers. Negative findings of necessary corrections will be discussed at monthly CQI meeting.</p> <p>Individual to Ensure Compliance Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		10/10/19

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F757	<p>Continued From page 46</p> <p>Findings included...</p> <p>The facility policy, titled, "Pain Management Policy and Procedure", dated 02/01/11, and reviewed on 05/23/13, documented the following: PRN (as needed) Pain mediation Must Have the Following Documentation</p> <ol style="list-style-type: none"> 1. Location, description, and character of pain the resident is being medicated for. 2. Pain scale 1-10 (1 being the least amount of pain & 10 being the most sever pain) or PAINAD (Pain Assessment in Advanced Dementia) score. 3 PRN outcome using the 1-10 scale or PAINAD score. 4. Non-pharmacological interventions tried prior to medication administration as indicated (i.d. repositioning, distraction, or ice, heat, if ordered). <p>RESIDENT #40 Resident #40 admitted to the facility on 01/20/12 with diagnoses to include diabetes, dementia, stroke, and chronic pain.</p> <p>The Quarterly Minimum Data Set (MDS) assessment, dated 08/15/19, documented the resident had severe cognitive deficits and required extensive to total assist with all activities of daily living.</p> <p>Review of the physician's orders, dated August 2019, showed the resident received Cymbalta (an anti-depressant) for chronic pain, Gabapentin (nerve pain medication), Morphine Sulfate (narcotic pain medication), and Oxycodone (narcotic pain medication) every six hours as needed for pain rated 5-10. Additionally, there was an order to offer non-</p>			F757			

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F757	<p>Continued From page 47 medication interventions before giving as needed pain medications.</p> <p>Review of the August 2019 Medication Administration Record (MAR) showed the resident received Oxycodone on 08/17/19 and 08/21/19 for pain at a level 7 on a pain scale of 1-10. Further review of the MAR showed no non-medication interventions, such as deep breathing/relaxation techniques, distraction, offer food/fluids of choice or repositioning, had been attempted.</p> <p>The resident care plan indicated the resident was on pain medication therapy, with the goal, the resident would have a reduction in the level of pain following the administration of pain medication and be free of adverse side effects.</p> <p>The interventions included: to administer pain medications as ordered by the physician, monitor and document for side effects and effectiveness, and monitor/document/report adverse reactions to analgesic therapy. There were no resident specific non-medication interventions identified to attempt prior to use of the as needed pain medication.</p> <p>In an interview on 08/23/19 at 11:29 AM, Staff A, Resident Care Manager, stated it was her expectation that non medication interventions should be care planned and attempted prior to administering any as needed pain medication.</p> <p>RESIDENT #81 Resident #81 admitted to the facility on 07/21/19 with diagnoses to include fracture of the second cervical vertebra (fracture of a bone in the neck), and hypertension.</p>			F757			

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F757	<p>Continued From page 48</p> <p>Review of the Admission MDS assessment, dated 07/28/19, showed the resident was cognitively intact, received scheduled and PRN pain medications and non-medical interventions were provided. The resident was coded as having had frequent pain.</p> <p>Review of the physician orders, as of 08/19/19, showed the resident received gabapentin once a day for neuropathy, acetaminophen three times a day for pain management, oxycodone every six hours for acute pain and oxycodone every four hours as needed for breakthrough pain and 30 minutes prior to therapy.</p> <p>Review of the comprehensive care plan, showed the resident had a fracture of the cervical fracture of first and second vertebra. This was an unstable fracture and the care must be provided slowly and smoothly to prevent further damage. The care plan showed the resident had an alteration in musculoskeletal status related to ground level fall resulting in unstable cervical 2 odontoid fracture.</p> <p>The care plan also showed the resident was receiving pain medication therapy receiving routine Tylenol and Oxycodone for new pain following a ground level fall resulting in a neck fracture, and chronic pain due to diabetic neuropathy, right lateral malleolus ulcer, and unspecified degenerative joint disease.</p> <p>Interventions included administer analgesic medications as ordered by the physician - monitor/document side effects and effectiveness each shift, for respiratory depression monitor respiratory rate, depth, and effort after administration of pain medications, monitor for increased risk of falls, and monitor/document/report as needed adverse</p>			F757			

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F757	<p>Continued From page 49</p> <p>reactions to analgesic therapy. The care plan did not address the residents as needed Oxycodone, and did not list non-medical interventions to pain.</p> <p>Review of the Medication Administration Record (MAR), dated July 2019, showed the resident received eight as needed doses of Oxycodone. The MAR showed a monitor that read non-medication interventions must be offered prior to giving PRN (as needed) pain medications. Document interventions used on the MAR. No interventions were recorded for the eight times the resident received as needed Oxycodone.</p> <p>Review of the MARs, dated 08/01/19-08/21/19, showed the resident received 13 PRN doses of Oxycodone and no non-medical interventions were provided or recorded.</p> <p>In an interview on 08/15/19 at 10:59 AM, the resident stated he had pain all the time. The resident stated staff provided him with pain medication but did not provide or offer non-medical interventions for pain.</p> <p>In an interview on 08/21/19 at 2:08 PM, Staff FF, Certified Nursing Assistant (CNA), stated if the resident had pain she would tell the nurse so the nurse could provide medication. Staff FF stated there were no non-medical interventions for pain.</p> <p>In an interview on 08/22/19 at 3:08 PM, Staff Q, CNA, stated there were no non-medical interventions available if the resident had pain.</p> <p>In an interview on 08/23/19 at 8:56 AM, Staff II, Licensed Practical Nurse (LPN), stated the resident often had knee pain and had scheduled and as needed pain medications. Staff II stated</p>			F757			

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F757	<p>Continued From page 50</p> <p>non-medical interventions should be tried before administering PRN pain medications and there were no non-medical interventions listed on the MAR prior to administering PRN pain medications.</p> <p>In an interview on 08/23/19 at 9:56 AM, Staff AA, LPN/Resident Care Manager, acknowledged, the resident did not have non-medical interventions to pain on the care plan. Staff stated that non-medical interventions to pain should be provided before a PRN pain medication is administered. Staff AA acknowledged the PRN Oxycodone administration in August were given without documented non-medical interventions attempted or recorded.</p> <p>Reference: (WAC) 388-97-1060 (3)(k)(i)</p>			F757			
F758 SS=E	<p>Free from Unnec Psychotropic Meds/PRN Use CFR(s): 483.45(c)(3)(e)(1)-(5)</p> <p>483.45(e) Psychotropic Drugs. 483.45(c)(3) A psychotropic drug is any drug that affects brain activities associated with mental processes and behavior. These drugs include, but are not limited to, drugs in the following categories: (i) Anti-psychotic; (ii) Anti-depressant; (iii) Anti-anxiety; and (iv) Hypnotic</p> <p>Based on a comprehensive assessment of a resident, the facility must ensure that---</p> <p>483.45(e)(1) Residents who have not used psychotropic drugs are not given these drugs unless the medication is necessary to treat a specific condition as diagnosed and documented</p>			F758	<p>F-758: Free from Unnecessary Psychotropic Meds/PRN Use</p> <p>Individual Residents Residents #6, #47 and #79 and 46 have been reviewed for target behavior monitoring, addressing orthostatic vital signs, attempting non-pharmacological interventions, and documentation for goals of using psychotropic medications. Target behaviors and adverse side-effects are being documented as indicated.</p> <p>Residents in similar situations Other residents receiving psychotropic medications have documented target behaviors with adverse side-effects monitoring occurring. Non-pharmacological interventions prior to use as needed.</p> <p>Measures to prevent reoccurrence</p>		10/10/19

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F758	<p>Continued From page 51 in the clinical record;</p> <p>483.45(e)(2) Residents who use psychotropic drugs receive gradual dose reductions, and behavioral interventions, unless clinically contraindicated, in an effort to discontinue these drugs;</p> <p>483.45(e)(3) Residents do not receive psychotropic drugs pursuant to a PRN order unless that medication is necessary to treat a diagnosed specific condition that is documented in the clinical record; and</p> <p>483.45(e)(4) PRN orders for psychotropic drugs are limited to 14 days. Except as provided in 483.45(e)(5), if the attending physician or prescribing practitioner believes that it is appropriate for the PRN order to be extended beyond 14 days, he or she should document their rationale in the resident's medical record and indicate the duration for the PRN order.</p> <p>483.45(e)(5) PRN orders for anti-psychotic drugs are limited to 14 days and cannot be renewed unless the attending physician or prescribing practitioner evaluates the resident for the appropriateness of that medication.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on interview and record review, the facility failed to ensure three of five residents (#6, #47, #79) were free of unnecessary drugs due to: 1) lack of specific target behavior monitoring, 2) not obtaining the monthly orthostatic vital signs, 3) not developing and implementing non-medical interventions to behaviors, 4) not having appropriate</p>			F758	<p>MDS nurse and RCM's educated on documenting target behaviors, non-pharmacological interventions prior to distribution, adverse side-effects, polypharmacy, gradual dose reduction attempts and obtaining informed consents. During MDS cycle RCM will audit residents receiving psychotropic medication for thorough and accurate documentation.</p> <p>On-going monitoring Negative findings from monthly behavior and psychotropic meeting will be reported to monthly CQI meeting.</p> <p>Individual to Ensure Compliance Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F758	<p>Continued From page 52</p> <p>indications, documentation, and goals for use of psychotropic medications. These failures placed residents at risk for receiving unnecessary medications and for experiencing medication-related adverse side effects.</p> <p>Findings included...</p> <p>RESIDENT #6 The resident admitted to the facility on 03/07/17 with diagnoses to include Alzheimer's disease, dementia, and depression, and she also experienced hallucinations. According to the quarterly Minimum Data Set (MDS) assessment, dated 05/06/19, she was rarely or never understood, had behaviors directed toward others, she wandered, and had rejection of cares.</p> <p>Review of the resident's August 2019 Medication Administration Records/Treatment Administration Records (MARs/TARs) revealed the facility had grouped her target behavior monitoring together for her treatment with both Sertraline (antidepressant medications) and Depakote (mood stabilizing medication). Further review of the MARs/TARs revealed she had no longer took the Depakote since July 2019.</p> <p>Review of the resident's Order Summary Report, for active orders as of 07/31/19, revealed there was an order to check Orthostatic Blood Pressures, lying, sitting, and standing, once monthly on the 10th of the month, and to document them under blood pressures under the vital signs tab in Point Click Care (electronic health record).</p> <p>On 08/19/19, a review of blood pressure documentation in Point Click Care, revealed no orthostatic blood pressures were done in June</p>			F758			

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F758	<p>Continued From page 53 or July 2019. The progress notes for July 10th reflected the resident had refused to do the orthostatic blood pressures, but there was no documentation they had been re-attempted after that. There was no documentation the resident had refused to do orthostatic blood pressures on/around June 10th.</p> <p>In an interview on 08/19/19 at 2:46 PM, Staff C, Registered Nurse/Resident Care Manager, was unable to provide any information why the target behaviors monitoring was grouped together for different medications, and she confirmed the resident no longer took Depakote. Staff C stated it looks like we missed some orthostatic vital signs. Staff C stated if the resident had refused to do the orthostatic vital signs then the nurse should have documented the refusal in a progress note.</p> <p>RESIDENT #47 Resident #47 admitted to the facility on 10/05/18 with diagnoses to include dementia with behavioral disturbance, Alzheimer's Disorder, and depression.</p> <p>The quarterly MDS assessment, dated 06/26/19, documented the resident had severe cognitive impairment and required extensive assistance with all activities of daily living.</p> <p>Review of the physician's orders, dated August 2019, showed the resident was receiving acetaminophen (pain medication) twice a day, acetaminophen every four hours as needed for pain or elevated temperature, Risperidone (antipsychotic), and Sertraline (antidepressant). A pain assessment was to be done weekly, and the resident's target behaviors for depression and psychosis were to be monitored every shift</p>			F758			

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F758	<p>Continued From page 54 and documented in the Nurse's Notes and progress notes if present. Additionally, the Risperidone dose was increased on 07/02/19.</p> <p>Review of the June, July and August 2019 Medication Administration Record/Treatment Administration Records (MARS/TARS) and Nursing Progress Notes showed the following:</p> <p>June: The resident had eight days of documented target behaviors. The progress notes had no corresponding target behavior documentation on five of the days.</p> <p>July: The resident had 11 days of documented target behaviors. The progress notes had no corresponding target behavior documentation on six of the days.</p> <p>August: The resident had one day of documented target behaviors. The progress notes had no target behaviors documentation.</p> <p>The resident care plan identified the problems of the resident's potential to be physical and verbally aggressive, was an elopement risk, and had chronic pain due to arthritis. Review of the interventions for pain management showed no non medication interventions identified to use prior to administering the as needed medication administration.</p> <p>Review of the physician's progress notes dated 07/20/19 and 07/16/19 showed no clinical documentation to support the increase in the Risperidone dose.</p> <p>Review of the medical record showed no psychotropic meeting notes that documented the clinical rationale for the increase in the Risperidone dose.</p>			F758			

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F758	<p>Continued From page 55</p> <p>In an interview on 08/23/19 at 1:23 PM, Staff C, Resident Care Management, stated the resident had his Risperidone dose increased to three times a day in July due to increased behaviors. Staff C stated the doctor should have documented the clinical reason for the increased dose in her progress note. She further stated the resident was more easily re-directed and his behaviors had decreased. "I missed the July psychotropic meeting so I didn't get the documentation for the increased dose in the record." She stated staff should document in the progress notes every shift if the resident had behaviors and not just on the MAR/TAR. "I have been working on streamlining the process for documentation." "It is the expectation that the staff document the behavior details in the progress notes, they get busy and it doesn't always get done. We will have to work on that." She further stated that non medication interventions should be care planned. "We do things for behaviors and discomfort for the resident." She stated the resident had general discomfort and often agitation was a sign of discomfort so the staff gave Tylenol sometimes for that. She acknowledged non medication interventions should be care planned.</p> <p>No further information was presented.</p> <p>RESIDENT #79 Resident #79 admitted to the facility on 02/22/18 with diagnoses to include psychosis, dementia, delusional disorder, and depression.</p> <p>Review of the Quarterly MDS assessment, dated 07/25/19, showed the resident had dementia, had hallucinations and delusions, and other behaviors that interrupts the care/living</p>			F758			

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F758	<p>Continued From page 56 environment. The MDS showed the resident was receiving antipsychotic and antidepressant medications.</p> <p>Review of the physician orders showed the resident had orders for Risperidone (an antipsychotic) for dementia and delusional disorder with a start date of 01/11/19, Divalproex (an anticonvulsant that affects the brain) for dementia with behavioral disturbance with a start date of 02/22/18, and Duloxetine (an antidepressant) for depression with a start date of 02/22/18.</p> <p>Review of a progress note, dated 01/11/19, showed "the resident had been experiencing hallucinations as she did previously prior to Risperdal, now that resident had a GDR (Gradual Dose Reduction) and no Risperdal since 10/2018, resident is starting to see fires and becoming distressed. New orders noted to re-start Risperdal 0.25 milligrams at night ..."</p> <p>Review of the medical record showed no documented hallucinations or delusions for the resident preceding the start of Risperidone on 01/11/19.</p> <p>Review of the comprehensive care plan showed the resident had a behavioral problem with historical diagnosis of dementia with behaviors, hallucinations, paranoia, bi-polar, and depression. The resident had a history of fixating on other residents and becoming agitated. Interventions included administer medications as ordered - monitor/document for side effects and effectiveness, allow resident to awaken at will - hush no rush, anticipate and meet the resident's needs, caregivers to provide opportunity for positive interaction and attention- stop and talk with the resident as passing by, and monitor</p>			F758			

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F758	<p>Continued From page 57 behavior episodes and attempt to determine underlying cause.</p> <p>The care plan also showed the resident had a mood problem related to major depressive disorder diagnosed in 2014, paranoia, hallucinations, and bi-polar disorder. The showed the resident would have improved mood state through the review date.</p> <p>Interventions included administer medications as ordered- monitor and document for side effects and effectiveness, behavioral health consults PRN (as needed), educate the resident/family/caregivers regarding expectations of treatment, monitor/document/report PRN any risk for harm to self, monitor/record mood to determine if problems seem to be related to external causes, monitor/record/report to the physician PRN acute episode feelings of sadness; loss of pleasure and interest in activities, feelings of worthlessness or guilt, change in appetite/eating habits, change in sleep patterns, diminished ability to concentrate, and change in psychomotor skills.</p> <p>Other interventions included monitor/record/report to the physician PRN mood patterns of signs/symptoms of depression, anxiety, sad mood as per facility behavior monitoring protocols, monitor/record/report to the physician PRN risk for harming others, observe for signs and symptoms of mania or hypomania.</p> <p>The care plan showed the resident had depression related to dementia. The goal was the resident would exhibit indicators of depression, anxiety, or sad mood less than daily and would remain free of signs and symptoms of</p>			F758			

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F758	<p>Continued From page 58 depression, anxiety, or say mood through the review date.</p> <p>Interventions included administer medications as ordered- monitor/document for side effects and effectiveness, arrange for psych consult, monitor/document/report PRN any risk for harm to self, monitor/document/report PRN any signs or symptoms of depression.</p> <p>The care plan did not address the resident's specific target behaviors of depression, anxiety, bi-polar disorder, and dementia with behaviors. The care plan goals did not give resident centered, measureable, and specific goals for the resident. The care plan did not list non- medical interventions to behaviors. The care plan did not address the resident having hallucinations or delusions, information on specific hallucinations/delusions that cause the resident distress, and interventions to address the resident's hallucinations or delusions.</p> <p>Review of the Medication Administration Record (MAR), dated November 2018, showed no documented behaviors. There was no behavior monitor in place for hallucinations or delusions.</p> <p>Review of the MAR, dated December 2018, showed no documented behaviors of delusions or hallucinations. There was no behavior monitor in place for hallucinations or delusions.</p> <p>Review of the MAR, dated January 2019, showed no documented hallucination or delusions behaviors. There was a behavior monitor for hallucinations and to document the number of times occurred during each shift and document in progress note, including the number of times occurred. The behaviors monitor had a start date of 01/11/19.</p>			F758			

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F758	<p>Continued From page 59</p> <p>Review of the MAR, dated February 2019, showed no documented behaviors of delusions or hallucinations. There was a behavior monitor for hallucinations and to document the number of times occurred during each shift and document in progress note, including the number of times occurred.</p> <p>Review of the MAR, dated March 2019, showed no documented behaviors of delusions or hallucinations. There was a behavior monitor for hallucinations and to document the number of times occurred during each shift and document in progress note, including the number of times occurred.</p> <p>Review of the MAR, dated April 2019, showed no documented behaviors of delusions or hallucinations. There was a behavior monitor for hallucinations and to document the number of times occurred during each shift and document in progress note, including the number of times occurred.</p> <p>In an interview on 08/23/19 at 9:02 AM, Staff B, Certified Nursing Assistant, stated that interventions were shared by word of mouth amongst staff. Staff B stated there were not behavior approaches or interventions for the resident behaviors on the Kardex or care plan that she knew of.</p> <p>In an interview on 08/23/19 at 10:11 AM, Staff Y, Social Services, stated that the care plan was developed based on the residents behaviors and the need for medications. Staff Y stated nursing created the behavioral interventions for behaviors and psychotropic medications. Staff Y acknowledged the care plan did not address and specify the resident's hallucinations or delusions.</p>			F758			

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F758	<p>Continued From page 60</p> <p>Staff Y acknowledged the resident's behaviors could be personalized and specific. Staff Y stated the resident had not had any issues with hallucinations lately, and in the past the hallucinations were about her roommates. Staff Y stated they use the number of behaviors recorded on the MAR to track effectiveness or ineffectiveness of medications discussed during psychotropic meetings. Staff Y stated the behavior monitors needed more personalized to the specific behaviors to better monitor the resident's behaviors.</p> <p>In an interview on 08/23/19 at 10:49 AM, Staff HH, Licensed Nurse/Resident Care Manager, acknowledged that the target behaviors for hallucinations could be more personalized and specific. Staff HH acknowledged that the care plan and Kardex (instructions for resident care) did not have individualized behavior interventions for the resident. Staff HH stated they started Risperdal due to the resident's history of psychosis with hallucinations in the past. Staff HH stated they had discontinued Risperdal in October 2018 and knowing her history they restarted Risperdal without monitoring for target behaviors or putting resident on alert for behaviors. Staff HH stated the resident's main hallucination of distress was seeing fire. Staff HH acknowledged the behavior monitor and care plan did not specify the resident's hallucinations around fire. When asked if there had been an attempt for a dose reduction for Duloxetine or Divalproex, Staff HH stated no there had not been. The facility had only made changes to the Risperidone.</p> <p>The facility failed to provide adequate documentation of behaviors and indication for use of an antipsychotic medication. The facility failed to identify, monitor, and record resident</p>			F758			

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F758	Continued From page 61 specific target behaviors and develop and implement resident specific goals and interventions for behaviors and use of psychotropic medications.			F758			
F812 SS=D	<p>Reference: (WAC) 388-97-1060 (3)(K)(I)(4)</p> <p>Food Procurement,Store/Prepare/Serve- Sanitary CFR(s): 483.60(i)(1)(2)</p> <p>483.60(i) Food safety requirements. The facility must -</p> <p>483.60(i)(1) - Procure food from sources approved or considered satisfactory by federal, state or local authorities. (i) This may include food items obtained directly from local producers, subject to applicable State and local laws or regulations. (ii) This provision does not prohibit or prevent facilities from using produce grown in facility gardens, subject to compliance with applicable safe growing and food-handling practices. (iii) This provision does not preclude residents from consuming foods not procured by the facility.</p> <p>483.60(i)(2) - Store, prepare, distribute and serve food in accordance with professional standards for food service safety.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on observation, interview and record review the facility failed to ensure appropriate hand hygiene practices were used when assisting resident's with their meal. This failure placed the residents at risk of cross</p>			F812	<p>F-812: Food Procurement, Store/Prepare/Serve-Sanitary</p> <p>Individual Residents No individual residents identified.</p> <p>Residents in similar situations Facility will continue to work with staff to ensure food is stored, prepared, distributed and served under sanitary conditions.</p> <p>Measures to prevent reoccurrence Facility will ensure serving foods under sanitary conditions in the kitchen, resident rooms and dining rooms. NAC's and staff will be in-serviced on hand hygiene and on safe food practices.</p> <p>On-going monitoring Random hand hygiene audits of staff will be weekly x4 for one month. Negative findings of staff who failed audit will be presented monthly X3 to Continuous Quality Improvement (CQI) meeting.</p> <p>Individual to Ensure Compliance Staff development or designee</p> <p>Date of Compliance 10/10/2019</p>		10/10/19

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F812	<p>Continued From page 62 contamination and development of a food borne illness.</p> <p>Findings included...</p> <p>The facility policy title Hand Hygiene, dated May 2019, stated hand hygiene should be done with soap and water or alcohol based hand rub between resident contacts.</p> <p>On 08/14/19, between 11:42 AM and 12:30 PM, Staff B, Nursing Assistant Certified (NAC) was observed passing lunch trays in the North Hall of the facility. She was not observed to perform hand hygiene before starting to pass the trays. Staff was observed delivering a lunch tray to a resident in her room. She set the lunch tray on the bedside table and proceeded to assist the resident position herself in the bed by raising the head of the bed, adjusting pillows, and moving the bedside table in front of the resident. Staff B set up the meal for the resident by uncovering the plate, bowl, and cups of liquids and placed the utensils within reach. She then touched the privacy curtain on her way out of the room. She proceeded to deliver the next lunch tray to a resident without performing hand hygiene. During the delivery of the next lunch tray she again touched the bedside table, privacy curtain, bed controls, and bedding as she assisted to set up the meal for the resident. As she prepared the lunch tray she was observed to touch the rims of a cup and plate as she removed the lids. She did not perform hand hygiene before proceeding to deliver the next lunch tray to a resident. During the entire tray delivery she was observed to perform hand hygiene only one time, after bending over to tie her shoe.</p> <p>In an interview on 08/22/19 at 1:42 PM, Staff B stated she washed her hands before and after</p>			F812			

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F812	Continued From page 63 she helped in the dining room or delivered trays. When asked when and how often she performed hand hygiene during a meal service or tray delivery she replied "not very often." She went on to state she had a manager tell her once that you should wash your hands or use hand sanitizer after touching your hair or clothing. She acknowledged that hand hygiene should also be done after touching objects in the environment. "I don't always do that I know."			F812			
F880 SS=D	<p>Reference: WAC 388-97-1100(3)</p> <p>Infection Prevention & Control CFR(s): 483.80(a)(1)(2)(4)(e)(f)</p> <p>483.80 Infection Control The facility must establish and maintain an infection prevention and control program designed to provide a safe, sanitary and comfortable environment and to help prevent the development and transmission of communicable diseases and infections.</p> <p>483.80(a) Infection prevention and control program. The facility must establish an infection prevention and control program (IPCP) that must include, at a minimum, the following elements:</p> <p>483.80(a)(1) A system for preventing, identifying, reporting, investigating, and controlling infections and communicable diseases for all residents, staff, volunteers, visitors, and other individuals providing services under a contractual arrangement based upon the facility assessment conducted according to 483.70(e) and following accepted national standards;</p> <p>483.80(a)(2) Written standards, policies, and</p>			F880	<p>F-880: Infection Prevention and Control</p> <p>Individual Residents Resident #81 no longer resides in facility. Individual education on hand hygiene provided to staff II for resident #81. Individual education on hand hygiene provided to staff EE regarding care for resident #58.</p> <p>Residents in similar situations Hand Hygiene Policy and Procedures has been reviewed and updated as needed.</p> <p>Measures to prevent reoccurrence Infection Control Nurse educated on hand hygiene policy and procedure. Staff development nurse has educated all staff on hand hygiene policy.</p> <p>On-going monitoring Random hand hygiene audits of staff will be weekly x4 for one month. Negative findings of staff who failed audit will be presented monthly X3 to Continuous Quality Improvement (CQI) meeting.</p> <p>Individual to Ensure Compliance</p>		10/10/19

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F880	<p>Continued From page 64</p> <p>procedures for the program, which must include, but are not limited to:</p> <p>(i) A system of surveillance designed to identify possible communicable diseases or infections before they can spread to other persons in the facility;</p> <p>(ii) When and to whom possible incidents of communicable disease or infections should be reported;</p> <p>(iii) Standard and transmission-based precautions to be followed to prevent spread of infections;</p> <p>(iv) When and how isolation should be used for a resident; including but not limited to:</p> <p>(A) The type and duration of the isolation, depending upon the infectious agent or organism involved, and</p> <p>(B) A requirement that the isolation should be the least restrictive possible for the resident under the circumstances.</p> <p>(v) The circumstances under which the facility must prohibit employees with a communicable disease or infected skin lesions from direct contact with residents or their food, if direct contact will transmit the disease; and</p> <p>(vi) The hand hygiene procedures to be followed by staff involved in direct resident contact.</p> <p>483.80(a)(4) A system for recording incidents identified under the facility's IPCP and the corrective actions taken by the facility.</p> <p>483.80(e) Linens. Personnel must handle, store, process, and transport linens so as to prevent the spread of infection.</p> <p>483.80(f) Annual review. The facility will conduct an annual review of its IPCP and update their program, as necessary.</p>			F880	<p>Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F880	<p>Continued From page 65</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on observation, interview and record review, the facility failed to perform proper hand hygiene and glove changes for two of two observations of resident care (Resident #81 & #58). This failure placed residents at risk for the spread of infection and decreased quality of life.</p> <p>Findings included...</p> <p>Review of a facility policy, titled, "Hand Hygiene", undated, showed the use of gloves does not replace hand hygiene. The policy stated to perform hand hygiene after handling contaminated objects; before and after handling clean or soiled dressings, linens, etc; before performing resident care procedures; and after assistance with personal body functions.</p> <p>RESIDENT #81 Resident #81 admitted to the facility on 07/21/19 with diagnoses to include fracture of the second cervical vertebra (fracture of a bone in the neck), and hypertension.</p> <p>Review of the Admission MDS assessment, dated 07/28/19, showed the resident was cognitively intact.</p> <p>Review of the physician orders, print date 08/19/19, showed an order to have the resident sit on the side of his bed, remove his neck collar, and provide neck hygiene. Remove old pads and replace with new pads. Reapply neck collar. Wash old pads by hand in the sink and leave out to dry.</p> <p>In an observation on 08/16/19 at 10:37 AM, Staff II, Licensed Practical Nurse, was observed</p>			F880			

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F880	<p>Continued From page 66</p> <p>providing care to Resident #81. Staff II was observed to put on gloves and in the process ripped the left glove. Staff II then proceeded to put another pair of gloves over the first pair, resulting in wearing 2 pairs of gloves on each hand. Staff II then removed the resident's shirt, and began removing the resident's neck brace. Staff II instructed the resident to concentrate during this process and attempt to keep head and neck still. Staff II was then observed to take wash clothes and clean the resident's neck where the neck brace had been. After washing the neck and collar area with a wet wash cloth, Staff II wiped the cleaned area with a dry wash cloth. Staff II then removed the padding from the neck brace and replaced the padding with new padding. In the process of changing the padding on the neck brace, debris was observed to fall from the neck brace. Once all new padding had been applied to the brace, Staff II wiped the brace down with a wash cloth. Staff II then proceeded to reapply the resident's neck brace. Staff II assisted the resident with putting his shirt back on and placed the resident's glasses on the resident's face. Throughout the observed care process, Staff II did not change her gloves or wash her hands. After ensuring the resident was comfortable, Staff II took off both pairs of gloves and washed her hands and exited the room.</p> <p>In an interview on 08/16/19 at 10:53 AM, Staff II stated she should have changed her gloves and washed her hands while providing care to the resident. Staff II stated, "I just wanted to get it on him."</p> <p>RESIDENT #58 Resident #58 was admitted to the facility 11/27/15 and had multiple diagnoses, including diabetes and dementia.</p>			F880			

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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)			ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETE DATE
F880	<p>Continued From page 67</p> <p>Review of the resident's Treatment Administration Record revealed a treatment, dated 07/15/19, to apply a thin layer of hydrocortisone 1% cream to her buttock rash three times a day for rash, dermatitis.</p> <p>On 08/21/19 at 12:50 PM Staff EE, Nursing Assistant Certified (NAC) was observed providing care to Resident #58. Staff EE had gathered supplies and wheeled the resident to her bedside. Staff EE donned gloves, locked the resident's wheelchair brakes and cued her to transfer into her bed. The resident stood using the arms of the wheelchair and independently transferred herself onto her bed. Staff EE stated Resident #58 transferred herself alot from her wheelchair to the bed, even though she was only to do so with staff assist.</p> <p>After privacy was provided by closing the privacy curtain, the resident's pants and incontinent brief were removed. Staff EE cued the resident to turn left, which the resident did with minimal assist. The resident's gluteal fold and buttock had a thin layer of cream and Staff EE gently wiped and dried the resident. The area where the gluteal folds came in contact was reddened and scaly appearing. A new brief was applied. Staff EE stated she would let the nurse know she was done with Resident #58 and she would apply more of the cream. Wearing the same gloves, Staff EE pulled the sheet and blanket up to cover the resident, turned off the overbed light with the cord that hung from the light and opened the privacy curtain, potentially contaminating items in the resident's environment. Staff EE then removed her gloves and washed her hands.</p> <p>Reference (WAC) 388-97-1320(1)(a)(c)</p>			F880			

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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FORM APPROVED
OMB NO. 0938-0391

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F880	Continued From page 68			F880			
F925 SS=D	<p>Maintains Effective Pest Control Program CFR(s): 483.90(i)(4)</p> <p>483.90(i)(4) Maintain an effective pest control program so that the facility is free of pests and rodents.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on observation, interview and record review, the facility failed to maintain an effective pest control program so the facility remained free of ants in one of three units (South). This failure placed residents at risk for health risks and decreased quality of life.</p> <p>Findings included...</p> <p>In an observation/interview on 08/14/19 at 11:13 AM, there were approximately 50 - 100 ants crawling on the floor and a desk in Resident 43's room. Resident 43 stated she had opened the drawer to her desk cabinet and she saw a massive ball of ants crawling around. The ants were observed crawling on the floor, up and down the desk leg, and in the desk. Cookies and graham crackers were observed in desk.</p> <p>In an interview at 11:13 AM, Staff C, Registered Nurse/Resident Care Manager, stated that was the first time they'd had ants in Resident 43's room, but since construction had started outside the building, they'd had ants several times in Resident 5's room.</p> <p>In an interview on 08/14/19 at 3:24 PM, Resident 5's daughter stated there had been ants in her mother's room on more than one</p>			F925	<p>F-925: Maintains Effective Pest Control Program</p> <p>Individual Residents Resident #43's room has been deep cleaned and decontaminated.</p> <p>Residents in similar situations All units have been assessed for pest control and cleaned as needed.</p> <p>Measures to prevent reoccurrence Pest Control Program has been created. Environmental Services department has been in-serviced on pest control program.</p> <p>On-going monitoring Monthly logs will be reviewed, and results reviewed. Findings will be reported to monthly to CQI meeting.</p> <p>Individual to Ensure Compliance Administrator or designee</p> <p>Date of Compliance 10/10/2019</p>		10/10/19

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F925	<p>Continued From page 69 occasion, and she thought there had been ants in other rooms too.</p> <p>In an observation on 08/15/19 at 9:11 AM, there five ants crawling on the floor in Resident 43's room.</p> <p>In an observation on 08/16/19 at 9:03 AM, there were five dead ants on the floor by Resident 43's bed.</p> <p>In an observation on 08/16/19 at 1:24 PM, there were two live ants and a few dead ants on the floor in Resident 43's room.</p> <p>In an interview on 08/23/19 at 8:48 AM, Staff Z, Maintenance, stated they didn't have any ants inside the building until recently when the construction had started outside, and that the south unit was the only unit that had any issues with ants.</p> <p>Review of an exterminator company service inspection report, dated 01/24/19, revealed there had been documentation of ant activity in the South unit dining room.</p> <p>Reference: (WAC) 388-97-3360 (1)</p>			F925			
F947 SS=E	<p>Required In-Service Training for Nurse Aides CFR(s): 483.95(g)(1)-(4)</p> <p>483.95(g) Required in-service training for nurse aides. In-service training must-</p> <p>483.95(g)(1) Be sufficient to ensure the continuing competence of nurse aides, but must be no less than 12 hours per year.</p> <p>483.95(g)(2) Include dementia management</p>			F947	<p>F-947: Required In-Service Training</p> <p>Individual Residents No residents identified. Staff O, P, Q, R and S will receive annual in-service education and complete 12 hours of required in-service training by their anniversary date. Staff T no longer employed.</p> <p>Residents in similar situations Systems for nurse aid education hours</p>		10/10/19

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F947	<p>Continued From page 70 training and resident abuse prevention training.</p> <p>483.95(g)(3) Address areas of weakness as determined in nurse aides' performance reviews and facility assessment at 483.70(e) and may address the special needs of residents as determined by the facility staff.</p> <p>483.95(g)(4) For nurse aides providing services to individuals with cognitive impairments, also address the care of the cognitively impaired.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on record review and interview the facility failed to consistently implement and maintain an effective in-service training program to ensure five of six Nursing Assistant Certified (NAC) reviewed (O, P, Q, R and S) had the required annual 12 hour nurse aide training, based on their date of hire. Additionally, three of seven NAC's reviewed (O, R and T) did not have the required annual abuse prevention training and two of six NAC's reviewed (O and P) did not have the required annual dementia training. The failed practice placed residents at risk of receiving substandard care, abuse, psychosocial harm and decline in quality of life.</p> <p>Findings included ...</p> <p>Policy/Procedure information regarding Nursing Assistant education, provided from Staff V, Registered Nurse, Staff Development coordinator stated the following: "Bethany at Silver Lake will provide 12 hours of structured education classes. Some classes will be offered every month because all staff are required to attend."</p>			F947	<p>developed and in place. All nurse aides being in-serviced on the 12-hour education by their anniversary date requirement.</p> <p>Measures to prevent reoccurrence Nurse managers educated on completing annual nurse aide performance reviews including validation of 12 hours of education prior to anniversary date. Facility management will monitor hire dates and provide evaluation materials approximately one month prior to hire date to nurse department managers. Completed evaluations will be given to staff development and any identified in-service needs will be incorporated into required 12 hr/yr prior to hire date.</p> <p>On-going monitoring Staff development will review all nurse aide for completion of required 12 hr/yr education prior to anniversary date, as well as the nurse manager during annual performance review. Negative findings will be reported to monthly CQI meeting.</p> <p>Individual to Ensure Compliance Director of Nursing or designee</p> <p>Date of Compliance 10/10/2019</p>		

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F947	<p>Continued From page 71</p> <p>Staff O had a hire date of 08/15/15. Review of his annual continuing education showed he had 5.16 hours of annual training, rather than the required 12 hours. He did not have documentation of the required annual dementia or abuse prevention training.</p> <p>Staff P had a hire date of 03/31/14. Review of her annual continuing education showed she had 1.5 hours of annual training. She did not have documentation of the required dementia training.</p> <p>Staff Q had a hire date of 06/19/13. Review of her annual continuing education showed she had 8 hours of annual training.</p> <p>Staff R had a hire date of 12/10/13. Review of his annual continuing education showed he had 6.5 hours of annual training. He did not have documentation of the required abuse prevention training.</p> <p>Staff S had a hire date of 06/16/15. Review of her annual continuing education showed she had 9.75 hours of continuing education.</p> <p>Staff T had a hire date of 04/13/16. She did not have documentation of the required annual abuse prevention training.</p> <p>In an interview on 08/20/19 at 1:35 PM the above information was shared with Staff V. No further training information was provided for the employees reviewed.</p> <p>In an interview on 08/22/19 at 11:14 AM, Resident #5's daughter stated she had witnessed her mother report an allegation of rough handling to Staff T. Review of a related</p>			F947			

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F947	<p>Continued From page 72</p> <p>incident investigation report revealed no documentation the allegation was ever reported to facility administration or the abuse/neglect hotline. Review of Staff T's training documentation revealed her last documented abuse/neglect training was 04/18/18, which was confirmed with the Administrator on 08/23/19 at 1:49 PM.</p> <p>Reference: (WAC) 388-97-1680 (2)(b, c)</p>			F947			

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L000	<p>WAC - Initial Comments</p> <p>Note: According to RCW 18.51.060, the Department is authorized to deny, suspend or revoke a license and/or assess monetary fines for deficiencies cited in this report.</p> <p>This report is the result of an unannounced Long Term Care Survey conducted at Bethany at Silver Lake on 08/14/19, 08/15/19, 08/16/19, 08/19/19, 08/20/19, 08/21/19, 08/22/19, 08/23/19 and 08/26/19. A sample of 43 residents was selected from a census of 112. The sample included 40 current residents and the records of 3 discharged residents.</p> <p>The survey was conducted by: Cory Cisneros, BA Steven Kindle, RN, MSN Nedra Vranish, RN, BSN, MEd. Nancy Berger, RN, BSN Leslie Martin, BSHS</p> <p>The survey team is from: Department of Social and Health Services Aging & Long-Term Support Administration Residential Care Services, Region 2, Unit C 3906 172nd St. NE Suite 100 Arlington, WA 98223</p> <p>Telephone: 360-651-6850 Fax: 360-651-6940</p>			L000			
L1080	<p>WAC 388-97-1080 Nursing Services</p> <p>(1) The nursing home must ensure that a sufficient number of qualified nursing personnel are available on a twenty-four hour basis seven days per week to provide nursing and related</p>			L1080	<p>WAC 388-97-1080: Nursing Services</p> <p>Individual Residents No individual residents identified.</p> <p>Residents in similar situations</p>		10/10/19

State Form 2567

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

Electronically Signed

(X6) DATE

09/11/2019

State of Washington

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L1080	<p>Continued From page 1</p> <p>services to attain or maintain the highest practicable physical, mental and psychosocial well-being of each resident as determined by resident assessments and individual plans of care.</p> <p>(2) The nursing home must:</p> <p>(a) Designate a registered nurse or licensed practical nurse to serve as charge nurse who is accountable for nursing services on each shift; and</p> <p>(b) Have a full time director of nursing service who is a registered nurse.</p> <p>(3) Large nonessential community providers must have a registered nurse on duty directly supervising resident care twenty-four hours per day, seven days per week.</p> <p>(4) The department may permit limited exceptions to subsection (3) of this section if the nursing home can demonstrate good faith effort to hire a registered nurse for the last eight hours of required coverage per day. The department may not grant exceptions for coverage that are less than sixteen hours per day. When considering an exception, the department may consider the following:</p> <p>(a) Wages and benefits offered by the nursing home; and</p> <p>(b) The availability of registered nurses in the nursing home's geographical area.</p> <p>(5) The department may grant a one-year exception that may be renewable for up to three consecutive years.</p>			L1080	<p>No other residents identified.</p> <p>Measures to prevent reoccurrence Schedular and nurse managers in-serviced on required Registered Nurse coverage per day.</p> <p>On-going monitoring Schedular will inform DON or Administrator if RN coverage cannot be provided secondary to call-off so coverage can be obtained.</p> <p>Individual to Ensure Compliance Administrator or designee</p> <p>Date of Compliance 10/10/2019</p>		

State Form 2567

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L1080	<p>Continued From page 2</p> <p>(6) If a registered nurse is not on-site and readily available to complete full assessments during a shift, the department may limit the admission of new residents based on the resident's medical conditions or complexity during this period only for the particular shift that a registered nurse is not on-site or readily available.</p> <p>(7) If the department grants an exception for a nursing home, the department must include this information in its nursing home locator.</p> <p>(8) Essential community providers and small nonessential community providers must have a registered nurse on duty who directly supervises resident care a minimum of sixteen hours per day, seven days per week, and a registered nurse or a licensed practical nurse on duty who directly supervises resident care the remaining eight hours per day, seven days per week.</p> <p>(9) The nursing home must ensure that staff respond to resident requests for assistance in a manner that promptly meets the resident's quality of life and quality of care needs.</p> <p>(10) The director of nursing services is responsible for:</p> <p>(a) Coordinating the plan of care for each resident;</p> <p>(b) Ensuring that registered nurses and licensed practical nurses comply with chapter 18.79 RCW; and</p> <p>(c) Ensuring that the nursing care provided is based on the nursing process in accordance with nationally recognized and accepted standards of professional nursing practice.</p>			L1080			

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L1080	<p>Continued From page 3</p> <p>This Washington Administrative Code is not met as evidenced by:</p> <p>Based on interview and record review, the facility failed to have the required minimum of 24 hours of registered nurse staff per day on four of 30 days reviewed (07/15/19, 07/28/19, 07/29/19 & 08/13/19). The failure to have required registered nursing staff on duty as required placed residents at risk for having unmet care needs and diminished quality of life.</p> <p>Findings included...</p> <p>On 08/20/19, a review of the Staffing Pattern worksheet, dated 08/14/19, revealed there was not 24 hours of registered nurse coverage on four days (07/15/19, 07/28/19, 07/29/19 & 08/13/19).</p> <p>In an interview on 08/21/19 at 12:51 PM, the Administrator was unable to provide any information about the four days without 24 hour registered nurse coverage except to state it was sometimes difficult to find coverage if there were late call-ins.</p>			L1080			

State Form 2567

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STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Aging and Disability Services
Aging and Long-Term Support Administration
3906 172nd Street NE, Suite 100 Arlington, WA 98223

June 2, 2020

CERTIFIED MAIL # 9489 0090 0027 6086 5955 28

Administrator
Everett Transitional Care Services
916 Pacific Avenue
Everett, WA 98201

Dear Administrator:

On May 19, 2020 the Department of Social and Health Services (DSHS), Residential Care Services conducted an **initial certification survey** at your nursing home to determine compliance with State licensing requirements and Federal requirements for nursing homes applying for participation in the Medicare and/or Medicaid programs.

The Washington State Patrol, Office of the State Fire Marshal (OSFM) completed a **Life Safety Code (LSC) survey** at your facility to determine compliance with state fire safety standards for nursing homes and the Medicare/Medicaid life safety code certification requirements. The results of the **LSC survey** will be delivered to you separately.

The most serious deficiency identified by the **Health survey** and/or the **LSC survey** are at level; **(E); a pattern of deficiencies that constitute no actual harm with potential for more than minimal harm that is not immediate jeopardy, as evidenced by the CMS Form 2567L.**

Certification

Substantial compliance must be achieved before DSHS will recommend certification for Medicare and/or Medicaid. [State Operations Manual - #7203(B) & #7300(C)]

Plan of Correction (POC)

You must submit an acceptable POC for the deficiencies written on the enclosed CMS Form 2567L no later than 10 calendar days after you receive it to:

Michelle Reynolds, Field Manager
Region 2C
3906 172nd St NE Ste 100
Arlington WA 98223
Phone: 360-651-6864 / Fax: 360-651-6940

Your POC must address these issues:

- How the nursing home will correct the deficiency as it relates to the resident;
- How the nursing home will act to protect residents in similar situations;
- Measures the nursing home will take or the systems it will alter to ensure that the problem does not recur;
- How the nursing home plans to monitor its performance to make sure that solutions are sustained;
- Dates when corrective action will be completed; and
- The title of the person responsible to ensure correction.

DSHS will use the POC and an on-site revisit as the basis for verifying whether the **Health** deficiencies have been corrected. The POC will also serve as the Plan of Correction for the corresponding state survey report deficiencies.

If you modify your POC, you must immediately notify the regional office in writing. You should address each modified "F" tag number and provide details about any modifications.

Please sign the enclosed state licensure survey report form ("Nursing Home Report") and the CMS Form 2567L, and return them with your completed POC to this office. Failure to submit an acceptable POC by the 10th calendar day may result in the imposition of remedies. You are required to display the state licensure survey report and the CMS Form 2567L for public review.

State Remedies

As a result of the survey citations, remedies under the state's licensing authority, RCW 18.51.060 and WAC 388-97-4460, may also be considered. You will be notified of any decision regarding possible remedial actions under the state's licensing authority at a later date.

Appeal Rights

You have the following appeal rights:

Informal Dispute Resolution (IDR) [42 CFR 488.331 and WAC 388-97-4420]

You have an opportunity to question cited deficiencies on the **Health** survey and/or state actions initiated in response to them, through the state's informal review and dispute resolution process. Unless you become entitled to a federal administrative hearing following imposition of a federal remedy, this will be your only opportunity to challenge the deficiencies described on **Health** survey CMS Form 2567L.

To request an informal dispute resolution (IDR) meeting, please send your written request to:

Nursing Home IDR Program Manager,
PO Box 45600, Olympia,
Washington 98504-560.

If you request an IDR, you must still submit a POC within the time limits described above.

The written request should:

- Identify the specific deficiencies that are disputed;
- Explain why you are disputing the deficiencies;
- Indicate the type of dispute resolution process you prefer (face-to-face, telephone conference or documentation review); and
- Be sent during the same 10 calendar days you have for submitting a POC for the cited deficiencies.

During the informal process you have the right to present written and/or oral evidence refuting the deficiencies. An incomplete review and dispute resolution process will not delay the effective date of any enforcement action.

Administrative Hearing: [RCW 18.51.065 and WAC 388-97-4440]

You have the right to request a state administrative hearing to contest the state licensing deficiencies described on the state survey report. (The deficiencies described on the **Health** survey CMS 2567L may only be appealed through the federal administrative hearing process if a federal remedy is imposed). A request for a state administrative hearing must be submitted to:

Office of Administrative Hearings
PO Box 42489
Olympia, WA 98504-2489
(360) 753-2531

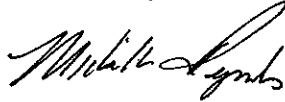
The hearing request must be received within 20 calendar days of the receipt of this letter. A request for an IDR will not delay this deadline. Further, a request for an administrative hearing does not suspend or delay the effective date of any

Administrator
June 2, 2020
Page 4

enforcement action.

If you have any questions concerning the instructions contained in this letter, please contact me at 360-651-6864.

Sincerely,

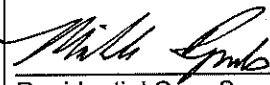
A handwritten signature in black ink, appearing to read "Michelle Reynolds", written in a cursive style.

Michelle Reynolds
Field Manager - Region 2C,
Residential Care Services

All references to regulatory requirements contained in this letter are found in:
Title 42, Code of Federal Regulations (CFR); Chapter 7 of the State Operations Manual (SOM)
Chapter 18.51 of the Revised Code of Washington (RCW); and
Chapter 388-97 of the Washington Administrative Code (WAC).

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/02/2020
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 05/19/2020
NAME OF PROVIDER OR SUPPLIER EVERETT TRANSITIONAL CARE SERVICES			STREET ADDRESS, CITY, STATE, ZIP CODE 916 PACIFIC AVENUE EVERETT, WA 98201		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 000	<p>INITIAL COMMENTS</p> <p>This report is the result of an unannounced Initial Certification Survey conducted at Everett Transitional Care Services on 05/13/2020, 05/14/2020, 05/15/2020 and 05/19/2020. A sample of 13 residents was selected from a census of 20. The sample included 12 current residents and the record of 1 discharged resident. The survey was conducted during the COVID-19 pandemic.</p> <p>The survey was conducted by: Nedra Vranish, R.N., B.S.N., M.S.Ed Steven Kindle, R.N., M.S.N. Jacie-Janet C. Beams, R.N. Jeanette Boushey, R.N.</p> <p>The survey team is from: Department of Social and Health Services Aging & Long-Term Support Administration Residential Care Services, Region 2, Unit C 3906 172nd St. NE Suite 100 Arlington, WA 98223</p> <p>Telephone: 360-651-6850 Fax: 360-651-6940</p> <p> <u>06/02/2020</u> Residential Care Services Date</p>	F 000			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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F 000	Continued From page 1	F 000					
F 561 SS=D	<p>Self-Determination CFR(s): 483.10(f)(1)-(3)(8)</p> <p>§483.10(f) Self-determination. The resident has the right to and the facility must promote and facilitate resident self-determination through support of resident choice, including but not limited to the rights specified in paragraphs (f) (1) through (11) of this section.</p> <p>§483.10(f)(1) The resident has a right to choose activities, schedules (including sleeping and waking times), health care and providers of health care services consistent with his or her interests, assessments, and plan of care and other applicable provisions of this part.</p> <p>§483.10(f)(2) The resident has a right to make choices about aspects of his or her life in the facility that are significant to the resident.</p> <p>§483.10(f)(3) The resident has a right to interact with members of the community and participate in community activities both inside and outside the facility.</p> <p>§483.10(f)(8) The resident has a right to participate in other activities, including social, religious, and community activities that do not interfere with the rights of other residents in the facility. This REQUIREMENT is not met as evidenced by: Based on interview and record review, the facility failed to ensure one of one resident's (#201) choice of bathing frequency was honored. The facility failed to: 1). provide and honor the</p>	F 561					

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F 561	<p>Continued From page 2</p> <p>resident's bathing preference of receiving a bath at least once a week, 2). failed to update the resident's bath preference on his care plan, 3). failed to re-offer the resident a bath after the resident refused a bath on a given day, and 4). failed to accurately document the resident's baths and refusals of baths. This failed practice placed the resident at risk for a diminish quality of life.</p> <p>Findings included ...</p> <p>Resident #201 was admitted to the facility on 04/07/2020 with diagnoses to include major depression and alcohol induced persisting amnesic disorder (a disorder affecting the resident's memory).</p> <p>Review of the Progress Notes from admission through 05/13/2020 showed the following information:</p> <ul style="list-style-type: none"> - On 04/10/2020 at 1:08 PM, noncompliance with meds (medications) at times, refused shower, stated he only takes a shower once a week and had a shower on Tuesday (Care Plan was not updated); - On 04/11/2020 at 2:15 PM, cooperative with care; - On 04/11/2020 at 5:19 PM, the resident was taken to the shower room for shower [not documented by the Certified Nursing Assistant (NAC)]; and - On 04/12/2020 at 11:04 AM, 04/13/2020 at 1:03 PM, 04/14/2020 at 6:10 AM, 04/14/2020 at 1:58 AM, 04/15/2020 at 12:22 PM, 04/16/2020 at 12:39 PM, 04/17/2020 at 10:54 AM, 04/20/2020 at 11:02 AM, 04/21/2020 at 11:11 AM, 04/25/2020 at 10:53 AM, 04/26/2020 at 10:16 AM, 04/29/2020 at 11:25 AM, 04/30/2020 at 10:26 AM, 05/01/2020 at 4:45 PM, 05/03/2020 at 6:24 AM, 	F 561		

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F 561	<p>Continued From page 3</p> <p>05/05/2020 at 3:35 PM, noted that the resident was cooperative with care.</p> <p>Review of the resident's April 2020 Documentation Survey Report V2 (a type of facility report) Bathing and Shower log, showed the resident received a bath on 04/14/2020, and 04/24/2020. The resident refused a bath twice during the month of April on 04/13/2020, and on 04/20/2020, with no noted follow up to offer to bathe until 04/24/2020.</p> <p>In an interview on 05/13/2020 at 10:41 AM, the resident stated that he had not had a bath in a couple of weeks and would like a shower once a week. He continued to state that he had been in a prior room but his roommate kept his TV loud all the time and at midnight he would turn up the volume. The resident stated that he walked out of his prior room and found the room he currently was in but had not had a bath since he made the room change.</p> <p>Review of the resident's care plan printed on 05/14/2020, showed the resident had an Activity of Daily Living (ADL) self-care performance deficit related to activity intolerance, dementia and fatigue. The interventions showed the resident required one-person extensive assistance with showers on Monday and Friday day shift which was his preference, and as necessary. The care plan further directed staff to provide a sponge bath when a full bath or shower could not be tolerated.</p> <p>In a follow up interview on 05/15/2020 at 8:54 AM, the resident stated that he got a bath yesterday around 4:00 PM, and a bit of a shave. He stated, "I feel clean and feel good. I told them</p>	F 561			

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F 561	<p>Continued From page 4</p> <p>not having a shower is bull." The resident was asked about the circumstances around his refusal of showers and he stated that he had not refused showers.</p> <p>In an interview on 05/15/2020 at 2:15 PM, Staff A, NAC, stated that she used the resident's Care Plan to know the care the resident needed. Staff A stated that if a resident refused care they were to document the refusal of care, let the nurse know, should also do a follow up offer of the care with the resident and document the results. Staff A, stated that the resident refused care sometimes on particular days and that he wanted his baths on Friday. Staff A, stated that she had not told the nurses about his preferred shower day.</p> <p>In an interview on 05/15/2020 at 2:31 PM, Staff E, NAC, stated that she followed the resident's care plan to know the care the resident required. Staff E, stated that the resident had the right to refuse care, but would try to provide the needed care a little later, usually would try at least three times, report the refusal to her nurse and document as well.</p> <p>Review of the resident's May 2020 Documentation Survey Report V2 Bathing and Shower log on 05/19/2020, showed the resident received a bath on 05/01/2020 and on 05/18/2020. The resident was noted to refuse a bath on 05/06/2020 with no follow up offer to bathe until 05/17/2020 when he then refused to bath until 05/18/2020.</p> <p>Reference: (WAC) 388-97-0900 (1)(3)</p>			F 561			

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F 561	Continued From page 5	F 561			
F 584 SS=D	<p>Safe/Clean/Comfortable/Homelike Environment CFR(s): 483.10(i)(1)-(7)</p> <p>§483.10(i) Safe Environment. The resident has a right to a safe, clean, comfortable and homelike environment, including but not limited to receiving treatment and supports for daily living safely.</p> <p>The facility must provide-</p> <p>§483.10(i)(1) A safe, clean, comfortable, and homelike environment, allowing the resident to use his or her personal belongings to the extent possible. (i) This includes ensuring that the resident can receive care and services safely and that the physical layout of the facility maximizes resident independence and does not pose a safety risk. (ii) The facility shall exercise reasonable care for the protection of the resident's property from loss or theft.</p> <p>§483.10(i)(2) Housekeeping and maintenance services necessary to maintain a sanitary, orderly, and comfortable interior;</p> <p>§483.10(i)(3) Clean bed and bath linens that are in good condition;</p> <p>§483.10(i)(4) Private closet space in each resident room, as specified in §483.90 (e)(2)(iv);</p> <p>§483.10(i)(5) Adequate and comfortable lighting levels in all areas;</p>	F 584			

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F 584	<p>Continued From page 6</p> <p>§483.10(i)(6) Comfortable and safe temperature levels. Facilities initially certified after October 1, 1990 must maintain a temperature range of 71 to 81°F; and</p> <p>§483.10(i)(7) For the maintenance of comfortable sound levels.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on observation and interview, the facility failed to ensure residents rooms for one of one resident (#201) was maintained at a comfortable room temperature between the required 71 to 81 degrees F (Fahrenheit). This failed practiced placed the resident in an uncomfortable environment and at risk of a diminished quality of life.</p> <p>Findings included ...</p> <p>In an interview on 05/13/2020 at 10:48 AM, Resident #201 stated they said they had fixed the heater but it has not come on for two to three weeks. He stated, "A lot of people think this is the perfect temperature but I get cold fast. They know the heater does not work and no one has come to fix it."</p> <p>In a follow up interview and observation on 05/19/2020, on or about 2:00 PM, the resident stated that he continued to be cold. The resident stated that the staff brought him in extra blankets which was okay while he was in bed. The resident was observed to be lying in bed and pulled up several blankets that were covering him. The resident continued to state that when he would get up from his bed to walk to the bathroom he would get very cold.</p>	F 584			

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F 584	Continued From page 7 In an observation and interview on 05/19/2020 at 2:42 PM, Staff J, Environmental Maintenance Manager checked the temperature in the resident's room. Staff J was observed to use a digital thermometer and scanned the resident's room. Staff J took readings at the foot of the resident's bed which read 61 to 62 degrees F and 63 degrees F in the resident's room by the thermometer on the wall next to the resident's bathroom. Staff J confirmed the temperature readings were between 61 to 63 degrees F. Reference: (WAC) 388-97-0880 (3)(a)(b)	F 584			
F 677 SS=D	ADL Care Provided for Dependent Residents CFR(s): 483.24(a)(2) §483.24(a)(2) A resident who is unable to carry out activities of daily living receives the necessary services to maintain good nutrition, grooming, and personal and oral hygiene; This REQUIREMENT is not met as evidenced by: Based on observation, interview and record review the facility failed to assist two of three residents (#201, #202) with their Activities of Daily Living (ADLs) related to oral hygiene/care and shaving. The facility failed to 1). follow the residents ADL care plan regarding their pretences regarding shaving and oral care, 2). failed to provide adequate oral care. This failed practice placed the residents at risk for potential gum disease, infection and at risk for potential diminished quality of life.	F 677			

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F 677	<p>Continued From page 8</p> <p>Findings included ...</p> <p>DEFINITIONS: "Oral care" refers to the maintenance of a healthy mouth, which included not only teeth, but the lips, gums, and supporting tissues. This involved not only activities such as brushing of teeth or oral appliances, but also maintenance of the oral mucosa (which was the mucous membrane lining the inside of the mouth).</p> <p>Review of the facility's undated, "Standards of Care and Best Practice," procedures showed that each task was based on the abilities of the resident to participate in their care and needs based on their physical and mental limitations. The daily morning care included a shave as needed and oral care was provide every morning and evening.</p> <p>RESIDENT #201 Resident #201 was admitted to the facility on 04/07/2020, with diagnoses to include major depression and alcohol induced persisting amnestic disorder (a condition affecting the resident's memory), and post-traumatic stress disorder.</p> <p>Record review of the Case Manager Associate: Long Length of Stay note dated 04/05/2020, showed Resident #201 was unable to return to his home due to his inability to care for himself independently and Guardianship was in process.</p> <p>Review of the resident's Care Plan printed on 05/14/2020, showed the resident had an Activity of Daily Living self-care performance deficit related to activity intolerance, dementia and</p>	F 677			

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F 677	<p>Continued From page 9</p> <p>fatigue. The interventions were for the resident to receive, "ORAL CARE ROUTINE rinse mouth 2 times a day after set up offer soft tooth brush to brush gums, date initiated on 04/07/2020 and revised on 04/20/2020, and the resident preferred to be clean shaven except for his mustache, date initiated on 04/07/2020 and revised on 04/27/2020."</p> <p>Review of the April 2020, Documentation Survey Report V2 (a type of facility report) ADL- Personal Hygiene from admission which included how the resident maintained personal hygiene including brushing teeth and shaving. The document showed no personal hygiene documented for day shift on 04/11/2020, day shift and evening shift on 04/12/2020, evening shift on 04/14/2020, and evening shift on 04/20/2020. Further review of the documentation showed there were 26 occurrences throughout the month where the resident did not receive his personal hygiene care per his Care Plan directive (which directed staff to provide set up assistance) and no noted documentation that the resident refused personal hygiene.</p> <p>Review of the May 2020, Documentation Survey Report V2 ADL- Personal Hygiene from 05/01/2020 through 05/14/2020, showed 27 occurrences where the resident did not receive his personal hygiene care per his Care Plan directive and no noted documented the resident refused personal hygiene.</p> <p>In an observation and interview on 05/13/2020 at 9:15 AM, the resident complained that he was not getting the help he needed. Resident #201 stated that he "Felt grubby" and he used to get help with shaving. Resident #201 stated that he did not like</p>			F 677			

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F 677	<p>Continued From page 10</p> <p>having facial stubble. The resident was observed to have a mustache but had beard stubble approximately ¼ inch in length.</p> <p>In an observation and interview on 05/13/2020 at 10:59 AM, the resident stated that he did not have any teeth and had not been offered assistance to brush his gums or his tongue. The resident was observed to have no teeth.</p> <p>In an observation on 05/14/2020 at 1:03 PM, the resident continued to be unshaven with beard stubble across the lower portion of his face and cheeks.</p> <p>In an interview and subsequent observation beginning on 05/14/20 at 2:09 PM, Staff F, Nursing Assistant Certified (NAC), stated that she knew how to provide the resident's needed individual care and services from the resident's Care Plan which was computerized and there was a hard copy by the nurse's station. Staff F stated that if there was something she did not understand she would asked the charge nurse. Staff F stated that residents had the right to refuse care but would re-approach the resident and offer the care at a later time. Staff F stated that she would document if the resident refused care and could strike out a refusal if the resident decided to receive the offered care and services after being re-approached. Staff F stated that she would offer up to three times, sometimes the resident might be more comfortable with someone else, the staff had gotten to know the residents and they all collaborated to provide the resident's care. Staff F was asked specifically about Resident #201, she stated that he was a "sweet heart" and he was independent, he had a hard time chewing so he needed a soft diet. Staff</p>	F 677			

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F 677	<p>Continued From page 11</p> <p>F stated that he did most of his personal care, he could do his own oral care, that she would cue him to brush his teeth and he received a shave on his shower days. Staff F confirmed that the resident's tooth brush was in his bath basin under a pile of numerous items, unopened from its original packaging, as was his mouthwash.</p> <p>Review of a progress note dated 05/14/2020 at 5:53 PM, by the Director of Nursing Services (DNS), (which was after the DNS was informed of the lack of the resident's care), showed that the DNS and the facility Administrator spoke with the resident regarding his oral hygiene. The resident stated that he did not have any teeth so did not need brushing and preferred to do his own oral hygiene by rinsing his mouth with warm water and sometimes cold water. The resident was offered mouthwash and he stated that it was too sweet and declined any kind of mouthwash.</p> <p>In a follow up interview on 05/15/2020 at 8:54 AM, the resident stated that he was not aware of the need to have oral care even though he did not have any teeth. Resident #201 stated that he would need to learn about the need for oral care.</p> <p>RESIDENT #202 Resident #202 was a newly admitted resident with diagnoses which included anxiety and depression.</p> <p>Review of the resident's hospital discharge summary dated 05/12/2020, showed the resident's principal problem was total self-care deficit.</p> <p>Review of the resident's Care Plan showed the resident had an ADL self-care performance deficit</p>	F 677			

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F 677	<p>Continued From page 12</p> <p>related to disease process of lymphedema and chronic right lower leg wounds initiated on 05/11/2020, which showed the resident was able to use toothettes (disposable single use oral care sponge swab attached to a stick to be used for oral care) independently after set-up for oral care.</p> <p>Review of the resident's ADL Personal Hygiene showed no documented refusals of personal hygiene and had the following documented personal hygiene assistance:</p> <ul style="list-style-type: none"> - Set up assistance on 05/12/2020 at 9:10 PM; - Two person assistance on 05/13/2020 at 7:13 AM; - No set up or assistance on 05/13/2020 at 9:59 PM and - One person assistance on 05/14/2020 at 1:48 AM. <p>In an observation and interview on 05/13/2020 at 2:38 PM, the resident was observed to have missing teeth and the resident stated that no one had offered to set him up or had offered care or assistance with oral care.</p> <p>In an observation and interview on 05/14/2020 at 2:26 PM, Staff H, NAC, confirmed the resident's tooth brush was still in the original package. Additionally, there were no toothettes observed in the resident's room.</p> <p>In an interview on 05/14/2020 at 3:01 PM, Staff I, Registered Nurse, stated that if there were any discrepancy in the residents' care, out of the norm, she directed her staff to tell her immediately. Staff I stated that she tried to be open so the staff could and would let her know. Staff I stated that if the staff were having a problem providing care for a resident they would</p>	F 677			

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F 677	<p>Continued From page 13</p> <p>try another staff member to provide the resident's care.</p> <p>In a co-interview on 05/14/2020 at 3:08 PM, the DNS and the Administrator were asked what the expectation was for the residents' care needs. They stated to make sure to have the staff to provide AM and PM ADL care. They continued to state that a report was reviewed and the Nurse Manager and the DNS were out on the floor to see how the residents were groomed. The Administrator stated that the managers did weekly rounds, referred to as Angel Rounds, where they gauged the cleanliness of the rooms on environmental rounds. Both the DNS and the Administrator were informed of the identified failed practice of the lack of oral care for both Resident #201 and Resident #202. Additionally, they were notified of the lack of shaving assistance which had not been provided for Resident #201. The DNS and the Administrator stated that they would check in each of the resident's rooms because sometimes there was other toothbrushes in the resident's rooms. The DNS and Administrator were informed that the floor staff had looked and were not able to identify any additional supplies.</p> <p>Review of a progress note dated 05/14/2020 at 6:34 PM, the DNS documented that the Administrator and the DNS had a discussion with the resident about his oral care. The resident stated he preferred to rinse his mouth with warm water and was in agreement to try mouthwash for rinsing his mouth and stated that he only had one tooth and did not want to brush due to sensitivity.</p> <p>In an interview on 05/15/2020 at 9:03 AM, Resident #202 stated that he had not received</p>	F 677			

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F 677	Continued From page 14 mouthwash and had used a toothette prior to being at this facility and would use toothettes now. In a follow up interview on 05/19/2020 at 12:28 PM, the resident stated that the staff had offered him toothettes but he had not received them. Resident #202 stated that they run out of all kinds of things. Reference: (WAC) 388-97-1060 (2)(c)	F 677			
F 758 SS=D	Free from Unnec Psychotropic Meds/PRN Use CFR(s): 483.45(c)(3)(e)(1)-(5) §483.45(e) Psychotropic Drugs. §483.45(c)(3) A psychotropic drug is any drug that affects brain activities associated with mental processes and behavior. These drugs include, but are not limited to, drugs in the following categories: (i) Anti-psychotic; (ii) Anti-depressant; (iii) Anti-anxiety; and (iv) Hypnotic Based on a comprehensive assessment of a resident, the facility must ensure that--- §483.45(e)(1) Residents who have not used psychotropic drugs are not given these drugs unless the medication is necessary to treat a specific condition as diagnosed and documented in the clinical record; §483.45(e)(2) Residents who use psychotropic	F 758			

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F 758	<p>Continued From page 15</p> <p>drugs receive gradual dose reductions, and behavioral interventions, unless clinically contraindicated, in an effort to discontinue these drugs;</p> <p>§483.45(e)(3) Residents do not receive psychotropic drugs pursuant to a PRN order unless that medication is necessary to treat a diagnosed specific condition that is documented in the clinical record; and</p> <p>§483.45(e)(4) PRN orders for psychotropic drugs are limited to 14 days. Except as provided in §483.45(e)(5), if the attending physician or prescribing practitioner believes that it is appropriate for the PRN order to be extended beyond 14 days, he or she should document their rationale in the resident's medical record and indicate the duration for the PRN order.</p> <p>§483.45(e)(5) PRN orders for anti-psychotic drugs are limited to 14 days and cannot be renewed unless the attending physician or prescribing practitioner evaluates the resident for the appropriateness of that medication. This REQUIREMENT is not met as evidenced by:</p> <p>Based on interview and record review, the facility failed to ensure one of three residents (#202) had adequate psychotropic medication monitoring for potential adverse side effects and failed to attempt non-pharmacological interventions prior to the use of as needed antianxiety medication usage. This failed practice placed the resident at potential risk of inadequate monitoring of potential adverse side effects and at risk of unnecessary medications.</p> <p>Findings included ...</p>	F 758			

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F 758	<p>Continued From page 16</p> <p>Resident #202 was admitted to the facility on 05/12/2020 with diagnoses to include suicidal ideation, depression and anxiety.</p> <p>Record review of the resident's Order Summary Report, printed on 05/18/2020, showed the resident had the following physician ordered medications:</p> <ul style="list-style-type: none"> - Alprazolam (an antianxiety medication), ordered every eight hours as needed for anxiety; - Aripiprazole (an antipsychotic medication), ordered nightly for suicide ideation/delusions; - Duloxetine (an antidepressant medication), ordered daily for depression; - Trazodone (an antidepressant medication), ordered nightly for insomnia; and - Melatonin every 24 hours as needed for insomnia. <p>Additional review of the Order Summary Report showed a physician order to monitor the resident every shift for side effects to the below listed medications. Staff were to document a "N" if monitored and no side effects were observed, and to document a "Y" if monitored and any of the listed side effects were observed. Staff were directed to select the chart code "Other/See Nurses Notes" and they were to make a progress note every shift of the noted findings (side effects) for the following medications:</p> <p>Antianxiety (alprazolam) Medication-Monitor for (side effects) lethargy and confusion; Antidepressant Medication (duloxetine) -Monitor for (side effects) sedation and dry mouth; Antipsychotic (aripiprazole) Medication- Monitor for (side effects) dry mouth, suicidal ideation and seizures; and Non-med (medication) interventions must be</p>	F 758			

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F 758	<p>Continued From page 17</p> <p>offered prior to giving an as needed pain medication. Document interventions used on the Medication Administration Record (MAR) included 1. Staff were to offer deep breathing relaxation techniques, 2. Distraction, 3. Offer food/fluids of choice, 4. Re-positioning, 5. Other (describe in progress note).</p> <p>Review of the May 1 through May 18th 2020 MAR showed the following:</p> <ul style="list-style-type: none"> - The resident had received 11 dosages of the as needed antianxiety medication, without prior attempted nonpharmacological interventions. - The "antianxiety medication monitor" for side effects had only check marks noted without indicating if there was or was not noted side effects; - The "antidepressant medication monitor" for side effects had only check marks noted without indicating if there was or was not noted side effects; - The "antipsychotic medication monitor" for side effects had only check marks noted without indicating if there was or was not noted side effects; - The "sedative/hypnotic medication monitor" for side effects had only check marks noted without indicating if there was or was not noted side effects; and - Additionally, there was no Non-Med interventions identified or indicated as used prior to the as needed antianxiety medication administration. <p>In an interview on 05/15/2020 at 2:00 PM, Staff C, Registered Nurse (RN), stated that they were to document a yes or no on the medications side effect monitor. If yes, the license nurse made a note in the progress notes. Staff C stated that</p>	F 758			

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F 758	Continued From page 18 they should assess what helped the resident alternatively before giving an as needed medication. In an interview on 05/19/2020 at 2:01 PM, Staff D, RN/Nurse Manager, stated that they should assess the resident, redirect, and try alternative interventions prior to the use of as needed anxiety medications. Staff D stated that the resident's symptoms could be related to pain or emotionally they might need to talk. Staff D continued to state that they should document yes if the resident had demonstrated side effects and no if had not. Staff D stated that if the residents did have side effects the nurse was to document this information.	F 758			
F 880 SS=E	Reference: (WAC) 388-97-1060 (3)(k)(i)(4) Infection Prevention & Control CFR(s): 483.80(a)(1)(2)(4)(e)(f) §483.80 Infection Control The facility must establish and maintain an infection prevention and control program designed to provide a safe, sanitary and comfortable environment and to help prevent the development and transmission of communicable diseases and infections. §483.80(a) Infection prevention and control program. The facility must establish an infection prevention and control program (IPCP) that must include, at a minimum, the following elements: §483.80(a)(1) A system for preventing, identifying, reporting, investigating, and controlling infections	F 880			

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F 880	<p>Continued From page 19</p> <p>and communicable diseases for all residents, staff, volunteers, visitors, and other individuals providing services under a contractual arrangement based upon the facility assessment conducted according to §483.70(e) and following accepted national standards;</p> <p>§483.80(a)(2) Written standards, policies, and procedures for the program, which must include, but are not limited to:</p> <ul style="list-style-type: none"> (i) A system of surveillance designed to identify possible communicable diseases or infections before they can spread to other persons in the facility; (ii) When and to whom possible incidents of communicable disease or infections should be reported; (iii) Standard and transmission-based precautions to be followed to prevent spread of infections; (iv) When and how isolation should be used for a resident; including but not limited to: <ul style="list-style-type: none"> (A) The type and duration of the isolation, depending upon the infectious agent or organism involved, and (B) A requirement that the isolation should be the least restrictive possible for the resident under the circumstances. (v) The circumstances under which the facility must prohibit employees with a communicable disease or infected skin lesions from direct contact with residents or their food, if direct contact will transmit the disease; and (vi) The hand hygiene procedures to be followed by staff involved in direct resident contact. <p>§483.80(a)(4) A system for recording incidents identified under the facility's IPCP and the corrective actions taken by the facility.</p>	F 880			

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F 880	<p>Continued From page 20</p> <p>§483.80(e) Linens. Personnel must handle, store, process, and transport linens so as to prevent the spread of infection.</p> <p>§483.80(f) Annual review. The facility will conduct an annual review of its IPCP and update their program, as necessary. This REQUIREMENT is not met as evidenced by: Based on observation, interview and record review, the facility failed to ensure appropriate infection control practices were maintained for six of 13 residents (#51, #52, #151, #152 #154, and #155) reviewed for infection control procedures, and potentially for all residents residing in the facility. Failure to: 1) ensure the alcohol-based hand rub (ABHR) and soap dispensers were not empty, 2) to do hand hygiene after removing soiled gloves, 3) to manage Personal Protective Equipment (PPE) donning (putting on)/doffing (removing) appropriately and in a safe location, and to have garbage cans readily accessible, 4) to use/care for blood pressure cuff equipment appropriately, 5) to implement a complete Water Risk Management Program, all of which placed the residents at risk for contracting infectious diseases and for diminished quality of life.</p> <p>Findings included ...</p> <p>DEFINITIONS: ENHANCED BARRIER PRECAUTIONS (EBP): transmission-based precautions that required the use of PPE for certain residents who were at increased risk for Multidrug Resistant Organisms (MDROs) transmission, specifically gown and gloves, that were used during specific</p>	F 880			

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F 880	<p>Continued From page 21</p> <p>high-contact resident care activities, such as dressing, bathing, showering, transferring, providing hygiene such as brushing teeth and combing hair, changing linens, changing briefs or assisting with toileting, device care or use such as catheters, feeding tubes, tracheostomy/ventilator, and wound care.</p> <p>DROPLET PRECAUTIONS: transmission-based precautions for residents known or suspected to be infected with pathogens transmitted by respiratory droplets that were generated by a person who was coughing, sneezing, or talking. Droplet precautions required the patient to wear a mask and care givers were to don a mask upon entry into the patient room or patient space.</p> <p>Review of the facility's undated policy titled "Hand Hygiene Table," revealed staff were to do hand hygiene before applying and after removing personal protective equipment, including gloves.</p> <p>HAND HYGIENE/ALCOHOL-BASED HAND RUB In an observation on 05/13/2020 at 8:45 AM, when the survey team entered the skilled nursing facility, the COVID-19 screening station outside the 4th floor elevators had an empty ABHR dispenser.</p> <p>In an observation/interview on 05/13/2020 at 9:15 AM, the Director of Nursing Services (DNS) was notified the ABHR was empty, she checked herself by activating the dispenser, but nothing came out. The DNS stated she would take care of it right away.</p> <p>In an observation on 05/13/2020 at 9:20 AM, the ABHR dispenser in hallway between room 408 and 409 was empty.</p>	F 880			

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F 880	<p>Continued From page 22</p> <p>On 05/13/2020 at 11:50 AM, after an interview with Resident #52 and before exiting the room, the surveyor attempted to dispense soap at the sink in the resident's room to wash hands. There was no soap in the soap dispenser. It was immediately reported to Staff D, Registered Nurse (RN)/Resident Care Manager.</p> <p>RESIDENT #151 The resident admitted to the facility on 05/12/2020 with a surgical wound on his left upper arm from a spider bite that required surgical intervention, and the wound was covered with a dressing.</p> <p>In an interview and a dressing change observation on 05/15/2020 at 10:03 AM, Staff D was observed changing the dressing on the resident's left upper arm. Staff D removed the soiled dressing, then removed her soiled gloves, then she donned new clean gloves without hand hygiene, and she proceeded to finish with the dressing change. In an interview after the dressing change, Staff D stated "I did change my gloves, but I did not do hand hygiene and I should have."</p> <p>INFECTION CONTROL SIGNAGE On 05/13/2020 at 9:45 AM, during a brief tour of the unit hallways, carts containing PPE were located at intervals in both hallways where residents resided. There were residents who reportedly were on droplet precautions, secondary to potential exposure to COVID-19, but none of the resident rooms had any signage, indicating which rooms were affected.</p> <p>On 05/13/2020 at 10:25 AM, Staff G, the Infection</p>	F 880			

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F 880	<p>Continued From page 23</p> <p>Control Preventionist, was interviewed regarding lack of required signage on resident rooms that were reported to be on droplet precautions. Staff G stated the signs were accidentally taken down.</p> <p>On 05/13/2020 at 1:05 PM, an observation and interview were conducted with Resident #155, residing in room 417. Upon exiting the room at 1:20 PM, this surveyor went to the sink in the resident's bathroom to wash hands. There was no trash receptacle by the sink. The only one in the room was next to the resident's bed. The resident was on Droplet Precautions.</p> <p>On 05/13/2020 at 3:45 PM, the following rooms had signage indicating the transmission precautions in place for that room: Droplet Precautions for rooms 413, 414, 415, 416 and 417. Enhanced Precautions for room 411.</p> <p>MEAL SERVICE</p> <p>During an initial observation of meal service on 05/13/2020 beginning at 12:25 PM, the following was observed. Due to the COVID-19 pandemic all residents dined in their rooms. At 1:25 PM, Staff A and Staff B, Nursing Assistants, were observed delivering the meal tray to Resident #51. Resident #51 was on droplet precautions, secondary to a potential exposure to COVID-19. Both Staff members donned gown, gloves and wore a surgical mask. The resident was repositioned in bed; his meal tray was set up on the overbed table in front of him. The resident was asked if he needed anything opened up or prepared to eat. Resident #51 answered, "No."</p> <p>Both aides proceeded to the sink, located in the resident's room, removed their gown, gloves and masks, discarding in the trash by the sink,</p>	F 880			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/02/2020
FORM APPROVED
OMB NO. 0938-0391

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F 880	<p>Continued From page 24</p> <p>washed their hands and proceeded to exit the room. Staff A exited first and left the room door open for Staff B. Resident #51 called to Staff B that he needed some packaging opened. Staff B donned clean gloves and exited into the hallway to get a gown and mask. She re-entered the room and assisted the resident with his request to open some items on the tray. When done, Staff B proceeded to the sink in the resident's room, removed the gown, gloves and mask, discarded in the trash by the sink and exited the room. The resident's room door had remained open.</p> <p>Review of the Physician Orders, as of 05/13/2020, found an order which stated, Maintain Droplet precaution: resident wears mask for weight/shower and when out of room. Assist with hand hygiene before and after leaving room every shift.</p> <p>The Care Plan/Kardex, which provided care directives as of 05/14/2020, stated, "Strict Droplet Precaution 5/10 due to potential exposure: door closed and res (resident) wears mask for shower/weight. Staff to don full PPE (personal protective equipment) when providing direct care, including meal pass." Full PPE included mask, gown and gloves.</p> <p>During an interview with the DNS and Administrator on 05/13/2020 at 3:50 PM, they were informed of infection control concerns related to the above observations, lack of required signage for infection control transmission precautions, empty ABHR and soap dispensers and lack of appropriately-placed trash receptacles for acceptable removal and disposal of PPE equipment.</p>	F 880			

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F 880	<p>Continued From page 25</p> <p>MEDICATION ADMINISTRATION</p> <p>All resident individual bed areas were equipped with a blood pressure measuring device, mounted on the wall at the head of the bed.</p> <p>On 05/15/2020 at 9:20 AM, during observation of a medication pass with Staff C, RN, Resident #154 required a blood pressure and apical pulse before administering a medication to ensure the blood pressure and pulse were within parameters set by the physician. Staff C obtained a wrist blood pressure device and a stethoscope, cleaned both with a disinfecting wipe, placed the stethoscope around her neck and the blood pressure device in the right pocket of her uniform top. The resident was on droplet precautions and Staff C would have direct contact with the resident so she donned gown and gloves in addition to wearing a mask. Staff C proceeded to the resident's room and took the necessary vital signs, placed the wrist blood pressure device on the resident's right wrist. When done taking the blood pressure, Staff C removed it from the resident's wrist and placed it back into the right pocket of her uniform top. Staff C listened to the resident's heart rate by placing the disc of the stethoscope on the resident's chest. The stethoscope was placed back around her neck. Staff C administered medications to the resident, proceeded to the sink in the room, removed the gown and gloves, washed her hands and exited the room.</p> <p>Staff C proceeded to the medication cart, removed the blood pressure cuff from her uniform pocket, the stethoscope from around her neck and cleaned both devices with a disinfecting wipe.</p> <p>During a subsequent observation of medication</p>	F 880			

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F 880	<p>Continued From page 26</p> <p>pass with Staff C on 05/15/2020 at 12:00 PM, Staff C needed to check an apical pulse before administering medications to Resident #152, who was not on any specific infection precautions. Staff C went to the bedside, checked the resident's heart rate, placing the disc of the stethoscope on the resident's chest. The stethoscope was placed back around her neck and she administered medications to the resident, washed her hands and exited the room. Staff C proceeded to the medication cart and without disinfecting the stethoscope began preparing medications for another resident.</p> <p>On 05/15/2020 at 2:05 PM, the DNS and Administrator were informed of the above observations.</p> <p>WATER RISK MANAGEMENT Review of the facility's policy titled, "Providence Health System / Facility Engineering Water Safety - Legionella Risk Mitigation," dated 10/21/16, showed the facility would establish a Water Safety Management team to include the Infection Preventionist, Facility Engineering Leader, Safety Manager and they were to meet at least once a quarter. Assign a responsible person to manage the water safety program, the Facility Leader or the Safety Manager. Develop a water system distribution drawing. Test the facility's water once per month for free chlorine levels at the incoming point and the outlets farthest from the incoming point. Document the test date and test results at both locations. Run water in faucets and showers in unoccupied areas at least weekly.</p> <p>In an interview on 05/15/2020 at 12:39 PM, Staff G, RN/Infection Control Preventionist, stated that the short answer was no, that she was not</p>	F 880			

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F 880	<p>Continued From page 27</p> <p>involved in the Water Risk Management of the facility. Staff G stated that it was done by the hospital who owned the building and would give them the results of the Legionella testing.</p> <p>In a co-interview on 05/19/2020 at 12:47 PM was done with the the Administrator, Staff K, Contracted Maintenance Supervisor, and Staff J, facility's Environmental Service Maintenance Manager. All staff present was asked to describe the facility's Water Risk Management Process and to demonstrate how the facility identified areas where potential water could become stagnant, along with the facility's water testing monitors. Staff K, stated that they test for multiple bacteria monthly on the seventh floor of the building, (the facility is on the fourth floor of the building). Staff K, stated that they had not assessed the fourth floor for any dead legs or areas of potential stagnant water. Staff K, stated that he had not reviewed the Centers for Disease Control water risk management toolkit. He continued to state that they had a contract to help with the water management plan which was more tailored for the Joint Commission (another type of survey). Staff K, stated that he was not part of the facility's Water Risk Management Team. The Administrator, stated that Staff K should be part of the Water Risk Management Team. At this time the facility was not able to demonstrate that they had assessed their facility for their Water Risk Management Plan, or demonstrate their documented chlorine testing.</p> <p>On 05/19/2020 at 1:10 PM, the Administrator, requested a follow up interview. The Administrator stated that since Staff K tested the end of the water line on the seventh floor that should suffice for the water testing. The</p>	F 880			

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F 880	<p>Continued From page 28</p> <p>expectations were reviewed for a facility's Water Risk Management system and the Administrator stated that they were going to get right on it.</p> <p>On 05/19/2020 at 1:35 PM, the Administrator stated that Staff L, Contracted Operations Director for Pacific Northwest, was going to bring in his logs. The Administrator, continued to state that the facility got their water from the City and the City did the chlorine testing of the facility's water.</p> <p>On 05/19/2020 at 3:08 PM, the Administrator stated that they absolutely followed the facility's water risk management policy and provided a single test from 2018 for Legionella.</p> <p>Reference: (WAC) 388-97-1320 (1)(a)(c)(2)(a)</p>	F 880			

State of Washington

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: WA41119	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED 05/19/2020
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L 000	<p>WAC - Initial Comments</p> <p>Note: According to RCW 18.51.060, the Department is authorized to deny, suspend or revoke a license and/or assess monetary fines for deficiencies cited in this report.</p> <p>This report is the result of an unannounced Initial Certification Survey conducted at Everett Transitional Care Services on 05/13/2020, 05/14/2020, 05/15/2020 and 05/19/2020. A sample of 13 residents was selected from a census of 20. The sample included 12 current residents and the record of 1 discharged resident. The survey was conducted during the COVID-19 pandemic.</p> <p>The survey was conducted by: Nedra Vranish, R.N., B.S.N., M.S.Ed Steven Kindie, R.N., M.S.N. Jacie-Janet C. Beams, R.N. Jeanette Boushey, R.N.</p> <p>The survey team is from: Department of Social and Health Services Aging & Long-Term Support Administration Residential Care Services, Region 2, Unit C 3906 172nd St. NE Suite 100 Arlington, WA 98223</p> <p>Telephone: 360-651-6850 Fax: 360-651-6940</p> <p><i>Michelle Reynolds</i> 06-02-2020</p> <p>Residential Care Services Date</p>	L 000		

State Form 2567

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

State of Washington

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L1480	Continued From page 1	L1480		
L1480	<p>WAC 388-97-1480 Tuberculosis—Two-Step Skin Testing</p> <p>Unless the person meets the requirement for having no skin testing or only one test, the nursing home, choosing to do skin testing, must ensure that each person has the following two-step skin testing:</p> <p>(1) An initial skin test within three days of employment; and</p> <p>(2) A second test done one to three weeks after the first test.</p> <p>This Washington Administrative Code is not met as evidenced by:</p> <p>Based on interview and record review, the facility failed to ensure Tuberculosis (TB) test results were read and the results were documented in accordance with the professional standards from the Centers for Disease Control and Prevention (CDC) for three of five residents (#203, #204 and #205) reviewed for infection control. This failed practice placed the residents at risk for inaccurate and/or misread TB test results.</p> <p>Findings included...</p> <p>Review of the CDC guidelines titled, "TB Elimination, Tuberculin Skin Testing," dated October 2011, showed the skin test reaction should be measured in millimeters (mm) of the induration (palpable, raised, hardened area or swelling). The reader should not measure erythema (redness). The diameter of the indurated area should be measured across the forearm (perpendicular to the long axis).</p> <p>RESIDENT #204 Resident #204 admitted on 04/06/2020.</p>	L1480		

State of Washington

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L1480	<p>Continued From page 2</p> <p>Record review showed the first step TB test was administered on 04/06/2020 and read on 04/08/2020 as a check mark.</p> <p>RESIDENT #205 Resident #205 admitted on 04/06/2020.</p> <p>Record review showed the first step TB test was administered on 04/06/2020 and read on 04/08/2020 as a check mark.</p> <p>RESIDENT #203 Resident #203 admitted on 04/06/2020.</p> <p>Record review showed the first step TB test was administered on 04/07/2020 and read on 04/09/2020 as a check mark. The second step was given on 04/24/2020 and read on 04/26/2020 as "8" on the Medication Administration Record.</p> <p>In an interview on 05/19/2020 at 11:14 AM, Staff G, Registered Nurse/Assistant Director of Nursing Services/ Infection Control Preventionist, stated that the TB documentation was in two sections and should be documented as negative and 0.0 mm. Staff G stated there was no chart code for an "8" which was not an option to use. Staff G stated that Resident #205 immunization field got missed and she had spoken with the nurse who read the resident's TB test and Staff G entered the information into the electronic medical record. Staff G stated that the nurses were supposed to document their findings but she was their back up. Staff G confirmed Resident #203's TB test was the same as Resident #205 and was not documented completely. Staff G stated that Resident #204 was also the same as the other residents, that it was the first set of order sets, and they did not have it.</p>	L1480		

Appendix 1
Audited Financials

Bethany of the Northwest and Subsidiaries

Consolidated Financial Statements and
Independent Auditors' Report

December 31, 2017 and 2016



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

**Bethany of the Northwest
and Subsidiaries
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Bethany of the Northwest and Subsidiaries
Everett, Washington

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bethany of the Northwest and Subsidiaries (a nonprofit healthcare entity), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of operations and changes in net assets and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bethany of the Northwest and Subsidiaries as of December 31, 2017, and the results of its operations, changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year (December 31, 2016) Auditors' Report

The financial statements of Bethany of the Northwest and Subsidiaries, as of and for the year ended December 31, 2016, were audited by Clark Nuber P.S. and whose report dated May 22, 2017, expressed an unmodified opinion on those financial statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The statement of financial position by department and statement of operations and changes in net assets by department on pages 22 and 23, respectively, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
March 20, 2018

**Bethany of the Northwest
and Subsidiaries**
Consolidated Statements of Financial Position
December 31, 2017 and 2016

ASSETS	2017	2016
<i>Current assets</i>		
Cash and cash equivalents	\$ 3,297,886	\$ 4,823,250
Receivables:		
Resident accounts, less allowances for uncollectible accounts of \$200,000 and \$250,000, respectively	2,140,742	2,533,989
Due from Everett Transitional Care Services	361,196	379,361
Investments	1,143,168	5,683,132
Other current assets	320,789	281,417
Total current assets	7,263,781	13,701,149
<i>Noncurrent assets</i>		
Investments limited as to use	19,962,079	10,625,250
Investment in Everett Transitional Care Services	1,208,738	1,248,271
Property and equipment, net	6,168,193	6,417,347
Total noncurrent assets	27,339,010	18,290,868
Total assets	\$ 34,602,791	\$ 31,992,017
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 702,297	\$ 469,376
Accrued compensation and related liabilities	1,610,011	2,026,797
Total current liabilities	2,312,308	2,496,173
<i>Net assets</i>		
Unrestricted net assets	32,259,492	29,377,031
Temporarily restricted net assets	30,991	118,813
Total net assets	32,290,483	29,495,844
Total liabilities and net assets	\$ 34,602,791	\$ 31,992,017

See accompanying notes to consolidated financial statements.

**Bethany of the Northwest
and Subsidiaries**
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2017 and 2016

	2017	2016
<i>Unrestricted revenue, gains, and other support</i>		
Resident revenue (net of contractual allowances and discounts)	\$ 24,388,116	\$ 24,646,725
Provision for bad debts	(219,240)	(327,216)
Net resident revenue less provision for bad debts	24,168,876	24,319,509
Investment income	1,726,327	992,858
Other revenue	85,095	65,848
Total unrestricted revenue, gains, and other support	25,980,298	25,378,215
<i>Net assets released from restriction</i>	61,683	4,188
<i>Operating expenses</i>		
Salaries and wages	13,888,701	13,429,743
Payroll taxes	1,417,392	1,297,917
Employee benefits	949,163	997,477
Supplies	2,165,436	2,285,757
Purchased services	1,912,976	1,790,826
Depreciation	625,429	607,089
Insurance	150,736	143,288
Repairs and maintenance	103,473	65,012
Utilities	460,291	468,225
Rent expense	327,568	318,041
Minor equipment	378,848	256,789
Taxes and licenses	799,830	807,036
Donations	44,857	36,992
Other	327,106	312,552
Total operating expenses	23,551,806	22,816,744
<i>Operating income</i>	2,490,175	2,565,659
<i>Nonoperating revenues (expenses)</i>		
Grants and contributions	138,616	154,697
Gain from investment in Everett Transitional Care Services	110,467	176,410
Gain (loss) on property disposal	33,170	(11,103)
Total nonoperating revenues, net	282,253	320,004
<i>Net assets released from restriction related to capital acquisitions</i>	110,033	171,575
<i>Change in unrestricted net assets</i>	2,882,461	3,057,238
<i>Temporarily restricted net assets</i>		
Grants and contributions	83,894	124,185
Net assets released from restriction	(171,716)	(175,763)
Change in temporarily restricted net assets	(87,822)	(51,578)
Change in net assets	2,794,639	3,005,660
Net assets, beginning of year	29,495,844	26,490,184
Net assets, end of year	\$ 32,290,483	\$ 29,495,844

See accompanying notes to consolidated financial statements.

**Bethany of the Northwest
and Subsidiaries**
Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from and on behalf of residents	\$ 24,562,123	\$ 23,938,048
Cash received from investments	467,344	343,102
Cash received from contributions	222,510	278,882
Cash received from other revenue	85,095	65,848
Cash paid to or on behalf of employees	(16,672,042)	(15,572,367)
Cash paid for other expenses	(6,459,407)	(6,624,064)
Net cash provided by operating activities	2,205,623	2,429,449
<i>Cash flows from investing activities</i>		
Acquisition of property and equipment	(598,091)	(299,532)
Disposal of property and equipment	254,986	-
Purchase of investments	(9,464,140)	(2,840,675)
Sales of investments	5,926,258	-
Member distributions received from Everett Transitional Care Services	150,000	-
Net cash used in investing activities	(3,730,987)	(3,140,207)
Net decrease in cash and cash equivalents	(1,525,364)	(710,758)
Cash and cash equivalents, beginning of year	4,823,250	5,534,008
Cash and cash equivalents, end of year	\$ 3,297,886	\$ 4,823,250

See accompanying notes to consolidated financial statements.

**Bethany of the Northwest
and Subsidiaries**
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2017 and 2016

	2017	2016
<i>Reconciliation of Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities</i>		
Change in net assets	\$ 2,794,639	\$ 3,005,660
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation	625,429	607,089
Provision for bad debts	219,240	327,216
Loss (gain) on disposal of property and equipment	(33,170)	11,103
Gain on investments	(1,258,983)	(649,756)
Gain on investment in Everett Transitional Care Services	(110,467)	(176,410)
(Increase) decrease in assets:		
Resident receivables	174,007	(708,677)
Due from Everett Transitional Care Services	18,165	14,288
Other current assets	(39,372)	6,891
Increase (decrease) in liabilities:		
Accounts payable	232,921	(160,725)
Accrued compensation and related liabilities	(416,786)	152,770
Net cash provided by operating activities	\$ 2,205,623	\$ 2,429,449

See accompanying notes to consolidated financial statements.

**Bethany of the Northwest
and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016**

1. Organization and Summary of Significant Accounting Policies:

a. Organization

Bethany of the Northwest (Bethany) provides living accommodations and support services for the elderly in Everett, Washington. Revenues for these services are primarily generated from Medicare, Medicaid, managed care providers, and directly from patients and tenants. Bethany is exempt under Section 501(c)(3) of the Internal Revenue Code from federal income taxes except for unrelated business income.

Bethany was formed to provide skilled nursing and assisted living services, as well as to own and operate the following facilities:

Bethany at Pacific (Pacific) - A 111-bed nursing and rehabilitative facility owned and operated by Bethany of the Northwest.

Bethany at Silver Crest (Silver Crest) - A 57-bed assisted living facility owned and operated by Bethany of the Northwest.

Bethany at Silver Lake (Silver Lake) - A 120-bed nursing and rehabilitative facility owned and operated by Bethany of the Northwest.

Bethany of the Northwest Foundation (the Foundation) was formed to assist in long-term fundraising projects to provide additional resources to Bethany of the Northwest. Bethany of the Northwest has substantial influence over the Foundation through common board membership and the requirement that many of the Foundation's actions must be approved by Bethany of the Northwest.

In November 2017, the Foundation ceased operations, at which time all of the Foundation's assets were transferred to Bethany. Bethany funds the Foundation's operations, for which a due from related party asset of \$1,127,291 was recorded by Bethany and an offsetting due to related party liability of \$1,127,291 was recorded by the Foundation at December 31, 2016. The transfer of the Foundation's assets to Bethany also included the extinguishment of the outstanding respective due to and due from balance. As of and for the year ended December 31, 2017, a loss on debt forgiveness of \$1,047,745 is included in Pacific's statement of operations and changes in net assets, and an offsetting gain on debt forgiveness of \$1,047,745 is included in the Foundation's statement of operations and changes in net assets.

Bethany owns multiple rental properties (Rentals) in Everett, Washington, which are rented to unrelated third parties.

Principles of consolidation – The consolidated financial statements reflect the consolidated operations of Bethany and the Foundation. All significant intercompany transactions and balances have been eliminated.

b. Summary of Significant Accounting Policies

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Income tax status – Bethany and the Foundation are exempt from federal income tax. Accordingly, no provision for income tax is necessary. Bethany and the Foundation evaluate uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2017 and 2016, Bethany and the Foundation had no uncertain tax positions requiring accrual.

Basis of presentation – Bethany is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Resident trust accounts – Bethany maintains resident trust bank accounts for its residents as required by the Washington State Department of Social and Health Services. The balance of these accounts was \$20,308 and \$22,159 at December 31, 2017 and 2016, respectively. Interest is credited to individual resident accounts as earned. Resident trust accounts are included with cash and cash equivalents in the consolidated statements of financial position.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

Bethany classified its investments as of December 31, 2017 and 2016, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- **Level 2** – Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.
- **Level 3** – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Bethany did not have any Level 3 investments in the years ended December 31, 2017 and 2016.

Inventories – Inventories are stated at replacement cost, which approximates the market price. Inventories consist of medical supplies and pharmaceuticals used in resident care.

Investments limited as to use – Investments limited as to use consist of investments and are assets set aside by Bethany’s Board of Trustees (Board) for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes.

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Property and equipment – It is Bethany’s policy to capitalize buildings, improvements, and equipment over \$1,000; lesser amounts are expensed. Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset. Depreciation expense includes the amortization of capital lease obligations. Depreciation is computed using the straight-line method over the following estimated useful service lives:

Land improvements	10 to 25 years
Leasehold improvements	5 to 30 years
Buildings and improvements	7 to 30 years
Equipment	3 to 40 years
Vehicles	5 to 10 years
Rental property	15 to 30 years

Gifts of long-lived assets such as land, buildings, or equipment are reported at fair value as of the date of the gift and as unrestricted contributions, but are excluded from the excess of revenues over expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or assets that must be used to acquire long-lived assets are reported as restricted contributions.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Temporarily and permanently restricted net assets – Temporarily restricted net assets are those whose use by Bethany has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Bethany in perpetuity. Bethany had no permanently restricted net assets as of December 31, 2017 and 2016.

Investments and investment income – Investments in equity securities having a readily determinable fair value and all debt securities are measured at fair value in the consolidated statements of financial position. Investment income or loss (including realized gains and losses on investments, unrealized gains and losses on investments, interest, and dividends) is included in the changes in unrestricted net assets as operating revenue.

Performance indicator – The consolidated statements of operations and changes in net assets include a performance indicator as required by U.S. generally accepted accounting principles. Changes in net assets which are excluded from operations, consistent with industry practice, include restricted grants and contributions and the releases of restrictions for capital items.

Nonoperating versus operating – For the purpose of the consolidated statements of operations and changes in net assets, Bethany considers unrestricted grants and contributions, net assets released from restriction, gains from investments in other entities, and gains or losses from property disposal to be nonoperating activities.

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Functional expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the notes to the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications – Certain items included in the accompanying 2016 financial statements have been reclassified to conform to the 2017 presentation, with no effect on the previously reported change in unrestricted net assets.

Subsequent events – Subsequent events have been reviewed through March 20, 2018, the date on which the consolidated financial statements were available to be issued.

2. Resident Accounts Receivable:

Resident accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of resident accounts receivable, Bethany analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to residents who have third-party coverage, Bethany analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay residents (which include both residents without insurance and residents with deductible and copayment balances due for which third-party coverage exists for part of the bill), Bethany records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many residents are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

2. Resident Accounts Receivable (continued):

Bethany's allowance for uncollectible accounts for self-pay residents has not changed significantly from the prior year. Bethany does not maintain a material allowance for uncollectible accounts from third-party payors nor did it have significant writeoffs from third-party payors.

Resident accounts receivable reported as current assets by Bethany consisted of these amounts:

	2017	2016
Receivables from residents and their insurance carriers	\$ 948,253	\$ 1,199,503
Receivables from Medicare	398,436	474,262
Receivables from Medicaid	994,053	1,110,224
	2,340,742	2,783,989
<i>Less allowance for uncollectible accounts</i>	200,000	250,000
Resident accounts receivable, net	\$ 2,140,742	\$ 2,533,989

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

3. Investments Limited as to Use:

Bethany's investments limited as to use are stated at fair value and consisted of the following balances and maturities:

	2017				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 960,296	\$ 960,296	\$ -	\$ -	\$ -
Fixed income:					
Government obligations	3,875,854	2,489,460	1,240,162	146,232	-
Mortgage backed securities	184,982	-	114,566	-	70,416
Municipal bonds	131,425	-	69,686	61,739	-
Corporate obligations	3,798,775	1,852,922	1,189,869	755,984	-
International mutual funds	223,729	223,729	-	-	-
Total fixed income	8,214,765	4,566,111	2,614,283	963,955	70,416
Equities:					
Consumer discretionary	595,529	595,529	-	-	-
Consumer staples	179,898	179,898	-	-	-
Financials	919,755	919,755	-	-	-
Healthcare	641,435	641,435	-	-	-
Industrials	436,171	436,171	-	-	-
Information technology	1,049,988	1,049,988	-	-	-
Materials	116,931	116,931	-	-	-
International equities	910,730	910,730	-	-	-
Domestic mutual funds	2,044,392	2,044,392	-	-	-
International mutual funds	1,864,114	1,864,114	-	-	-
Total equities	8,758,943	8,758,943	-	-	-
Other alternative investments	1,060,156	1,060,156	-	-	-
Real asset funds	967,919	880,484	-	-	87,435
Total investments limited as to use	\$ 19,962,079	\$ 16,225,990	\$ 2,614,283	\$ 963,955	\$ 157,851

	2016				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 435,860	\$ 435,860	\$ -	\$ -	\$ -
Fixed income:					
Government obligations	1,219,948	238,288	606,148	375,512	-
Mortgage backed securities	186,524	-	50,138	64,724	71,662
Municipal bonds	134,768	-	72,955	61,813	-
Corporate obligations	2,983,335	140,122	1,612,067	1,231,146	-
International mutual funds	214,364	214,364	-	-	-
Total fixed income	4,738,939	592,774	2,341,308	1,733,195	71,662
Equities:					
Consumer discretionary	251,075	251,075	-	-	-
Consumer staples	74,527	74,527	-	-	-
Financials	429,202	429,202	-	-	-
Healthcare	313,673	313,673	-	-	-
Industrials	235,803	235,803	-	-	-
Information technology	458,029	458,029	-	-	-
Materials	111,807	111,807	-	-	-
International equities	372,623	372,623	-	-	-
Domestic mutual funds	1,155,100	1,155,100	-	-	-
International mutual funds	1,014,638	1,014,638	-	-	-
Total equities	4,416,477	4,416,477	-	-	-
Other alternative investments	559,268	559,268	-	-	-
Real asset funds	474,706	373,182	-	-	101,524
Total investments limited as to use	\$ 10,625,250	\$ 6,377,561	\$ 2,341,308	\$ 1,733,195	\$ 173,186

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

4. Investments:

Bethany's investments are stated at fair value and consisted of the following balances and maturities:

	2017				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 42,822	\$ 42,822	\$ -	\$ -	\$ -
Fixed income:					
Government obligations	39,981	39,981	-	-	-
Corporate obligations	205,916	10,010	144,197	51,709	-
Domestic mutual funds	124,903	124,903	-	-	-
International mutual funds	44,805	44,805	-	-	-
Total fixed income	415,605	219,699	144,197	51,709	-
Equities:					
Consumer discretionary	43,928	43,928	-	-	-
Consumer staples	11,127	11,127	-	-	-
Financials	63,549	63,549	-	-	-
Healthcare	39,721	39,721	-	-	-
Industrials	28,583	28,583	-	-	-
Information technology	76,950	76,950	-	-	-
Materials	8,352	8,352	-	-	-
International equities	57,510	57,510	-	-	-
Domestic mutual funds	106,751	106,751	-	-	-
International mutual funds	126,652	126,652	-	-	-
Total equities	563,123	563,123	-	-	-
Other alternative investments	61,191	61,191	-	-	-
Real asset funds	60,427	49,605	-	-	10,822
Total investments	\$ 1,143,168	\$ 936,440	\$ 144,197	\$ 51,709	\$ 10,822

	2016				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 391,248	\$ 391,248	\$ -	\$ -	\$ -
Fixed income:					
Government obligations	81,404	81,404	-	-	-
Municipal bonds	48,182	-	-	48,182	-
Corporate obligations	1,206,780	90,938	755,980	359,862	-
Domestic mutual funds	209,216	209,216	-	-	-
International mutual funds	59,989	59,989	-	-	-
Total fixed income	1,605,571	441,547	755,980	408,044	-
Equities:					
Consumer discretionary	172,676	172,676	-	-	-
Consumer staples	237,245	237,245	-	-	-
Financials	863,328	863,328	-	-	-
Healthcare	79,056	79,056	-	-	-
Industrials	321,618	321,618	-	-	-
Information technology	265,949	265,949	-	-	-
Materials	680,716	680,716	-	-	-
International equities	43,968	43,968	-	-	-
Domestic mutual funds	234,962	234,962	-	-	-
International mutual funds	279,500	279,500	-	-	-
Total equities	3,179,018	3,179,018	-	-	-
Other alternative investments	436,920	436,920	-	-	-
Real asset funds	70,375	52,626	-	-	17,749
Total investments	\$ 5,683,132	\$ 4,501,359	\$ 755,980	\$ 408,044	\$ 17,749

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

4. Investments (continued):

The following tables disclose, by level within the fair value hierarchy, Bethany's investment assets measured and reported on the consolidated statements of financial position, at fair value on a recurring basis:

	2017			
	Level 1	Level 2	Level 3	Total
Cash and money market accounts	\$ 1,003,118	\$ -	\$ -	\$ 1,003,118
Fixed income:				
Government obligations	-	3,915,835	-	3,915,835
Mortgage backed securities	-	184,982	-	184,982
Municipal bonds	-	131,425	-	131,425
Corporate obligations	-	4,004,691	-	4,004,691
Domestic mutual funds	124,903	-	-	124,903
International mutual funds	268,534	-	-	268,534
Total fixed income	393,437	8,236,933	-	8,630,370
Equities:				
Consumer discretionary	639,457	-	-	639,457
Consumer staples	191,025	-	-	191,025
Financials	983,304	-	-	983,304
Healthcare	681,156	-	-	681,156
Industrials	464,754	-	-	464,754
Information technology	1,126,938	-	-	1,126,938
Materials	125,283	-	-	125,283
International equities	412,029	556,211	-	968,240
Domestic mutual funds	2,151,143	-	-	2,151,143
International mutual funds	1,990,766	-	-	1,990,766
Total equities	8,765,855	556,211	-	9,322,066
Other alternative investments	1,121,347	-	-	1,121,347
Real asset funds	1,028,346	-	-	1,028,346
	\$ 12,312,103	\$ 8,793,144	\$ -	\$ 21,105,247
Investments				\$ 1,143,168
Investments limited as to use				19,962,079
Total investments				\$ 21,105,247

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

4. Investments (continued):

	2016			
	Level 1	Level 2	Level 3	Total
Cash and money market accounts	\$ 827,108	\$ -	\$ -	\$ 827,108
Fixed income:				
Government obligations	-	1,301,352	-	1,301,352
Mortgage backed securities	-	186,524	-	186,524
Municipal bonds	-	182,950	-	182,950
Corporate obligations	-	4,190,115	-	4,190,115
Domestic mutual funds	209,216	-	-	209,216
International mutual funds	274,353	-	-	274,353
Total fixed income	483,569	5,860,941	-	6,344,510
Equities:				
Consumer discretionary	423,751	-	-	423,751
Consumer staples	311,772	-	-	311,772
Financials	1,292,530	-	-	1,292,530
Healthcare	392,729	-	-	392,729
Industrials	557,421	-	-	557,421
Information technology	723,978	-	-	723,978
Materials	792,523	-	-	792,523
International equities	142,742	273,849	-	416,591
Domestic mutual funds	1,390,062	-	-	1,390,062
International mutual funds	1,294,138	-	-	1,294,138
Total equities	7,321,646	273,849	-	7,595,495
Other alternative investments	996,188	-	-	996,188
Real asset funds	545,081	-	-	545,081
Total investments	\$ 10,173,592	\$ 6,134,790	\$ -	\$ 16,308,382
Investments				\$ 5,683,132
Investments limited as to use				10,625,250
Total investments				\$ 16,308,382

5. Investment Income:

Investment income and gains and losses on investments limited as to use, cash equivalents, and other investments consist of the following:

	2017	2016
Interest and dividends	\$ 467,344	\$ 343,102
Realized gains (losses) on sales of investments	91,447	(95,978)
Unrealized gains on investments	1,167,536	745,734
	\$ 1,726,327	\$ 992,858

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

5. Investment Income (continued):

The unrealized gains on Bethany's investments in equities and fixed income funds were primarily a result of recent market increases consistent with the cyclical nature of the financial markets. Bethany has a diversified portfolio.

6. Investment in Everett Transitional Care Services:

On December 28, 1994, Bethany entered into a joint venture with Providence General Medical Center to form Everett Transitional Care Services (ETCS), with Bethany having a 50 percent ownership interest. The investment is recorded using the equity method of accounting. Bethany's share of the results of operations of ETCS is included in the consolidated statements of operations and changes in net assets as gains from investment in ETCS and was \$110,467 and \$176,410 for the years ended December 31, 2017 and 2016, respectively. Bethany's balance in ETCS is included in the consolidated statements of financial position and was \$1,208,738 and \$1,248,271 at December 31, 2017 and 2016, respectively. Bethany is reimbursed by ETCS for services provided to the joint venture, which is recorded as a receivable from ETCS of \$361,196 and \$379,361 at December 31, 2017 and 2016, respectively.

ETCS maintained the following balances:

	2017	2016
Total assets	\$ 2,890,830	\$ 2,981,744
Liabilities	\$ 481,576	\$ 483,079
Equity	2,409,254	2,498,665
Total liabilities and equity	\$ 2,890,830	\$ 2,981,744
Net resident service revenue	\$ 6,084,731	\$ 6,087,668
Expenses	(5,863,834)	(5,734,593)
Change in net income	\$ 220,897	\$ 353,075

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

7. Property and Equipment:

Property and equipment consisted of the following:

	2017	2016
Land improvements	\$ 771,906	\$ 771,906
Leasehold improvements	2,274,554	2,275,773
Buildings and improvements	4,771,955	4,656,884
Equipment	8,331,601	9,973,407
Vehicles	306,931	255,672
Rental properties	735,396	735,396
	17,192,343	18,669,038
<i>Less accumulated depreciation</i>	12,950,624	14,178,165
	4,241,719	4,490,873
Land	1,926,474	1,926,474
Net property and equipment	\$ 6,168,193	\$ 6,417,347

8. Line of Credit:

Bethany has a revolving line of credit with Wells Fargo, maturing January 10, 2019, with available funds of \$5,000,000. The borrowings under the line of credit bear interest at a variable rate. At December 31, 2017 and 2016, there was no outstanding balance on the line of credit. This line of credit is secured by Bethany's investments held by Wells Fargo and cannot be withdrawn at the option of the financial institution.

9. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Employee emergency funds	\$ -	\$ (339)
Resident council	307	336
Program activities	12,284	20,242
Acquisition of property and equipment	18,400	98,574
	\$ 30,991	\$ 118,813

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

10. Net Resident Service Revenue:

Bethany recognizes resident service revenue associated with services provided to residents who have third-party payor coverage on the basis of contractual rates for services rendered. For uninsured residents, Bethany recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of Bethany's uninsured residents will be unable or unwilling to pay for the services provided. Thus, Bethany records a significant provision for bad debts related to uninsured residents in the period the services are provided. Bethany's provisions for bad debts and writeoffs have not changed significantly from the prior year. Resident service revenue, net of contractual allowances and discounts (but before provision for bad debts), recognized in the period from these major payor sources is as follows:

	2017	2016
Resident service revenue (net of contractual allowances and discounts):		
Medicare	\$ 3,062,616	\$ 2,473,579
Medicaid	13,599,278	12,806,724
Other third-party payors	4,891,739	6,550,694
Self-pay	2,834,483	2,815,728
	24,388,116	24,646,725
<i>Less provision for bad debts</i>	219,240	327,216
Net resident service revenue	\$ 24,168,876	\$ 24,319,509

Bethany has agreements with third-party payors that provide for payments to Bethany at amounts different from its established rates. Payment arrangements include prospectively determined rates, discounted charges, and per diem payments. Net resident revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for services rendered.

A significant amount of revenue is derived from contracts with the Washington State Department of Social and Health Services to provide skilled nursing and assisted living/congregate care in the Medical Recipient program. The nursing homes are certified to provide Medicare (Title 18) services to residents. The primary geographic source of patients includes Snohomish County and surrounding communities in the northern Puget Sound region.

The nursing homes are subject to cost reimbursement audits and reviews under both the Medicaid and Medicare programs, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, typically upon notification from the contracting agency.

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

10. Net Resident Service Revenue (continued):

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

11. Retirement Plans:

Bethany sponsors a defined contribution retirement plan (the Plan) under Section 403(b) of the Internal Revenue Code. The Plan allows for employee contributions to a retirement account and provides for discretionary employer contributions. All employees are eligible to participate in the Plan. Employer contributions for the years ended December 31, 2017 and 2016, were approximately \$68,000 and \$37,000, respectively.

Prior to January 2018, Bethany maintained a nonqualified deferred compensation plan covered under section 457(f) of the Internal Revenue Code. The plan covered employees designated by the Board of Trustees with amounts accrued annually by Bethany. The amounts accrued under the 457(f) plan were legal assets (nontrust) of Bethany and subject to its creditors. At December 31, 2017 and 2016, Bethany had accrued \$100,938 and \$504,438, respectively, of participant benefits, which are included in accrued expenses in the consolidated statements of financial position. The 457(f) was terminated and all funds were distributed in January 2018.

12. Functional Expenses:

The costs of providing various program services and other activities have been summarized on a functional basis below. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received. Expenses are allocated functionally as follows:

	2017	2016
Program activities	\$ 19,994,361	\$ 19,370,329
General and administrative	3,290,625	3,187,923
Fundraising	266,820	258,492
	\$ 23,551,806	\$ 22,816,744

13. Commitments and Contingencies:

Noncancelable operating leases – Bethany leases its Pacific nursing home facilities and administrative offices from Providence General Medical Center (the Landlord). The lease, as extended, expires in July 2019. The lease provides for monthly rental payments of \$20,435. Net lease expense for each of the years ended December 31, 2017 and 2016, was \$239,532. Lease payments are reduced based on annual depreciation of the occupied portions of the Landlord's assets plus 2 percent of the prior year's net book value as allowed by the Washington State Department of Social and Health Services. If net income from operations at Pacific exceeds 1.5 percent of adjusted gross revenue, lease payments are increased by 50 percent of the excess. Bethany has not recorded the effect of these lease adjustments as they do not believe any amounts owed would have a material impact on the consolidated financial statements.

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

13. Commitments and Contingencies (continued):

The following is a schedule by year of future minimum lease payments under operating leases that have initial or remaining terms in excess of one year:

Years Ending December 31,	Amount
2018	\$ 245,220
2019	122,610
	\$ 367,830

Medical malpractice claims – Bethany has its professional liability insurance coverage with Columbia Casualty Company. The policy provides coverage on an occurrence basis. All claims filed are covered by the plan that is in place at the time of the incident. If there are unreported incidents which result in a malpractice claim for the current year, these claims will be covered by Bethany’s policy that was in place at the time of the incident, not the policy in place at the time the claim is filed.

Columbia Casualty Company malpractice insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$3,000,000 per location. The policy has no deductible per claim or in the aggregate. Bethany also maintains excess liability coverage with limits of \$10,000,000 per claim and \$20,000,000 aggregate.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, and government healthcare program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for resident services previously billed. Management believes that Bethany is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

14. Risk Concentrations:

Resident accounts receivable – Bethany provides skilled nursing and assisted living services at its three locations in Everett, Washington. Resident accounts receivable from the government agencies administering the Medicaid program and other third-party payors represent the only concentrated group of credit risk for Bethany and management does not believe that there are significant credit risks associated with these organizations. Medicare and private pay resident receivables consist of payors and individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to Bethany.

**Bethany of the Northwest
and Subsidiaries**
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017 and 2016

14. Risk Concentrations (continued):

Significant concentration of resident accounts receivable was as follows:

	2017	2016
Medicare	17 %	17 %
Medicaid	42	40
Other third-party payors	30	31
Residents	11	12
	100 %	100 %

Cash and cash equivalents – Bethany invests its excess cash in deposits with a local bank. At various times during the year and at year end, Bethany had deposits in excess of Federal Deposit Insurance Corporation coverage.

15. Subsequent Events:

The two rental properties owned by Bethany are currently unoccupied. Bethany is in the process of having them demolished.

SUPPLEMENTARY INFORMATION

**Bethany of the Northwest
and Subsidiaries**
Statement of Financial Position by Department
December 31, 2017 (With Comparative Totals for 2016)

ASSETS	Pacific	Silver Crest	Silver Lake	Rentals	Eliminations	2017 Consolidated Total	2016 Consolidated Total
<i>Current assets</i>							
Cash and cash equivalents	\$ 2,252,165	\$ 379,087	\$ 666,634	\$ -	\$ -	\$ 3,297,886	\$ 4,823,250
Receivables:							
Resident accounts, less allowances for uncollectible accounts	1,085,691	34,974	1,020,077	-	-	2,140,742	2,533,989
Due from Everett Transitional Care Services	361,196	-	-	-	-	361,196	379,361
Due from related parties	1,821,019	-	7,959,936	64,757	(9,845,712)	-	-
Investments	1,143,168	-	-	-	-	1,143,168	5,683,132
Other current assets	83,785	62,512	173,604	888	-	320,789	281,417
Total current assets	6,747,024	476,573	9,820,251	65,645	(9,845,712)	7,263,781	13,701,149
<i>Noncurrent assets</i>							
Investments limited as to use	19,962,079	-	-	-	-	19,962,079	10,625,250
Investment in Everett Transitional Care Services	1,208,738	-	-	-	-	1,208,738	1,248,271
Property and equipment, net	1,619,395	1,710,160	2,308,113	530,525	-	6,168,193	6,417,347
Total noncurrent assets	22,790,212	1,710,160	2,308,113	530,525	-	27,339,010	18,290,868
Total assets	\$ 29,537,236	\$ 2,186,733	\$ 12,128,364	\$ 596,170	\$ (9,845,712)	\$ 34,602,791	\$ 31,992,017
LIABILITIES AND NET ASSETS							
<i>Current liabilities</i>							
Accounts payable	\$ 319,867	\$ 18,109	\$ 364,321	\$ -	\$ -	\$ 702,297	\$ 469,376
Accrued compensation and related liabilities	1,068,543	41,637	499,831	-	-	1,610,011	2,026,797
Due to related parties	7,530,340	2,315,372	-	-	(9,845,712)	-	-
Total current liabilities	8,918,750	2,375,118	864,152	-	(9,845,712)	2,312,308	2,496,173
<i>Net assets</i>							
Unrestricted net assets	20,592,448	(188,385)	11,259,259	596,170	-	32,259,492	29,377,031
Temporarily restricted net assets	26,038	-	4,953	-	-	30,991	118,813
Total net assets	20,618,486	(188,385)	11,264,212	596,170	-	32,290,483	29,495,844
Total liabilities and net assets	\$ 29,537,236	\$ 2,186,733	\$ 12,128,364	\$ 596,170	\$ (9,845,712)	\$ 34,602,791	\$ 31,992,017

See accompanying independent auditors' report.

**Bethany of the Northwest
and Subsidiaries**
Statement of Operations and Changes in Net Assets by Department
Year Ended December 31, 2017 (With Comparative Totals for 2016)

	Pacific	Silver Crest	Silver Lake	Rentals	Foundation	Eliminations	2017 Consolidated Total	2016 Consolidated Total
<i>Unrestricted revenue</i>								
Resident revenue (net of contractual allowances and discounts)	\$ 11,517,756	\$ 1,462,866	\$ 11,407,494	\$ -	\$ -	\$ -	\$ 24,388,116	\$ 24,646,725
Provision for bad debts	(183,999)	(1,615)	(33,626)	-	-	-	(219,240)	(327,216)
Net resident revenue less provision for bad debts	11,333,757	1,461,251	11,373,868	-	-	-	24,168,876	24,319,509
Investment income	1,692,935	-	932	-	32,460	-	1,726,327	992,858
Other revenue	21,518	3,256	294,110	31,549	-	(265,338)	85,095	65,848
Total unrestricted revenue	13,048,210	1,464,507	11,668,910	31,549	32,460	(265,338)	25,980,298	25,378,215
<i>Net assets released from restriction</i>	-	-	-	-	61,683	-	61,683	4,188
<i>Operating expenses</i>								
Salaries and wages	6,691,500	748,098	6,308,013	5,206	135,884	-	13,888,701	13,429,743
Payroll taxes	701,634	77,523	629,747	-	8,488	-	1,417,392	1,297,917
Employee benefits	463,833	45,308	434,881	-	5,141	-	949,163	997,477
Supplies	1,018,020	280,045	1,132,238	91	380	(265,338)	2,165,436	2,285,757
Purchased services	1,087,386	26,697	790,196	-	8,697	-	1,912,976	1,790,826
Depreciation	292,577	150,107	174,897	7,595	253	-	625,429	607,089
Insurance	69,328	16,897	62,713	1,798	-	-	150,736	143,288
Repairs and maintenance	25,420	5,139	72,871	43	-	-	103,473	65,012
Utilities	127,743	79,686	252,449	413	-	-	460,291	468,225
Rent expense	278,562	5,970	43,036	-	-	-	327,568	318,041
Minor equipment	183,788	17,647	177,413	-	-	-	378,848	256,789
Taxes	49,962	8,363	735,853	5,587	65	-	799,830	807,036
Donations	-	-	-	-	637,551	(592,694)	44,857	36,992
Other	96,733	16,125	119,788	3,216	91,244	-	327,106	312,552
Total operating expenses	11,086,486	1,477,605	10,934,095	23,949	887,703	(858,032)	23,551,806	22,816,744
<i>Operating income (loss)</i>	1,961,724	(13,098)	734,815	7,600	(793,560)	592,694	2,490,175	2,565,659
<i>Nonoperating revenues (expenses)</i>								
Grants and contributions	95,162	307,358	191,174	-	137,616	(592,694)	138,616	154,697
Gain on investment in Everett Transitional Care Services	110,467	-	-	-	-	-	110,467	176,410
Gain (loss) on property disposal	169,573	(63)	(135,783)	-	(557)	-	33,170	(11,103)
Total nonoperating revenues (expenses), net	375,202	307,295	55,391	-	137,059	(592,694)	282,253	320,004
<i>Net assets released from restriction related to capital acquisitions</i>	-	-	-	-	110,033	-	110,033	171,575
Excess of unrestricted revenues over expenses before gain (loss) on debt forgiveness	2,336,926	294,197	790,206	7,600	(546,468)	-	2,882,461	3,057,238
Gain (loss) on debt forgiveness	(1,047,745)	-	-	-	1,047,745	-	-	-
<i>Change in unrestricted net assets</i>	1,289,181	294,197	790,206	7,600	501,277	-	2,882,461	3,057,238
<i>Change in temporarily restricted net assets</i>								
Grants and contributions	100	-	100	-	83,694	-	83,894	124,185
Net assets released from restriction	-	-	-	-	(171,716)	-	(171,716)	(175,763)
Change in temporarily restricted net assets	100	-	100	-	(88,022)	-	(87,822)	(51,578)
Change in net assets before transfer of net assets	1,289,281	294,197	790,306	7,600	413,255	-	2,794,639	3,005,660
Transfer of net assets	26,038	-	4,953	-	(30,991)	-	-	-
<i>Change in net assets</i>	1,315,319	294,197	795,259	7,600	382,264	-	2,794,639	3,005,660
Net assets, beginning of year	19,303,167	(482,582)	10,468,953	588,570	(382,264)	-	29,495,844	26,490,184
Net assets, end of year	\$ 20,618,486	\$ (188,385)	\$ 11,264,212	\$ 596,170	\$ -	\$ -	\$ 32,290,483	\$ 29,495,844

See accompanying independent auditors' report.

Bethany of the Northwest and Subsidiaries

Consolidated Financial Statements and
Independent Auditors' Report

December 31, 2018 and 2017



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Bethany of the Northwest and Subsidiaries
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Bethany of the Northwest and Subsidiaries
Everett, Washington

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bethany of the Northwest and Subsidiaries (a nonprofit healthcare entity), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of operations and changes in net assets and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bethany of the Northwest and Subsidiaries as of December 31, 2018 and 2017, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, Bethany of the Northwest and Subsidiaries adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The statement of financial position by department and statement of operations and changes in net assets by department on pages 27 and 28, respectively, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
April 24, 2019

Bethany of the Northwest and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2018 and 2017

ASSETS	2018	2017
<i>Current assets</i>		
Cash and cash equivalents	\$ 2,749,939	\$ 3,297,886
Receivables:		
Resident accounts	2,253,125	2,140,742
Due from Everett Transitional Care Services	396,014	361,196
Investments	1,097,771	1,143,168
Other current assets	238,590	320,789
Total current assets	6,735,439	7,263,781
<i>Noncurrent assets</i>		
Investments limited as to use	19,460,318	19,962,079
Investment in Everett Transitional Care Services	981,902	1,208,738
Property and equipment, net	6,688,682	6,168,193
Total noncurrent assets	27,130,902	27,339,010
Total assets	\$ 33,866,341	\$ 34,602,791
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 697,586	\$ 702,297
Accrued compensation and related liabilities	1,669,693	1,610,011
Total current liabilities	2,367,279	2,312,308
<i>Net assets</i>		
Net assets without donor restrictions	31,451,530	32,259,492
Net assets with donor restrictions	47,532	30,991
Total net assets	31,499,062	32,290,483
Total liabilities and net assets	\$ 33,866,341	\$ 34,602,791

See accompanying notes to consolidated financial statements.

Bethany of the Northwest and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2018 and 2017

	2018	2017
<i>Revenue, gains, and other support without donor restrictions</i>		
Resident revenue (net of contractual allowances and discounts)	\$ 26,295,404	\$ 24,390,716
Provision for bad debts	(232,187)	(219,240)
Net resident revenue, less provision for bad debts	26,063,217	24,171,476
Investment income (loss)	(546,146)	1,726,327
Other revenue	84,595	82,495
Total revenue, gains, and other support without donor restrictions	25,601,666	25,980,298
<i>Net assets released from restriction</i>	5,790	61,683
<i>Operating expenses</i>		
Salaries and wages	14,860,313	13,794,893
Payroll taxes	1,514,263	1,464,110
Employee benefits	1,128,334	974,821
Supplies	2,433,209	2,165,436
Purchased services	2,650,785	1,934,092
Depreciation	689,907	625,429
Insurance	153,034	150,736
Repairs and maintenance	79,480	103,473
Utilities	473,342	460,291
Rent expense	360,072	327,568
Minor equipment	458,382	386,851
Taxes and licenses	843,953	799,830
Donations	-	44,857
Other	372,064	319,419
Total operating expenses	26,017,138	23,551,806
<i>Operating income (loss)</i>	(409,682)	2,490,175
<i>Nonoperating revenues (expenses)</i>		
Grants and contributions	6,652	138,616
Gain (loss) from investment in Everett Transitional Care Services	(226,836)	110,467
Gain (loss) on property disposal	(178,096)	33,170
Total nonoperating revenues (expenses), net	(398,280)	282,253
<i>Net assets released from restriction related to capital acquisitions</i>	-	110,033
<i>Change in net assets without donor restrictions</i>	(807,962)	2,882,461
<i>Change in net assets with donor restrictions</i>		
Grants and contributions	22,331	83,894
Net assets released from restriction	(5,790)	(171,716)
Change in net assets with donor restrictions	16,541	(87,822)
Change in net assets	(791,421)	2,794,639
Net assets, beginning of year	32,290,483	29,495,844
Net assets, end of year	\$ 31,499,062	\$ 32,290,483

See accompanying notes to consolidated financial statements.

Bethany of the Northwest and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from and on behalf of residents	\$ 25,950,834	\$ 24,564,723
Cash received from investments	454,514	467,344
Cash received from contributions	28,983	222,510
Cash received from other revenue	84,595	82,495
Cash paid to or on behalf of employees	(17,443,228)	(16,650,610)
Cash paid for other expenses	(7,781,651)	(6,480,839)
Net cash provided by operating activities	1,294,047	2,205,623
<i>Cash flows from investing activities</i>		
Acquisition of property and equipment	(1,388,492)	(598,091)
Disposal of property and equipment	-	254,986
Purchase of investments	(4,878,502)	(9,464,140)
Sales of investments	4,425,000	5,926,258
Member distributions received from Everett Transitional Care Services	-	150,000
Net cash used in investing activities	(1,841,994)	(3,730,987)
Net decrease in cash and cash equivalents	(547,947)	(1,525,364)
Cash and cash equivalents, beginning of year	3,297,886	4,823,250
Cash and cash equivalents, end of year	\$ 2,749,939	\$ 3,297,886

See accompanying notes to consolidated financial statements.

Bethany of the Northwest and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2018 and 2017

	2018	2017
<i>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</i>		
Change in net assets	\$ (791,421)	\$ 2,794,639
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation	689,907	625,429
Provision for bad debts	232,187	219,240
Loss (gain) on disposal of property and equipment	178,096	(33,170)
Loss (gain) on investments	1,000,660	(1,258,983)
Loss (gain) on investment in Everett Transitional Care Services	226,836	(110,467)
(Increase) decrease in assets:		
Resident receivables	(344,570)	174,007
Due from Everett Transitional Care Services	(34,818)	18,165
Other current assets	82,199	(39,372)
Increase (decrease) in liabilities:		
Accounts payable	(4,711)	232,921
Accrued compensation and related liabilities	59,682	(416,786)
Net cash provided by operating activities	\$ 1,294,047	\$ 2,205,623

See accompanying notes to consolidated financial statements.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies:

a. Organization:

Bethany of the Northwest (Bethany) provides living accommodations and support services for the elderly in Everett, Washington. Revenues for these services are primarily generated from Medicare, Medicaid, managed care providers, and directly from patients and tenants. Bethany is exempt under Section 501(c)(3) of the Internal Revenue Code from federal income taxes except for unrelated business income.

Bethany was formed to provide skilled nursing and assisted living services, as well as to own and operate the following facilities:

Bethany at Pacific (Pacific) – A 111-bed nursing and rehabilitative facility owned and operated by Bethany of the Northwest.

Bethany at Silver Crest (Silver Crest) – A 57-bed assisted living facility owned and operated by Bethany of the Northwest.

Bethany at Silver Lake (Silver Lake) – A 120-bed nursing and rehabilitative facility owned and operated by Bethany of the Northwest.

Bethany of the Northwest Foundation (the Foundation) was formed to assist in long-term fundraising projects to provide additional resources to Bethany of the Northwest. Bethany of the Northwest has substantial influence over the Foundation through common board membership and the requirement that many of the Foundation's actions must be approved by Bethany of the Northwest.

In November 2017, the Foundation ceased operations, at which time all of the Foundation's assets were transferred to Bethany. The transfer of the Foundation's assets to Bethany also included the extinguishment of the outstanding respective due to and due from balance. As of and for the year ended December 31, 2017, a loss on debt forgiveness of \$1,047,745 is included in Pacific's statement of operations and changes in net assets, and an offsetting gain on debt forgiveness of \$1,047,745 is included in the Foundation's statement of operations and changes in net assets.

Bethany owns two rental properties (Rentals) in Everett, Washington, which were rented to unrelated third parties. The buildings were demolished in 2018, at which time the remaining land value was transferred from the Rentals' statement of financial position to Pacific. The transfer of the Rentals' assets to Pacific also included the extinguishment of the outstanding respective due to and due from balance, which consisted primarily of rent payments collected by Pacific on behalf of the Rentals. As of and for the year ended December 31, 2018, a gain on debt forgiveness of \$411,143 is included in the Pacific's statement of operations and changes in net assets, and an offsetting loss on debt forgiveness of \$411,143 is included in the Rentals' statement of operations and changes in net assets.

Principles of consolidation – The consolidated financial statements reflect the consolidated operations of Bethany and the Foundation. All significant intercompany transactions and balances have been eliminated.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies:

Basis of presentation – Financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Bethany is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status – Bethany and the Foundation are exempt from federal income tax. Accordingly, no provision for income tax is necessary. Bethany and the Foundation evaluate uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2018 and 2017, Bethany and the Foundation had no uncertain tax positions requiring accrual.

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Resident trust accounts – Bethany maintains resident trust bank accounts for its residents as required by the Washington State Department of Social and Health Services. The balance of these accounts was \$18,354 and \$20,308 at December 31, 2018 and 2017, respectively. Interest is credited to individual resident accounts as earned. Resident trust accounts are included with cash and cash equivalents in the consolidated statements of financial position.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

Bethany classified its investments as of December 31, 2018 and 2017, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- **Level 2** – Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.
- **Level 3** – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Bethany did not have any Level 3 investments in the years ended December 31, 2018 and 2017.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued):

Investments limited as to use – Investments limited as to use consist of investments and are assets set aside by Bethany’s Board of Trustees (Board) for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes.

Property and equipment – It is Bethany’s policy to capitalize buildings, improvements, and equipment over \$1,000; lesser amounts are expensed. Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset. Depreciation expense includes the amortization of capital lease obligations. Depreciation is computed using the straight-line method over the following estimated useful service lives:

Land improvements	10 to 25 years
Leasehold improvements	5 to 30 years
Buildings and improvements	7 to 30 years
Equipment	3 to 40 years
Vehicles	5 to 10 years

Gifts of long-lived assets such as land, buildings, or equipment are reported at fair value as of the date of the gift and as unrestricted contributions, but are excluded from the excess of revenues over expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or assets that must be used to acquire long-lived assets are reported as restricted contributions.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Net assets with donor restrictions – Net assets with donor restrictions are those whose use by Bethany has been limited by donors to a specific period of time or purpose.

Investments and investment income – Investments in equity securities having a readily determinable fair value and all debt securities are measured at fair value in the consolidated statements of financial position. Investment income or loss (including realized gains and losses on investments, unrealized gains and losses on investments, interest, and dividends) is included in the changes in unrestricted net assets as operating revenue.

Performance indicator – The consolidated statements of operations and changes in net assets include a performance indicator as required by U.S. generally accepted accounting principles. Changes in net assets which are excluded from operations, consistent with industry practice, include restricted grants and contributions and the releases of restrictions for capital items.

Nonoperating versus operating – For the purpose of the consolidated statements of operations and changes in net assets, Bethany considers unrestricted grants and contributions, net assets released from restriction, gains from investments in other entities, and gains or losses from property disposal to be nonoperating activities.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued):

Functional expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the notes to the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications – Certain items included in the accompanying 2017 financial statements have been reclassified to conform to the 2018 presentation, with no effect on the previously reported change in net assets.

Subsequent events – Subsequent events have been reviewed through April 24, 2019, the date on which the consolidated financial statements were available to be issued.

Change in accounting principle – The FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit principles, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by Bethany, including required disclosures about the liquidity and availability of resources. The standard impacts the presentation of net assets and to enhance disclosures related to liquidity and availability. This standard is effective for Bethany's year ended December 31, 2018, and was applied on a retrospective basis.

Upcoming accounting pronouncements – In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for Bethany's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. Bethany has not yet determined which application method it will use. Bethany does not expect that this standard will have a significant impact on Bethany's main revenue stream; however, management is still assessing the actual impact.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued):

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which will supersede the current lease requirements in Accounting Standards Codification (ASC) 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statements of operations and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The reporting of lease-related expenses in the statements of operations and changes in net assets and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for Bethany's year ending December 31, 2020, and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the financial statements as a result of the leases for rented office space and medical equipment being reported as liabilities on the statements of financial position. The effect of applying the new lease guidance on the financial statements will be to increase long-term assets and to increase short-term and long-term lease liabilities. The effects on the results of operations are not expected to be significant as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

2. Liquidity and Availability of Financial Assets:

Bethany's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2018	2017
Cash and cash equivalents	\$ 2,749,939	\$ 3,297,886
Resident accounts receivable	2,253,125	2,140,742
Due from Everett Transitional Care Services	396,014	361,196
Investments	1,097,771	1,143,168
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,496,849	\$ 6,942,992

As a part of Bethany's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, Bethany invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, Bethany has a committed line of credit in the amount of \$5,000,000 which it could draw upon. This line of credit expired on January 10, 2019, and was not renewed. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

3. Resident Accounts Receivable:

Resident accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of resident accounts receivable, Bethany analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to residents who have third-party coverage, Bethany analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay residents (which include both residents without insurance and residents with deductible and copayment balances due for which third-party coverage exists for part of the bill), Bethany records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many residents are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

Bethany's allowance for uncollectible accounts for self-pay residents has not changed significantly from the prior year. Bethany does not maintain a material allowance for uncollectible accounts from third-party payors nor did it have significant writeoffs from third-party payors.

Resident accounts receivable reported as current assets by Bethany consisted of these amounts:

	2018	2017
Receivables from residents and their insurance carriers	\$ 882,054	\$ 948,253
Receivables from Medicare	462,600	398,436
Receivables from Medicaid	1,163,471	994,053
	2,508,125	2,340,742
<i>Less allowance for uncollectible accounts</i>	255,000	200,000
Resident accounts receivable, net	\$ 2,253,125	\$ 2,140,742

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

4. Investments Limited as to Use:

Bethany's investments limited as to use are stated at fair value and consisted of the following balances and maturities:

	2018				
		Investment Maturities (in Years)			
	Fair Value	Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 6,161,108	\$ 6,161,108	\$ -	\$ -	\$ -
Fixed income:					
Government obligations	3,324,089	2,147,288	1,032,194	144,609	-
Mortgage backed securities	126,393	-	64,104	-	62,288
Municipal bonds	60,637	-	-	60,637	-
Corporate obligations	3,083,328	1,550,517	1,007,484	525,326	-
International mutual funds	211,658	211,658	-	-	-
Total fixed income	6,806,105	3,909,463	2,103,782	730,572	62,288
Equities:					
Consumer discretionary	402,920	402,920	-	-	-
Consumer staples	162,597	162,597	-	-	-
Energy	40,117	40,117	-	-	-
Financials	445,024	445,024	-	-	-
Healthcare	502,188	502,188	-	-	-
Industrials	262,779	262,779	-	-	-
Information technology	733,385	733,385	-	-	-
Materials	82,053	82,053	-	-	-
Telecommunication services	52,228	52,228	-	-	-
International equities	480,254	480,254	-	-	-
Domestic mutual funds	1,149,050	1,149,050	-	-	-
International mutual funds	629,517	629,517	-	-	-
Total equities	4,942,112	4,942,112	-	-	-
Other alternative investments	949,283	949,283	-	-	-
Real asset funds	601,710	530,635	-	-	71,075
Total investments limited as to use	\$ 19,460,318	\$ 16,492,601	\$ 2,103,782	\$ 730,572	\$ 133,363

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

4. Investments Limited as to Use (continued):

	Fair Value	2017 Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 960,296	\$ 960,296	\$ -	\$ -	\$ -
Fixed income:					
Government obligations	3,875,854	2,489,460	1,240,162	146,232	-
Mortgage backed securities	184,982	-	114,566	-	70,416
Municipal bonds	131,425	-	69,686	61,739	-
Corporate obligations	3,798,775	1,852,922	1,189,869	755,984	-
International mutual funds	223,729	223,729	-	-	-
Total fixed income	8,214,765	4,566,111	2,614,283	963,955	70,416
Equities:					
Consumer discretionary	595,529	595,529	-	-	-
Consumer staples	179,898	179,898	-	-	-
Financials	919,755	919,755	-	-	-
Healthcare	641,435	641,435	-	-	-
Industrials	436,171	436,171	-	-	-
Information technology	1,049,988	1,049,988	-	-	-
Materials	116,931	116,931	-	-	-
International equities	910,730	910,730	-	-	-
Domestic mutual funds	2,044,392	2,044,392	-	-	-
International mutual funds	1,864,114	1,864,114	-	-	-
Total equities	8,758,943	8,758,943	-	-	-
Other alternative investments	1,060,156	1,060,156	-	-	-
Real asset funds	967,919	880,484	-	-	87,435
Total investments limited as to use	\$ 19,962,079	\$ 16,225,990	\$ 2,614,283	\$ 963,955	\$ 157,851

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

5. Investments:

Bethany's investments are stated at fair value and consisted of the following balances and maturities:

	Fair Value	2018 Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 322,513	\$ 322,513	\$ -	\$ -	\$ -
Fixed income:					
Corporate obligations	191,026	19,965	146,002	25,059	-
Domestic mutual funds	188,553	188,553	-	-	-
International mutual funds	39,911	39,911	-	-	-
Total fixed income	419,490	248,429	146,002	25,059	-
Equities:					
Consumer discretionary	23,272	23,272	-	-	-
Consumer staples	6,278	6,278	-	-	-
Energy	4,361	4,361	-	-	-
Financials	35,085	35,085	-	-	-
Healthcare	32,816	32,816	-	-	-
Industrials	16,583	16,583	-	-	-
Information technology	53,776	53,776	-	-	-
Materials	6,568	6,568	-	-	-
Telecommunication Services	6,992	6,992	-	-	-
International equities	23,155	23,155	-	-	-
Domestic mutual funds	41,596	41,596	-	-	-
International mutual funds	20,092	20,092	-	-	-
Total equities	270,574	270,574	-	-	-
Other alternative investments	51,902	51,902	-	-	-
Real asset funds	33,292	29,285	-	-	4,007
Total investments	\$ 1,097,771	\$ 922,703	\$ 146,002	\$ 25,059	\$ 4,007

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

5. Investments (continued):

	Fair Value	2017 Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 42,822	\$ 42,822	\$ -	\$ -	\$ -
Fixed income:					
Government obligations	39,981	39,981	-	-	-
Corporate obligations	205,916	10,010	144,197	51,709	-
Domestic mutual funds	124,903	124,903	-	-	-
International mutual funds	44,805	44,805	-	-	-
Total fixed income	415,605	219,699	144,197	51,709	-
Equities:					
Consumer discretionary	43,928	43,928	-	-	-
Consumer staples	11,127	11,127	-	-	-
Financials	63,549	63,549	-	-	-
Healthcare	39,721	39,721	-	-	-
Industrials	28,583	28,583	-	-	-
Information technology	76,950	76,950	-	-	-
Materials	8,352	8,352	-	-	-
International equities	57,510	57,510	-	-	-
Domestic mutual funds	106,751	106,751	-	-	-
International mutual funds	126,652	126,652	-	-	-
Total equities	563,123	563,123	-	-	-
Other alternative investments	61,191	61,191	-	-	-
Real asset funds	60,427	49,605	-	-	10,822
Total investments	\$ 1,143,168	\$ 936,440	\$ 144,197	\$ 51,709	\$ 10,822

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

5. Investments (continued):

The following tables disclose, by level within the fair value hierarchy, Bethany's investment assets measured and reported on the consolidated statements of financial position, at fair value on a recurring basis:

	2018			
	Level 1	Level 2	Level 3	Total
Cash and money market accounts	\$ 6,483,621	\$ -	\$ -	\$ 6,483,621
Fixed income:				
Government obligations	-	3,324,089	-	3,324,089
Mortgage backed securities	-	126,393	-	126,393
Municipal bonds	-	60,637	-	60,637
Corporate obligations	-	3,274,354	-	3,274,354
Domestic mutual funds	188,553	-	-	188,553
International mutual funds	251,569	-	-	251,569
Total fixed income	440,122	6,785,473	-	7,225,595
Equities:				
Consumer discretionary	426,192	-	-	426,192
Consumer staples	168,875	-	-	168,875
Energy	44,478	-	-	44,478
Financials	480,109	-	-	480,109
Healthcare	535,004	-	-	535,004
Industrials	279,362	-	-	279,362
Information technology	787,161	-	-	787,161
Materials	88,621	-	-	88,621
Telecommunication Services	59,220	-	-	59,220
International equities	241,572	261,837	-	503,409
Domestic mutual funds	1,190,646	-	-	1,190,646
International mutual funds	649,609	-	-	649,609
Total equities	4,950,849	261,837	-	5,212,686
Other alternative investments	1,001,185	-	-	1,001,185
Real asset funds	635,002	-	-	635,002
	\$ 13,510,779	\$ 7,047,310	\$ -	\$ 20,558,089
Investments				\$ 1,097,771
Investments limited as to use				19,460,318
Total investments				\$ 20,558,089

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

5. Investments (continued):

	2017			
	Level 1	Level 2	Level 3	Total
Cash and money market accounts	\$ 1,003,118	\$ -	\$ -	\$ 1,003,118
Fixed income:				
Government obligations	-	3,915,835	-	3,915,835
Mortgage backed securities	-	184,982	-	184,982
Municipal bonds	-	131,425	-	131,425
Corporate obligations	-	4,004,691	-	4,004,691
Domestic mutual funds	124,903	-	-	124,903
International mutual funds	268,534	-	-	268,534
Total fixed income	393,437	8,236,933	-	8,630,370
Equities:				
Consumer discretionary	639,457	-	-	639,457
Consumer staples	191,025	-	-	191,025
Financials	983,304	-	-	983,304
Healthcare	681,156	-	-	681,156
Industrials	464,754	-	-	464,754
Information technology	1,126,938	-	-	1,126,938
Materials	125,283	-	-	125,283
International equities	412,029	556,211	-	968,240
Domestic mutual funds	2,151,143	-	-	2,151,143
International mutual funds	1,990,766	-	-	1,990,766
Total equities	8,765,855	556,211	-	9,322,066
Other alternative investments	1,121,347	-	-	1,121,347
Real asset funds	1,028,346	-	-	1,028,346
Total investments	\$ 12,312,103	\$ 8,793,144	\$ -	\$ 21,105,247
Investments				\$ 1,143,168
Investments limited as to use				19,962,079
Total investments				\$ 21,105,247

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

6. Investment Income:

Investment income and gains and losses on investments limited as to use, cash equivalents, and other investments consist of the following:

	2018	2017
Interest and dividends	\$ 454,514	\$ 467,344
Realized and unrealized gains (loss) on investments	(1,000,660)	1,258,983
	\$ (546,146)	\$ 1,726,327

The unrealized loss on Bethany's investments in equities and fixed income funds were primarily a result of recent market decreases consistent with the cyclical nature of the financial markets. Bethany has a diversified portfolio.

7. Investment in Everett Transitional Care Services:

On December 28, 1994, Bethany entered into a joint venture with Providence General Medical Center to form Everett Transitional Care Services (ETCS), with Bethany having a 50 percent ownership interest. The investment is recorded using the equity method of accounting. Bethany's share of the results of operations of ETCS is included in the consolidated statements of operations and changes in net assets as a loss or gain from investment in ETCS; \$226,836 and \$110,467 was recognized as a loss and gain on investment, respectively, for the years ended December 31, 2018 and 2017, respectively. Bethany's balance in ETCS is included in the consolidated statements of financial position and was \$981,902 and \$1,208,738 at December 31, 2018 and 2017, respectively. Bethany is reimbursed by ETCS for services provided to the joint venture, which is recorded as a receivable from ETCS of \$396,014 and \$361,196 at December 31, 2018 and 2017, respectively.

ETCS maintained the following balances:

	2018	2017
Total assets	\$ 2,539,491	\$ 2,890,830
Liabilities	\$ 583,565	\$ 481,576
Equity	1,955,926	2,409,254
Total liabilities and equity	\$ 2,539,491	\$ 2,890,830
Net resident service revenue	\$ 5,770,346	\$ 6,084,731
Expenses	(6,223,674)	(5,863,834)
Net income (loss)	\$ (453,328)	\$ 220,897

Effective March 14, 2019, ETCS terminated operations.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

8. Property and Equipment:

Property and equipment consisted of the following:

	2018	2017
Land improvements	\$ 771,906	\$ 771,906
Leasehold improvements	2,283,545	2,274,554
Buildings and improvements	4,944,172	4,771,955
Equipment	8,577,204	8,331,601
Vehicles	387,949	306,931
Rental properties	-	735,396
	16,964,776	17,192,343
<i>Less accumulated depreciation</i>	(13,246,654)	(12,950,624)
	3,718,122	4,241,719
Land	2,278,474	1,926,474
Construction in progress	692,086	-
Property and equipment, net	\$ 6,688,682	\$ 6,168,193

Construction in progress at December 31, 2018, consisted of cost incurred for the expansion of Bethany's Silver Lake campus. Bethany is expected to incur additional costs of approximately \$4,423,000 to complete the expansion, which is expected to be completed in December 2019.

The remaining cost to complete is expected to be financed through \$5,000,000 in tax-exempt bonds from the United States Department of Housing and Urban Development, which have not been formally obtained as of the report date.

9. Line of Credit:

Bethany had a revolving line of credit with Wells Fargo, which matured on January 10, 2019, with available funds of \$5,000,000. The borrowings under the line of credit bear interest at a variable rate. At December 31, 2018 and 2017, there was no outstanding balance on the line of credit. This line of credit was secured by Bethany's investments held by Wells Fargo. This line of credit was not renewed upon its maturity.

10. Board-Designated Net Assets:

At December 31, 2018, Bethany's governing board has designated, from net assets without donor restrictions of \$31,451,530, \$19,460,318 for future capital expansion and improvements.

At December 31, 2017, Bethany's governing board has designated, from net assets without donor restrictions of \$32,259,492, \$19,962,079 for future capital expansion and improvements.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

11. Net Assets with Donor Restrictions:

Net assets with donor restrictions are available for the following purposes:

	2018	2017
Resident council	\$ -	\$ 307
Program activities	10,260	12,284
Acquisition of property and equipment	19,800	18,400
Scholarship fund	17,472	-
	\$ 47,532	\$ 30,991

12. Net Resident Service Revenue:

Bethany recognizes resident service revenue associated with services provided to residents who have third-party payor coverage on the basis of contractual rates for services rendered. For uninsured residents, Bethany recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of Bethany's uninsured residents will be unable or unwilling to pay for the services provided. Thus, Bethany records a provision for bad debts related to uninsured residents in the period the services are provided. Bethany's provisions for bad debts and writeoffs have not changed significantly from the prior year. Resident service revenue, net of contractual allowances and discounts (but before provision for bad debts), recognized in the period from these major payor sources is as follows:

	2018	2017
Resident service revenue (net of contractual allowances and discounts):		
Medicare	\$ 4,070,889	\$ 3,062,616
Medicaid	14,767,579	13,599,278
Other third-party payors	4,929,628	4,895,524
Self-pay	2,527,308	2,833,298
	26,295,404	24,390,716
<i>Less provision for bad debts</i>	232,187	219,240
Net resident service revenue	\$ 26,063,217	\$ 24,171,476

Bethany has agreements with third-party payors that provide for payments to Bethany at amounts different from its established rates. Payment arrangements include prospectively determined rates, discounted charges, and per diem payments. Net resident revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

12. Net Resident Service Revenue (continued):

A significant amount of revenue is derived from contracts with the Washington State Department of Social and Health Services to provide skilled nursing and assisted living/congregate care in the Medical Recipient program. The nursing homes are certified to provide Medicare (Title 18) services to residents. The primary geographic source of patients includes Snohomish County and surrounding communities in the northern Puget Sound region.

The nursing homes are subject to cost reimbursement audits and reviews under both the Medicaid and Medicare programs, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, typically upon notification from the contracting agency.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

13. Retirement Plans:

Bethany sponsors a defined contribution retirement plan (the Plan) under Section 403(b) of the Internal Revenue Code (IRC). The Plan allows for employee contributions to a retirement account and provides for discretionary employer contributions. All employees are eligible to participate in the Plan. Employer contributions for the years ended December 31, 2018 and 2017, were approximately \$71,000 and \$68,000, respectively.

Prior to January 2018, Bethany maintained a nonqualified deferred compensation plan covered under Section 457(f) of the IRC. The plan covered employees designated by the Board of Trustees with amounts accrued annually by Bethany. The amounts accrued under the 457(f) plan were legal assets (nontrust) of Bethany and subject to its creditors. At December 31, 2017, Bethany had accrued \$100,938 of participant benefits, which are included in accrued expenses in the consolidated statements of financial position. The 457(f) was terminated and all funds were distributed in January 2018.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

14. Functional Expenses:

The costs of providing various program services and other activities have been summarized on a functional basis below. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received. Expenses are allocated functionally as follows:

2018				
	Total Program Services Expense	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and wages	\$ 13,061,259	\$ 1,799,054	\$ -	\$ 14,860,313
Payroll taxes	1,341,087	173,176	-	1,514,263
Employee benefits	915,033	213,301	-	1,128,334
Supplies	2,369,463	63,746	-	2,433,209
Purchased services	2,331,437	319,348	-	2,650,785
Depreciation	585,731	104,176	-	689,907
Insurance	84,665	68,369	-	153,034
Repairs and maintenance	67,477	12,003	-	79,480
Utilities	401,867	71,475	-	473,342
Rent expense	242,693	117,379	-	360,072
Minor equipment	35,539	422,843	-	458,382
Taxes	744,983	98,970	-	843,953
Other	84,771	287,293	-	372,064
Total expenses	\$ 22,266,005	\$ 3,751,133	\$ -	\$ 26,017,138

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

14. Functional Expenses (continued):

2017				
	Total Program Services Expense	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and wages	\$ 12,154,431	\$ 1,517,120	\$ 123,342	\$ 13,794,893
Payroll taxes	1,298,758	155,722	9,630	1,464,110
Employee benefits	772,806	195,943	6,072	974,821
Supplies	2,104,612	59,167	1,657	2,165,436
Purchased services	1,798,869	108,979	26,244	1,934,092
Depreciation	530,988	87,374	7,067	625,429
Insurance	84,668	65,584	484	150,736
Repairs and maintenance	87,914	14,396	1,163	103,473
Utilities	390,787	64,303	5,201	460,291
Rent expense	260,126	64,735	2,707	327,568
Minor equipment	27,265	351,493	8,093	386,851
Taxes	449,142	350,560	128	799,830
Donations	-	-	44,857	44,857
Other	33,995	255,249	30,175	319,419
Total expenses	\$ 19,994,361	\$ 3,290,625	\$ 266,820	\$ 23,551,806

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include maintenance and housekeeping, depreciation, liability insurance, building insurance, repairs and maintenance, utilities, building rent, and real estate taxes, which are allocated on a square-footage basis.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

15. Commitments and Contingencies:

Noncancellable operating leases – The following is a summary of estimated future minimum building leases under noncancellable operating leases that expire in various years through April 2023:

Years Ending December 31,	Amount
2019	\$ 201,710
2020	73,924
2021	76,142
2022	78,426
2023	26,398
	\$ 456,600

Medical malpractice claims – Bethany has its professional liability insurance coverage with Columbia Casualty Company. The policy provides coverage on an occurrence basis. All claims filed are covered by the plan that is in place at the time of the incident. If there are unreported incidents which result in a malpractice claim for the current year, these claims will be covered by Bethany's policy that was in place at the time of the incident, not the policy in place at the time the claim is filed.

Columbia Casualty Company malpractice insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$3,000,000 per location. The policy has no deductible per claim or in the aggregate. Bethany also maintains excess liability coverage with limits of \$10,000,000 per claim and \$20,000,000 aggregate.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, and government healthcare program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for resident services previously billed. Management believes that Bethany is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Bethany of the Northwest and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2018 and 2017

16. Risk Concentrations:

Resident accounts receivable – Bethany provides skilled nursing and assisted living services at its three locations in Everett, Washington. Resident accounts receivable from the government agencies administering the Medicaid program and other third-party payors represent the only concentrated group of credit risk for Bethany and management does not believe that there are significant credit risks associated with these organizations. Medicare and private pay resident receivables consist of payors and individuals involved in diverse activities, subject to differing economic conditions, and do not represent any concentrated credit risks to Bethany.

Significant concentration of resident accounts receivable was as follows:

	2018	2017
Medicare	19 %	17 %
Medicaid	46	42
Other third-party payors	25	30
Residents	10	11
	100 %	100 %

Cash and cash equivalents – Bethany invests its excess cash in deposits with a local bank. At various times during the year and at year end, Bethany had deposits in excess of Federal Deposit Insurance Corporation coverage.

SUPPLEMENTARY INFORMATION

Bethany of the Northwest and Subsidiaries
Statement of Financial Position by Department
December 31, 2018 (With Comparative Totals for 2017)

ASSETS	Pacific	Silver Crest	Silver Lake	Home Office	Rentals	Eliminations	2018 Consolidated Total	2017 Consolidated Total
<i>Current assets</i>								
Cash and cash equivalents	\$ 2,091,466	\$ 202,817	\$ 455,656	\$ -	\$ -	\$ -	\$ 2,749,939	\$ 3,297,886
Receivables:								
Resident accounts	1,039,183	82,539	1,131,403	-	-	-	2,253,125	2,140,742
Due from Everett Transitional Care Services	396,014	-	-	-	-	-	396,014	361,196
Due from related parties	1,821,019	-	8,258,453	-	-	(10,079,472)	-	-
Investments	1,097,771	-	-	-	-	-	1,097,771	1,143,168
Other current assets	91,660	11,184	121,494	14,252	-	-	238,590	320,789
Total current assets	6,537,113	296,540	9,967,006	14,252	-	(10,079,472)	6,735,439	7,263,781
<i>Noncurrent assets</i>								
Investments limited as to use	19,460,318	-	-	-	-	-	19,460,318	19,962,079
Investment in Everett Transitional Care Services	981,902	-	-	-	-	-	981,902	1,208,738
Property and equipment, net	2,456,839	1,789,200	2,402,524	40,119	-	-	6,688,682	6,168,193
Total noncurrent assets	22,899,059	1,789,200	2,402,524	40,119	-	-	27,130,902	27,339,010
Total assets	\$ 29,436,172	\$ 2,085,740	\$ 12,369,530	\$ 54,371	\$ -	\$ (10,079,472)	\$ 33,866,341	\$ 34,602,791
LIABILITIES AND NET ASSETS								
<i>Current liabilities</i>								
Accounts payable	\$ 329,651	\$ 10,546	\$ 357,389	\$ -	\$ -	\$ -	\$ 697,586	\$ 702,297
Accrued compensation and related liabilities	1,184,762	63,154	421,777	-	-	-	1,669,693	1,610,011
Due to related parties	7,405,171	2,619,930	-	54,371	-	(10,079,472)	-	-
Total current liabilities	8,919,584	2,693,630	779,166	54,371	-	(10,079,472)	2,367,279	2,312,308
<i>Net assets</i>								
Net assets without donor restrictions	20,471,333	(607,890)	11,588,087	-	-	-	31,451,530	32,259,492
Net assets with donor restrictions	45,255	-	2,277	-	-	-	47,532	30,991
Total net assets	20,516,588	(607,890)	11,590,364	-	-	-	31,499,062	32,290,483
Total liabilities and net assets	\$ 29,436,172	\$ 2,085,740	\$ 12,369,530	\$ 54,371	\$ -	\$ (10,079,472)	\$ 33,866,341	\$ 34,602,791

See accompanying independent auditors' report.

Bethany of the Northwest and Subsidiaries
Statement of Operations and Changes in Net Assets by Department
Year Ended December 31, 2018 (With Comparative Totals for 2017)

	Pacific	Silver Crest	Silver Lake	Rentals	Eliminations	2018 Consolidated Total	2017 Consolidated Total
<i>Revenue, gains, and other support without donor restrictions</i>							
Resident revenue (net of contractual allowances and discounts)	\$ 12,375,510	\$ 1,465,784	\$ 12,454,110	\$ -	\$ -	\$ 26,295,404	\$ 24,390,716
Provision for bad debts	(136,669)	-	(95,518)	-	-	(232,187)	(219,240)
Net resident revenue, less provision for bad debts	12,238,841	1,465,784	12,358,592	-	-	26,063,217	24,171,476
Investment income (loss)	(546,150)	-	4	-	-	(546,146)	1,726,327
Other revenue	19,945	756	312,573	-	(248,679)	84,595	82,495
Total revenue, gains, and other support without donor restrictions	11,712,636	1,466,540	12,671,169	-	(248,679)	25,601,666	25,980,298
<i>Net assets released from restriction</i>	1,848	-	3,942	-	-	5,790	61,683
<i>Operating expenses</i>							
Salaries and wages	6,809,373	1,037,764	7,013,176	-	-	14,860,313	13,794,893
Payroll taxes	679,516	121,822	712,925	-	-	1,514,263	1,464,110
Employee benefits	549,228	58,353	520,753	-	-	1,128,334	974,821
Supplies	1,152,678	274,847	1,254,363	-	(248,679)	2,433,209	2,165,436
Purchased services	1,566,818	37,237	1,046,730	-	-	2,650,785	1,934,092
Depreciation	312,913	176,931	196,925	3,138	-	689,907	625,429
Insurance	75,450	14,667	62,029	888	-	153,034	150,736
Repairs and maintenance	21,912	7,127	49,593	848	-	79,480	103,473
Utilities	127,625	82,259	262,360	1,098	-	473,342	460,291
Rent expense	304,033	10,738	45,301	-	-	360,072	327,568
Minor equipment	214,846	29,411	214,125	-	-	458,382	386,851
Taxes	45,785	8,218	786,539	3,411	-	843,953	799,830
Donations	-	-	-	-	-	-	44,857
Other	166,381	26,671	178,756	256	-	372,064	319,419
Total operating expenses	12,026,558	1,886,045	12,343,575	9,639	(248,679)	26,017,138	23,551,806
<i>Operating income (loss)</i>	(312,074)	(419,505)	331,536	(9,639)	-	(409,682)	2,490,175
<i>Nonoperating revenues (expenses)</i>							
Grants and contributions	6,652	-	-	-	-	6,652	138,616
Gain (loss) on investment in Everett Transitional Care Services	(226,836)	-	-	-	-	(226,836)	110,467
Gain (loss) on property disposal	-	-	(2,708)	(175,388)	-	(178,096)	33,170
Total nonoperating revenues (expenses), net	(220,184)	-	(2,708)	(175,388)	-	(398,280)	282,253
<i>Net assets released from restriction related to capital acquisitions</i>	-	-	-	-	-	-	110,033
Excess of revenues without donor restrictions over expenses before gain (loss) on debt forgiveness	(532,258)	(419,505)	328,828	(185,027)	-	(807,962)	2,882,461
Gain (loss) on debt forgiveness	411,143	-	-	(411,143)	-	-	-
<i>Change in net assets without donor restrictions</i>	(121,115)	(419,505)	328,828	(596,170)	-	(807,962)	2,882,461
<i>Change in net assets with donor restrictions</i>							
Grants and contributions	21,065	-	1,266	-	-	22,331	83,894
Net assets released from restriction	(1,848)	-	(3,942)	-	-	(5,790)	(171,716)
Change in net assets with donor restrictions	19,217	-	(2,676)	-	-	16,541	(87,822)
<i>Change in net assets</i>	(101,898)	(419,505)	326,152	(596,170)	-	(791,421)	2,794,639
Net assets, beginning of year	20,618,486	(188,385)	11,264,212	596,170	-	32,290,483	29,495,844
Net assets, end of year	\$ 20,516,588	\$ (607,890)	\$ 11,590,364	\$ -	\$ -	\$ 31,499,062	\$ 32,290,483

See accompanying independent auditors' report.

Bethany of the Northwest

Financial Statements and
Independent Auditors' Report

December 31, 2019 and 2018



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Bethany of the Northwest
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Bethany of the Northwest
Everett, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Bethany of the Northwest (a nonprofit healthcare entity)(Bethany), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bethany of the Northwest as of December 31, 2019 and 2018, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, Bethany of the Northwest adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

As discussed in Note 17 to the financial statements, the COVID-19 pandemic has created economic uncertainties which may negatively impact the District's financial position. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 17. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of financial position by department and statement of operations and changes in net assets by department on pages 28 and 29 respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
May 20, 2020

Bethany of the Northwest
Statements of Financial Position
December 31, 2019 and 2018

ASSETS	2019	2018
<i>Current assets</i>		
Cash and cash equivalents	\$ 3,043,150	\$ 2,749,939
Receivables:		
Resident accounts	2,569,826	2,253,125
Due from Everett Transitional Care Services	47,459	396,014
Investments	250,050	1,097,771
Other current assets	470,077	238,590
Total current assets	6,380,562	6,735,439
<i>Noncurrent assets</i>		
Cash and cash equivalents restricted by bond for capital acquisitions	2,620,968	-
Investments limited as to use	18,512,119	19,460,318
Investment in Everett Transitional Care Services	510,908	981,902
Property and equipment, net	11,320,435	6,688,682
Total noncurrent assets	32,964,430	27,130,902
Total assets	\$ 39,344,992	\$ 33,866,341
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 158,791	\$ 697,586
Accrued compensation and related liabilities	1,215,015	1,669,693
Current maturities of long-term debt	31,505	-
Total current liabilities	1,405,311	2,367,279
<i>Noncurrent liabilities</i>		
Construction accounts payable	808,026	-
Long-term debt, less current maturities	4,768,495	-
Total noncurrent liabilities	5,576,521	-
<i>Net assets</i>		
Net assets without donor restrictions	32,304,038	31,451,530
Net assets with donor restrictions	59,122	47,532
Total net assets	32,363,160	31,499,062
Total liabilities and net assets	\$ 39,344,992	\$ 33,866,341

See accompanying notes to financial statements.

Bethany of the Northwest
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2019 and 2018

	2019	2018
<i>Revenue, gains, and other support without donor restrictions</i>		
Resident care service revenue	\$ 27,748,766	\$ 26,063,217
Other revenue	162,211	84,595
Total revenue and other support without donor restrictions	27,910,977	26,147,812
<i>Net assets released from restriction</i>	13,852	5,790
<i>Operating expenses</i>		
Salaries and wages	16,605,943	14,860,313
Payroll taxes	1,449,070	1,512,961
Employee benefits	1,239,296	1,129,636
Supplies	2,676,235	2,433,209
Purchased services	2,874,312	3,006,173
Depreciation	720,378	689,907
Insurance	168,927	153,034
Repairs and maintenance	74,095	79,480
Utilities	498,840	473,342
Rent expense	451,231	360,072
Minor equipment	177,766	102,994
Taxes and licenses	860,445	843,953
Other	442,371	372,064
Total operating expenses	28,238,909	26,017,138
<i>Operating income (loss)</i>	(314,080)	136,464
<i>Nonoperating revenues (expenses)</i>		
Investment return, net	1,627,166	(546,146)
Grants and contributions	29,480	6,652
Loss on investment in Everett Transitional Care Services	(470,994)	(226,836)
Loss on property disposal	(19,064)	(178,096)
Total nonoperating expenses, net	1,166,588	(944,426)
<i>Excess of revenues over expenses (expenses over revenues)</i>	852,508	(807,962)
<i>Change in net assets without donor restrictions</i>	852,508	(807,962)
<i>Change in net assets with donor restrictions</i>		
Grants and contributions	25,442	22,331
Net assets released from restriction	(13,852)	(5,790)
<i>Change in net assets with donor restrictions</i>	11,590	16,541
Change in net assets	864,098	(791,421)
Net assets, beginning of year	31,499,062	32,290,483
Net assets, end of year	\$ 32,363,160	\$ 31,499,062

See accompanying notes to financial statements.

Bethany of the Northwest
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from and on behalf of residents	\$ 27,432,065	\$ 25,950,834
Cash received from investments	372,681	390,402
Cash received from contributions	54,922	28,983
Cash received from other revenue	162,211	84,595
Cash paid to or on behalf of employees	(19,748,987)	(17,443,228)
Cash paid for other expenses	(8,645,949)	(7,781,651)
Net cash provided by (used in) operating activities	(373,057)	1,229,935
<i>Cash flows from financing activities</i>		
Proceeds from the issuance of long-term debt	4,800,000	-
<i>Cash flows from investing activities</i>		
Acquisition of property and equipment	(4,563,169)	(1,388,492)
Purchase of investments	(621,253)	(4,814,390)
Sale of investments	3,671,658	4,425,000
Net cash used in investing activities	(1,512,764)	(1,777,882)
Net increase (decrease) in cash and cash equivalents	2,914,179	(547,947)
Cash and cash equivalents, beginning of year	2,749,939	3,297,886
Cash and cash equivalents, end of year	\$ 5,664,118	\$ 2,749,939

See accompanying notes to financial statements.

Bethany of the Northwest
Statements of Cash Flows (Continued)
Years Ended December 31, 2019 and 2018

	2019	2018
<i>Reconciliation of Cash and Cash Equivalents to the Statements of Financial Position</i>		
Cash and cash equivalents	\$ 3,043,150	\$ 2,749,939
Cash and cash equivalents restricted by bond for capital acquisitions	2,620,968	-
Total cash and cash equivalents	\$ 5,664,118	\$ 2,749,939
<i>Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities</i>		
Change in net assets	\$ 864,098	\$ (791,421)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Depreciation	720,378	689,907
Loss on property disposal	19,064	178,096
Unrealized gain (loss) on investments	(1,254,485)	936,548
Loss on investment in Everett Transitional Care Services	470,994	226,836
Increase (decrease) in assets:		
Resident receivables	(316,701)	(112,383)
Due from Everett Transitional Care Services	348,555	(34,818)
Other current assets	(231,487)	82,199
Increase (decrease) in liabilities:		
Accounts payable	(538,795)	(4,711)
Accrued compensation and related liabilities	(454,678)	59,682
Net cash provided by (used in) operating activities	\$ (373,057)	\$ 1,229,935

See accompanying notes to financial statements.

Bethany of the Northwest
Notes to Financial Statements
Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies:

a. Organization:

Bethany of the Northwest (Bethany) provides living accommodations and support services for the elderly in Everett, Washington. Revenues for these services are primarily generated from Medicare, Medicaid, managed care providers, and directly from residents. Bethany is exempt under Section 501(c)(3) of the Internal Revenue Code from federal income taxes except for unrelated business income.

Bethany was formed to provide skilled nursing and assisted living services, as well as to own and operate the following facilities:

- Bethany at Pacific (Pacific) – A 111-bed nursing and rehabilitative facility owned and operated by Bethany of the Northwest.
- Bethany at Silver Crest (Silver Crest) – A 57-bed assisted living facility owned and operated by Bethany of the Northwest.
- Bethany at Silver Lake (Silver Lake) – A 120-bed nursing and rehabilitative facility owned and operated by Bethany of the Northwest.

Bethany owns rental properties (Rentals) in Everett, Washington, which are rented to unrelated third parties.

b. Summary of Significant Accounting Policies:

Basis of presentation – Financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Bethany is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status – Bethany is exempt from federal income tax. Accordingly, no provision for income tax is necessary. Bethany evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2019 and 2018, Bethany had no uncertain tax positions requiring accrual.

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less. Cash and cash equivalents within an investment portfolio are included with investments on the statements of financial position.

Resident trust accounts – Bethany maintains resident trust bank accounts for its residents as required by the Washington State Department of Social and Health Services. The balance of these accounts was \$18,984 and \$18,355 at December 31, 2019 and 2018, respectively. Interest is credited to individual resident accounts as earned. Resident trust accounts are included with cash and cash equivalents in the statements of financial position.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued):

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

Bethany classified its investments as of December 31, 2019 and 2018, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- **Level 2** – Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.
- **Level 3** – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Bethany did not have any Level 3 investments in the years ended December 31, 2019 and 2018.

Assets limited as to use – Assets limited as to use consist of investments and are assets set aside by Bethany’s Board of Trustees (Board) for future capital improvements and bond payments over which the Board retains control and may at its discretion subsequently use for other purposes.

Property and equipment – It is Bethany’s policy to capitalize buildings, improvements, and equipment over \$1,000; lesser amounts are expensed. Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset. Depreciation expense includes the amortization of capital lease obligations. Depreciation is computed using the straight-line method over the following estimated useful service lives:

Land improvements	10 to 25 years
Leasehold improvements	5 to 30 years
Buildings and improvements	7 to 30 years
Equipment	3 to 40 years
Vehicles	5 to 10 years
Rental properties	8 to 20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported at fair value as of the date of the gift and as unrestricted contributions but are excluded from the excess of revenues over expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or assets that must be used to acquire long-lived assets are reported as restricted contributions.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued):

Net assets with donor restrictions – Net assets with donor restrictions are those whose use by Bethany has been limited by donors to a specific period of time or purpose.

Investments and investment return – Investments are classified as other than trading securities. Investments in equity securities having a readily determinable fair value and all debt securities are measured at fair value in the statements of financial position. Investment return (including realized gains and losses on investments, unrealized gains and losses on equity securities, interest, dividends, and expenses) is included in the change in net assets without donor restrictions as nonoperating revenue.

Performance indicator – The statements of operations and changes in net assets include a performance indicator as required by U.S. generally accepted accounting principles. Changes in net assets which are excluded from the performance indicator, consistent with industry practice, include restricted grants and contributions, unrealized gains and losses on other than trading debt securities, and the releases of restrictions for capital items.

Nonoperating versus operating – For the purpose of the statements of operations and changes in net assets, Bethany considers unrestricted grants and contributions, net assets released from restriction, gains or losses from investments in other entities, gains or losses from property disposal, and net investment return to be nonoperating activities.

Functional expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the notes to the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications – Certain items included in the accompanying 2018 financial statements have been reclassified to conform to the 2019 presentation, with no effect on the previously reported change in net assets.

Subsequent events – Subsequent events have been reviewed through May 20, 2020, the date on which the financial statements were available to be issued.

Change in accounting principle – The FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

Bethany implemented ASU No. 2014-09 in 2019, using the full retrospective method. The standards did not have any significant impact on revenue or contribution recognition in the current or prior years.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued):

Upcoming accounting pronouncement – In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which will supersede the current lease requirements in Accounting Standards Codification (ASC) 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statements of operations and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The reporting of lease-related expenses in the statements of operations and changes in net assets and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for Bethany's year ending December 31, 2021, and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the financial statements as a result of the leases for rented office space and medical equipment being reported as liabilities on the statements of financial position. The effect of applying the new lease guidance on the financial statements will be to increase long-term assets and to increase short-term and long-term lease liabilities. The effects on the results of operations are not expected to be significant as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

2. Liquidity and Availability of Financial Assets:

Bethany's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2019	2018
Cash and cash equivalents	\$ 3,043,150	\$ 2,749,939
Receivables:		
Resident accounts	2,569,826	2,253,125
Due from Everett Transitional Care Services	47,459	396,014
Investments	250,050	1,097,771
	5,910,485	6,496,849
Less net assets with donor restrictions	(59,122)	(47,532)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,851,363	\$ 6,449,317

As a part of Bethany's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, Bethany invests cash in excess of daily requirements in short-term investments. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

3. Resident Accounts Receivable:

Resident accounts receivable reported as current assets by Bethany consisted of these amounts:

	2019	2018
Receivables from residents and their insurance carriers	\$ 857,324	\$ 627,054
Receivables from Medicare	751,283	462,600
Receivables from Medicaid	961,219	1,163,471
Resident accounts receivable	\$ 2,569,826	\$ 2,253,125

4. Investments Limited as to Use:

Bethany's investments limited as to use are stated at fair value and consisted of the following balances and maturities:

	2019				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 7,722,363	\$ 7,722,363	\$ -	\$ -	\$ -
Fixed income:					
Government obligations	3,778,104	705,880	2,540,026	532,198	-
Mortgage backed securities	65,644	-	65,008	-	636
Municipal bonds	63,228	-	63,228	-	-
Corporate obligations	2,638,024	190,681	2,056,511	390,832	-
International mutual funds	226,018	226,018	-	-	-
Total fixed income	6,771,018	1,122,579	4,724,773	923,030	636
Equities:					
Consumer discretionary	247,593	247,593	-	-	-
Consumer staples	109,562	109,562	-	-	-
Energy	20,521	20,521	-	-	-
Financials	230,252	230,252	-	-	-
Healthcare	246,351	246,351	-	-	-
Industrials	166,040	166,040	-	-	-
Information technology	517,547	517,547	-	-	-
Materials	39,398	39,398	-	-	-
Telecommunication services	37,321	37,321	-	-	-
International equities	322,918	322,918	-	-	-
Domestic mutual funds	527,640	527,640	-	-	-
International mutual funds	331,708	331,708	-	-	-
Total equities	2,796,851	2,796,851	-	-	-
Other alternative investments	614,258	614,258	-	-	-
Real asset funds	607,629	607,629	-	-	-
Total investments limited as to use	\$ 18,512,119	\$ 12,863,680	\$ 4,724,773	\$ 923,030	\$ 636

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

4. Investments Limited as to Use (continued):

	2018				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 6,161,108	\$ 6,161,108	\$ -	\$ -	\$ -
Fixed income:					
Government obligations	3,324,089	2,147,288	1,032,194	144,609	-
Mortgage backed securities	126,393	-	64,104	-	62,288
Municipal bonds	60,637	-	-	60,637	-
Corporate obligations	3,083,328	1,550,517	1,007,484	525,326	-
International mutual funds	211,658	211,658	-	-	-
Total fixed income	6,806,105	3,909,463	2,103,782	730,572	62,288
Equities:					
Consumer discretionary	402,920	402,920	-	-	-
Consumer staples	162,597	162,597	-	-	-
Energy	40,117	40,117	-	-	-
Financials	445,024	445,024	-	-	-
Healthcare	502,188	502,188	-	-	-
Industrials	262,779	262,779	-	-	-
Information technology	733,385	733,385	-	-	-
Materials	82,053	82,053	-	-	-
Telecommunication services	52,228	52,228	-	-	-
International equities	480,254	480,254	-	-	-
Domestic mutual funds	1,149,050	1,149,050	-	-	-
International mutual funds	629,517	629,517	-	-	-
Total equities	4,942,112	4,942,112	-	-	-
Other alternative investments	949,283	949,283	-	-	-
Real asset funds	601,710	530,635	-	-	71,075
Total investments limited as to use	\$ 19,460,318	\$ 16,492,601	\$ 2,103,782	\$ 730,572	\$ 133,363

5. Investments:

Bethany's investments are stated at fair value and consisted of the following balances and maturities:

	2019				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Certificates of deposit	\$ 250,050	\$ 250,050	\$ -	\$ -	\$ -

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

5. Investments (continued):

	Fair Value	2018			
		Investment Maturities (in Years)			
		Less than One	One to Five	Five to Ten	Over Ten
Cash and money market accounts	\$ 322,513	\$ 322,513	\$ -	\$ -	\$ -
Fixed income:					
Corporate obligations	191,026	19,965	146,002	25,059	-
Domestic mutual funds	188,553	188,553	-	-	-
International mutual funds	39,911	39,911	-	-	-
Total fixed income	419,490	248,429	146,002	25,059	-
Equities:					
Consumer discretionary	23,272	23,272	-	-	-
Consumer staples	6,278	6,278	-	-	-
Energy	4,361	4,361	-	-	-
Financials	35,085	35,085	-	-	-
Healthcare	32,816	32,816	-	-	-
Industrials	16,583	16,583	-	-	-
Information technology	53,776	53,776	-	-	-
Materials	6,568	6,568	-	-	-
Telecommunication Services	6,992	6,992	-	-	-
International equities	23,155	23,155	-	-	-
Domestic mutual funds	41,596	41,596	-	-	-
International mutual funds	20,092	20,092	-	-	-
Total equities	270,574	270,574	-	-	-
Other alternative investments	51,902	51,902	-	-	-
Real asset funds	33,292	29,285	-	-	4,007
Total investments	\$ 1,097,771	\$ 922,703	\$ 146,002	\$ 25,059	\$ 4,007

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

5. Investments (continued):

The following tables disclose, by level within the fair value hierarchy, Bethany's investment assets measured and reported on the statements of financial position, at fair value on a recurring basis:

	2019			
	Level 1	Level 2	Level 3	Total
Cash and money market accounts	\$ 7,722,363	\$ -	\$ -	\$ 7,722,363
Certificates of deposit	\$ -	\$ 250,050	\$ -	\$ 250,050
Fixed income:				
Government obligations	-	3,778,104	-	3,778,104
Mortgage backed securities	-	65,644	-	65,644
Municipal bonds	-	63,228	-	63,228
Corporate obligations	-	2,638,024	-	2,638,024
International mutual funds	226,018	-	-	226,018
Total fixed income	226,018	6,545,000	-	6,771,018
Equities:				
Consumer discretionary	247,593	-	-	247,593
Consumer staples	109,562	-	-	109,562
Energy	20,521	-	-	20,521
Financials	230,252	-	-	230,252
Healthcare	246,351	-	-	246,351
Industrials	166,040	-	-	166,040
Information technology	517,547	-	-	517,547
Materials	39,398	-	-	39,398
Telecommunication Services	37,321	-	-	37,321
International equities	98,177	224,741	-	322,918
Domestic mutual funds	527,640	-	-	527,640
International mutual funds	331,708	-	-	331,708
Total equities	2,572,110	224,741	-	2,796,851
Other alternative investments	614,258	-	-	614,258
Real asset funds	607,629	-	-	607,629
	\$ 11,742,378	\$ 7,019,791	\$ -	\$ 18,762,169
Investments				\$ 250,050
Investments limited as to use				18,512,119
Total investments				\$ 18,762,169

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

5. Investments (continued):

	2018			
	Level 1	Level 2	Level 3	Total
Cash and money market accounts	\$ 6,483,621	\$ -	\$ -	\$ 6,483,621
Fixed income:				
Government obligations	-	3,324,089	-	3,324,089
Mortgage backed securities	-	126,393	-	126,393
Municipal bonds	-	60,637	-	60,637
Corporate obligations	-	3,274,354	-	3,274,354
Domestic mutual funds	188,553	-	-	188,553
International mutual funds	251,569	-	-	251,569
Total fixed income	440,122	6,785,473	-	7,225,595
Equities:				
Consumer discretionary	426,192	-	-	426,192
Consumer staples	168,875	-	-	168,875
Energy	44,478	-	-	44,478
Financials	480,109	-	-	480,109
Healthcare	535,004	-	-	535,004
Industrials	279,362	-	-	279,362
Information technology	787,161	-	-	787,161
Materials	88,621	-	-	88,621
Telecommunication	59,220	-	-	59,220
International equities	241,572	261,837	-	503,409
Domestic mutual funds	1,190,646	-	-	1,190,646
International mutual funds	649,609	-	-	649,609
Total equities	4,950,849	261,837	-	5,212,686
Other alternative investments	1,001,185	-	-	1,001,185
Real asset funds	635,002	-	-	635,002
Total investments	\$ 13,510,779	\$ 7,047,310	\$ -	\$ 20,558,089
Investments				\$ 1,097,771
Investments limited as to use				19,460,318
Total investments				\$ 20,558,089

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

6. Investment Return:

Investment income and gains and losses on investments limited as to use, cash equivalents, and other investments consist of the following:

	2019	2018
Interest and dividends	\$ 448,319	\$ 454,514
Realized loss	(75,638)	(64,112)
Unrealized gain (loss) on equity securities	1,254,485	(936,548)
Investment return, net	\$ 1,627,166	\$ (546,146)

The unrealized gain on Bethany's investments in equities and fixed income funds for the year ended December 31, 2019, were primarily a result of recent market increases consistent with the cyclical nature of the financial markets. Bethany has a diversified portfolio.

Bethany has material investments in equity securities and has a material decline in the fair value of their investments in equity securities subsequent to the statement of financial position date.

7. Investment in Everett Transitional Care Services:

On December 28, 1994, Bethany entered into a joint venture with Providence Regional Medical Center – Everett to form Everett Transitional Care Services (ETCS), with Bethany having a 50 percent ownership interest. The investment is recorded using the equity method of accounting. Bethany's share of the results of operations of ETCS is included in the statements of operations and changes in net assets as a loss or gain from investment in ETCS; \$470,994 and \$226,836 was recognized as losses on investment, respectively, for the years ended December 31, 2019 and 2018, respectively. Bethany's balance in ETCS is included in the statements of financial position and was \$510,908 and \$981,902 at December 31, 2019 and 2018, respectively. Bethany is reimbursed by ETCS for services provided to the joint venture, which is recorded as a receivable from ETCS of \$47,459 and \$396,014 at December 31, 2019 and 2018, respectively.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

7. Investment in Everett Transitional Care Services (continued):

ETCS maintained the following balances:

	2019	2018
Total assets	\$ 1,061,054	\$ 2,539,491
Liabilities	\$ 47,459	\$ 583,565
Equity	1,013,595	1,955,926
Total liabilities and equity	\$ 1,061,054	\$ 2,539,491
Resident service revenue	\$ 777,481	\$ 5,770,346
Expenses	(1,719,468)	(6,223,674)
Net loss	\$ (941,987)	\$ (453,328)

Effective March 14, 2019, ETCS terminated operations with plans to reopen in 2020. ETCS continued to incur expenses during 2019 in preparation for its reopening. In March 2020, Bethany and Providence Regional Medical Center – Everett entered into an updated joint venture agreement. Bethany still maintains a 50 percent ownership interest; however, any losses suffered by ETCS are subsidized in full by Providence Regional Medical Center – Everett.

8. Property and Equipment:

Property and equipment consisted of the following:

	2019	2018
Land improvements	\$ 771,906	\$ 771,906
Leasehold improvements	2,303,481	2,283,545
Buildings and improvements	5,072,510	4,944,172
Equipment	8,554,274	8,577,204
Vehicles	387,949	387,949
Rental properties, including land of \$445,900	2,095,198	-
	19,185,318	16,964,776
<i>Less accumulated depreciation</i>	(13,703,787)	(13,246,654)
	5,481,531	3,718,122
Land	2,616,974	2,278,474
Construction in progress	3,221,930	692,086
Property and equipment, net	\$ 11,320,435	\$ 6,688,682

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

8. Property and Equipment (continued):

Construction in progress at December 31, 2019, consisted of cost incurred for the expansion of Bethany's Silver Lake campus, which is expected to be completed in July 2020. Bethany is expected to incur additional costs of approximately \$3,300,000 to complete the expansion, which will be financed through bond proceeds, as well as Board-designated funds.

9. Long-term Debt:

Long-term debt consisted of the following:

	2019	2018
Loan agreement with Wells Fargo Bank, National Association, secured by Washington State Housing Finance Commission Nonprofit Housing Revenue Bond, Series 2019; dated August 29, 2019; payable monthly beginning October 2020 in fixed payments of approximately \$24,000 including interest at 3.24 percent through September 2029, at which time the payment amount will be adjusted to reflect current market interest rates through August 2049; secured by a deed of trust on the Silver Lake building.	\$ 4,800,000	\$ -
Less current maturities	(31,505)	-
Long-term debt	\$ 4,768,495	\$ -

Future maturities of long-term debt through 2049 are:

Years ending December 31,	Principal Payments
2020	\$ 31,505
2021	127,070
2022	131,308
2023	135,588
2024	139,911
Thereafter	4,234,618
	\$ 4,800,000

Bethany is required to maintain the following financial covenants:

- A debt service coverage ratio of at least 1.25 to 1.00.
- Days cash on hand of at least 120 days.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

10. Board-Designated Net Assets:

At December 31, 2019, Bethany's governing board has designated, from net assets without donor restrictions of \$32,304,038, \$9,180,840 reserve to ensure compliance with long-term debt covenants, and \$9,331,279 for future capital expansion and improvements.

At December 31, 2018, Bethany's governing board has designated, from net assets without donor restrictions of \$31,451,530, \$19,460,318 for future capital expansion and improvements.

11. Net Assets with Donor Restrictions:

Net assets with donor restrictions are available for the following purposes:

	2019	2018
Program activities	\$ 8,990	\$ 10,260
Acquisition of property and equipment	21,530	19,800
Scholarship fund	28,602	17,472
	\$ 59,122	\$ 47,532

12. Resident Care Service Revenue:

Resident care service revenue is reported at the amount that reflects the consideration to which Bethany expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, Bethany bills the residents and third-party payors several days after the services are performed or the resident is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Bethany. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Bethany believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving care services. Bethany measures the performance obligation from admission into its care, or the commencement of a service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, pharmaceuticals) and Bethany does not believe it is required to provide additional goods or services related to that sale.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

12. Resident Care Service Revenue (continued):

Bethany determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured residents in accordance with the Bethany's policy, and implicit price concessions provided to uninsured residents. Bethany determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. Bethany determines its estimate of implicit price concessions based on its historical collection experience with this class of residents.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare and Medicaid** – Services provided to Medicare and Medicaid beneficiaries are reimbursed on a prospective payment methodology. The nursing homes are subject to cost reimbursement audits and reviews under both the Medicaid and Medicare programs, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, typically upon notification from the contracting agency.

A significant amount of revenue is derived from contracts with the Washington State Department of Social and Health Services to provide skilled nursing and assisted living/congregate care in the Medical Recipient program. The nursing homes are certified to provide Medicare (Title 18) services to residents. The primary geographic source of residents includes Snohomish County and surrounding communities in the northern Puget Sound region.

- **Other** – Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge Bethany's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon Bethany. In addition, the contracts Bethany has with commercial payors also provide for retroactive audit and review of claims.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

12. Resident Care Service Revenue (continued):

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing resident care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and Bethany's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2019 or 2018.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount.

Bethany also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. Bethany estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident care service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

Bethany has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors and timing of when revenue is recognized.

The composition of resident care service revenue by primary payor is as follows:

	2019	2018
Medicare	\$ 5,896,763	\$ 4,130,719
Medicaid	13,937,761	14,767,579
Other third-party payors	5,616,343	4,869,798
Residents	2,297,899	2,295,121
	\$ 27,748,766	\$ 26,063,217

Revenue from residents' deductibles and coinsurance are included in the preceding categories based on the primary payor.

All resident care service revenue is recognized as healthcare services are transferred over time.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

13. Retirement Plan:

Bethany sponsors a defined contribution retirement plan (the Plan) under Section 403(b) of the Internal Revenue Code (IRC). The Plan allows for employee contributions to a retirement account and provides for discretionary employer contributions. All employees are eligible to participate in the Plan. Effective October 2019, all new employees are automatically enrolled in the Plan with a 2 percent contribution. Employer contributions for both the years ended December 31, 2019 and 2018, were \$125,000.

14. Functional Expenses:

The costs of providing various program services and other activities have been summarized on a functional basis below. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received. Expenses are allocated functionally as follows:

	2019		
	Total Program Services Expense	Management and General	Total Expenses
Salaries and wages	\$ 14,195,385	\$ 2,410,558	\$ 16,605,943
Payroll taxes	1,255,517	193,553	1,449,070
Employee benefits	943,601	295,695	1,239,296
Supplies	2,589,536	86,699	2,676,235
Purchased services	2,319,080	555,232	2,874,312
Depreciation	611,601	108,777	720,378
Insurance	84,495	84,432	168,927
Repairs and maintenance	62,908	11,187	74,095
Utilities	423,517	75,323	498,840
Rent expense	262,426	188,805	451,231
Minor equipment	33,476	144,290	177,766
Taxes	749,785	110,660	860,445
Other	86,932	355,439	442,371
Total expenses	\$ 23,618,259	\$ 4,620,650	\$ 28,238,909

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

14. Functional Expenses (continued):

	2018		
	Total Program Services Expense	Management and General	Total Expenses
Salaries and wages	\$ 13,061,259	\$ 1,799,054	\$ 14,860,313
Payroll taxes	1,339,785	173,176	1,512,961
Employee benefits	916,335	213,301	1,129,636
Supplies	2,369,463	63,746	2,433,209
Purchased services	2,331,437	674,736	3,006,173
Depreciation	585,731	104,176	689,907
Insurance	84,665	68,369	153,034
Repairs and maintenance	67,477	12,003	79,480
Utilities	401,867	71,475	473,342
Rent expense	242,693	117,379	360,072
Minor equipment	35,539	67,455	102,994
Taxes	744,983	98,970	843,953
Other	84,771	287,293	372,064
Total expenses	\$ 22,266,005	\$ 3,751,133	\$ 26,017,138

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include maintenance and housekeeping, depreciation, building insurance, repairs and maintenance, utilities, building rent, and real estate taxes, which are allocated on a square-footage basis. Liability insurance is allocated based on percentage of premiums by category.

15. Commitments and Contingencies:

Noncancellable operating leases – The following is a summary of estimated future minimum building leases under noncancellable operating leases that expire in various years through April 2023:

Years Ending December 31,	Amount
2020	\$ 92,119
2021	94,883
2022	97,729
2023	32,944
	\$ 317,675

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

15. Commitments and Contingencies (continued):

Medical malpractice claims – Bethany has its professional liability insurance coverage with Columbia Casualty Company. The policy provides coverage on an occurrence basis. All claims filed are covered by the plan that is in place at the time of the incident. If there are unreported incidents which result in a malpractice claim for the current year, these claims will be covered by Bethany’s policy that was in place at the time of the incident, not the policy in place at the time the claim is filed.

Columbia Casualty Company malpractice insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$3,000,000 per location. The policy has no deductible per claim or in the aggregate. Bethany also maintains excess liability coverage with limits of \$10,000,000 per claim and \$10,000,000 aggregate.

16. Risk Concentrations:

Resident accounts receivable – Bethany provides skilled nursing and assisted living services at its three locations in Everett, Washington. Resident accounts receivable from the government agencies administering the Medicaid program and other third-party payors represent the only concentrated group of credit risk for Bethany and management does not believe that there are significant credit risks associated with these organizations. Medicare and private pay resident receivables consist of payors and individuals involved in diverse activities, subject to differing economic conditions, and do not represent any concentrated credit risks to Bethany.

Significant concentration of resident accounts receivable was as follows:

	2019	2018
Medicare	28 %	19 %
Medicaid	35	46
Other third-party payors	31	25
Residents	6	10
	100 %	100 %

In addition, for the year ended December 31, 2019, approximately 63% and 87% of Bethany at Silver Lake’s admissions and Bethany at Pacific’s admissions, respectively, were patients from Providence Regional Medical Center – Everett.

For the year ended December 31, 2018, approximately 59% and 79% of Bethany at Silver Lake’s admissions and Bethany at Pacific’s admissions, respectively, were patients from Providence Regional Medical Center – Everett.

Cash and cash equivalents – Bethany invests its excess cash in deposits with a local bank. At various times during the year and at year end, Bethany had deposits in excess of Federal Deposit Insurance Corporation coverage.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

17. COVID-19:

The novel coronavirus COVID-19 pandemic has created significant operating challenges for the nursing home industry throughout the United States. Elderly people have been particularly negatively impacted by COVID-19, especially those elderly residents of nursing homes.

The first major outbreak of COVID-19 in a nursing home was reported in nearby Kirkland, Washington in late February 2020. Bethany shared a common laboratory vendor with this Kirkland facility. The close proximity of the Kirkland COVID-19 outbreak required an immediate and aggressive response by Bethany. In addition to the response by Bethany, nursing homes in the state of Washington were mandated to close access to their facilities to all visitors and resident families, in an attempt to control the infection rate within nursing homes to safeguard residents.

Bethany implemented strong infection control measures in all its facilities. Among other procedures, all staff are now checked for COVID-19 symptoms at the beginning of each shift. Residents are regularly monitored for COVID-19 symptoms throughout the day, and cared for in their rooms. Common dining for residents has been eliminated and meals are now served in resident rooms. Surfaces within each facility are cleaned and disinfected multiple times daily.

Despite the implementation of enhanced infection control measures, Bethany identified several COVID-19 positive residents in one of its facilities. Each infected resident was a short-term admission that had recently been admitted from a local hospital. Those residents were returned to the hospital. The source of the infection transmission was not able to be traced.

In coordination with the Washington Department of Health and the Snohomish Health District, substantially all staff and residents in the affected facility were tested for COVID-19. One additional resident and several staff were identified as COVID-19 positive by this testing. Bethany has complied with all federal, state, and county reporting requirements with respect to COVID-19.

Bethany has not furloughed any staff since the inception of the COVID-19 pandemic. While the resident census has dropped, staff have been reassigned to perform the infection control procedures and support in-room services to mitigate the spread of COVID-19. These efforts have been largely successful in mitigating the spread of COVID-19 in the Bethany facilities.

COVID-19 raises significant economic uncertainties which may negatively impact Bethany's financial position. Beginning in March 2020, Bethany experienced an approximate 50% decline in skilled nursing admissions and revenues due to the state of Washington temporarily suspending all elective surgeries and other elective procedures, which generate a large portion of Bethany's skilled nursing services. In addition, Bethany has experienced a decline in the number of community admissions into its facilities. Management estimates the average April revenue reduction to be approximately \$450,000 to \$500,000, when compared with the prior 6-month average monthly revenue. A gradual resumption of elective surgeries and procedures is expected to resume in mid-May 2020.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

17. COVID-19 (continued):

In order to help pay for the staff being retained for resident care, Bethany entered into a loan agreement for \$3,546,736 in April 2020 as part of the Small Business Administration Paycheck Protection Program, as part of the government response to the pandemic. The loan bears interest at 1 percent and matures in April 2022. The loan has the potential to be forgiven in full or in part based on the amount of certain payroll and other costs incurred in the eight-week period following the date of first disbursement of the loan funds.

In April 2020, Bethany received approximately \$492,000 of funding from the CARES Act Provider Relief Fund. Additional distributions from the CARES Act Provider Relief Fund are expected, based on announcements by the United States Department of Health and Human Services.

Medicare sequestration has been suspended from May 1, 2020, through December 31, 2020, which will increase Medicare reimbursement by 2 percent during that period.

State and federal governments are considering additional emergency funding to help the healthcare industry overcome these negative effects. Given the broad need for emergency funding, there are no assurances Bethany will qualify or receive any additional funding.

In addition to accepting funding from the CARES Act Provider Relief Fund, Bethany has unrestricted reserves to cover operating expenses until revenues recover. As of December 31, 2019, Bethany had unrestricted reserves representing 289 days of operating expenses. 120 days of these operating expense reserves, or \$9,180,840, is required to be maintained in cash under the Wells Fargo Bank loan covenants and not available for operating purposes. Since December 31, 2020, the value of Bethany's investments has decreased approximately \$400,000.

Prior to the outbreak of the COVID-19 pandemic, Bethany committed to several major capital programs designed to permit Bethany to better serve its residents and the community. Bethany is currently expanding its Silver Lake facility. The expansion was financed with a loan from Wells Fargo Bank. In addition to the bank borrowing, Bethany will pay construction costs of approximately \$2,500,000 from its cash reserves. Beginning in August 2020, monthly loan repayments of \$25,000 will begin. The Silver Crest facility kitchen is being expanded at a cost of approximately \$660,000, and necessary 2020 capital expenditures of \$1,100,000 are being made using unrestricted reserves.

In 2019, Bethany acquired a building to house a future home health, laboratory, and pharmacy. The required regulatory approvals for these activities are currently in progress. The implementation of home health is designed to improve the continuity of care for Bethany skilled nursing residents after discharge, potentially accelerating discharge and reducing the overall community cost of care. The investment in laboratory and pharmacy facilities is designed to stabilize the future cost of those services and improve patient care. The total cost associated with these expanded activities is estimated to be between \$2,600,000 to \$2,700,000.

Bethany of the Northwest
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

17. COVID-19 (continued):

Staff retention is a key element of effectively serving residents during the COVID-19 pandemic. Several staff have elected to terminate employment as a result of their personal health concerns associated with working in a nursing home. In order to avoid paying employment agency fees for temporary staff, Bethany paid employee staff retention compensation on April 17, 2020. This payment, which totaled approximately \$120,000, has allowed Bethany to avoid potentially paying costly employment agency fees. Bethany will pay a second staff retention compensation on May 15, 2020, and, if the need exists and funds are available, a third bonus will be paid in mid-June 2020 to help retain staff. It is estimated the second and third bonuses will cost \$130,000 and \$150,000, respectively.

Bethany has approximately 169 days of cash expenses on hand (\$76,500 per day) after complying with the Wells Fargo Bank loan covenants. The aforementioned capital and operating costs, aggregating \$7,160,000, will reduce Bethany's cash on hand to 75 days of operating expenses. Bethany is considered an essential healthcare service. Management considers 75 days of operating expenses held in cash and investments to be necessary in light of the uncertain nursing home operating environment as a result of the COVID-19 pandemic, and the potential uncertainty surrounding the value of its investment due to market uncertainty.

There is concern there may be additional waves of COVID-19 in the future. There is limited COVID-19 testing available, and contact tracing of the virus is currently being organized. Until testing and contact tracing is widely available, and a COVID-19 vaccine is successfully developed, there is no assurance future occurrences of the COVID-19 pandemic, similar to that experienced in March and April of 2020, will not recur. Accordingly, the ultimate effect of the COVID-19 pandemic on Bethany's financial position is unknown at this time.

SUPPLEMENTARY INFORMATION

Bethany of the Northwest
Statement of Financial Position by Department
December 31, 2019 (With Comparative Totals for 2018)

								2019 Consolidated Total	2018 Consolidated Total
ASSETS	Pacific	Silver Crest	Silver Lake	Home Office	Rentals	Eliminations			
<i>Current assets</i>									
Cash and cash equivalents	\$ 2,868,569	\$ 102,174	\$ 72,407	\$ -	\$ -	\$ -	\$ 3,043,150	\$ 2,749,939	
Receivables:									
Resident accounts	1,346,915	47,557	1,156,494	-	18,860	-	2,569,826	2,253,125	
Due from Everett Transitional Care Services	47,459	-	-	-	-	-	47,459	396,014	
Due from related parties	1,821,019	-	7,282,168	-	-	(9,103,187)	-	-	
Investments	250,050	-	-	-	-	-	250,050	1,097,771	
Other current assets	194,576	21,634	204,367	46,289	3,211	-	470,077	238,590	
Total current assets	6,528,588	171,365	8,715,436	46,289	22,071	(9,103,187)	6,380,562	6,735,439	
<i>Noncurrent assets</i>									
Cash and cash equivalents restricted by bond for capital acquisitions	-	-	2,620,968	-	-	-	2,620,968	-	
Investments limited as to use	18,512,119	-	-	-	-	-	18,512,119	19,460,318	
Investment in Everett Transitional Care Services	510,908	-	-	-	-	-	510,908	981,902	
Property and equipment, net	1,200,784	1,631,220	6,400,795	44,523	2,043,113	-	11,320,435	6,688,682	
Total noncurrent assets	20,223,811	1,631,220	9,021,763	44,523	2,043,113	-	32,964,430	27,130,902	
Total assets	\$ 26,752,399	\$ 1,802,585	\$ 17,737,199	\$ 90,812	\$ 2,065,184	\$ (9,103,187)	\$ 39,344,992	\$ 33,866,341	
LIABILITIES AND NET ASSETS									
<i>Current liabilities</i>									
Accounts payable	\$ 121,904	\$ 1,747	\$ 35,140	\$ -	\$ -	\$ -	\$ 158,791	\$ 697,586	
Accrued compensation and related liabilities	690,814	65,358	458,843	-	-	-	1,215,015	1,669,693	
Due to related parties	4,160,077	2,766,145	-	90,812	2,086,153	(9,103,187)	-	-	
Current maturities of long-term debt	-	-	31,505	-	-	-	31,505	-	
Total current liabilities	4,972,795	2,833,250	525,488	90,812	2,086,153	(9,103,187)	1,405,311	2,367,279	
<i>Noncurrent liabilities</i>									
Construction accounts payable	-	-	808,026	-	-	-	808,026	-	
Long-term debt, less current maturities	-	-	4,768,495	-	-	-	4,768,495	-	
Total noncurrent liabilities	-	-	5,576,521	-	-	-	5,576,521	-	
<i>Net assets</i>									
Net assets without donor restrictions	21,722,889	(1,030,665)	11,632,783	-	(20,969)	-	32,304,038	31,451,530	
Net assets with donor restrictions	56,715	-	2,407	-	-	-	59,122	47,532	
Total net assets	21,779,604	(1,030,665)	11,635,190	-	(20,969)	-	32,363,160	31,499,062	
Total liabilities and net assets	\$ 26,752,399	\$ 1,802,585	\$ 17,737,199	\$ 90,812	\$ 2,065,184	\$ (9,103,187)	\$ 39,344,992	\$ 33,866,341	

See accompanying independent auditors' report.

Bethany of the Northwest
Statement of Operations and Changes in Net Assets by Department
Year Ended December 31, 2019 (With Comparative Totals for 2018)

	Pacific	Silver Crest	Silver Lake	Rentals	Eliminations	2019 Consolidated Total	2018 Consolidated Total
<i>Revenue, gains, and other support without donor restrictions</i>							
Resident care service revenue	\$ 13,120,181	\$ 1,672,066	\$ 12,956,519	\$ -	\$ -	\$ 27,748,766	\$ 26,063,217
Other revenue	18,605	13,983	326,773	80,706	(277,856)	162,211	84,595
Total revenue, gains, and other support without donor restrictions	13,138,786	1,686,049	13,283,292	80,706	(277,856)	27,910,977	26,147,812
<i>Net assets released from restriction</i>	12,897	-	955	-	-	13,852	5,790
<i>Operating expenses</i>							
Salaries and wages	7,735,712	1,207,675	7,662,556	-	-	16,605,943	14,860,313
Payroll taxes	741,357	100,193	607,520	-	-	1,449,070	1,512,961
Employee benefits	562,068	89,310	587,918	-	-	1,239,296	1,129,636
Supplies	1,300,086	304,270	1,349,735	-	(277,856)	2,676,235	2,433,209
Purchased services	1,552,644	62,922	1,245,519	13,227	-	2,874,312	3,006,173
Depreciation	285,346	166,925	216,022	52,085	-	720,378	689,907
Insurance	83,384	12,575	70,185	2,783	-	168,927	153,034
Repairs and maintenance	12,215	5,807	54,113	1,960	-	74,095	79,480
Utilities	121,276	87,109	282,698	7,757	-	498,840	473,342
Rent expense	357,930	16,892	76,409	-	-	451,231	360,072
Minor equipment	83,766	10,390	79,639	3,971	-	177,766	102,994
Taxes	43,064	9,273	796,300	11,808	-	860,445	843,953
Other	197,540	35,088	201,659	8,084	-	442,371	372,064
Total operating expenses	13,076,388	2,108,429	13,230,273	101,675	(277,856)	28,238,909	26,017,138
<i>Operating income (loss)</i>	75,295	(422,380)	53,974	(20,969)	-	(314,080)	136,464
<i>Nonoperating revenues (expenses)</i>							
Investment return, net	1,627,154	-	12	-	-	1,627,166	(546,146)
Grants and contributions	23,980	-	5,500	-	-	29,480	6,652
Loss on investment in Everett Transitional Care Services	(470,994)	-	-	-	-	(470,994)	(226,836)
Loss on property disposal	(3,879)	(395)	(14,790)	-	-	(19,064)	(178,096)
Total nonoperating revenues, net	1,176,261	(395)	(9,278)	-	-	1,166,588	(944,426)
<i>Excess of revenues over expenses (expenses over revenues)</i>	1,251,556	(422,775)	44,696	(20,969)	-	852,508	(807,962)
<i>Change in net assets without donor restrictions</i>	1,251,556	(422,775)	44,696	(20,969)	-	852,508	(807,962)
<i>Change in net assets with donor restrictions</i>							
Grants and contributions	24,357	-	1,085	-	-	25,442	22,331
Net assets released from restriction	(12,897)	-	(955)	-	-	(13,852)	(5,790)
<i>Change in net assets with donor restrictions</i>	11,460	-	130	-	-	11,590	16,541
<i>Change in net assets</i>	1,263,016	(422,775)	44,826	(20,969)	-	864,098	(791,421)
Net assets, beginning of year	20,516,588	(607,890)	11,590,364	-	-	31,499,062	32,290,483
Net assets, end of year	\$ 21,779,604	\$ (1,030,665)	\$ 11,635,190	\$ (20,969)	\$ -	\$ 32,363,160	\$ 31,499,062

See accompanying independent auditors' report.