



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH  
*Olympia, Washington 98504*

December 5, 2019

CERTIFIED MAIL # 7016 3010 0001 0575 0457

Samuel Stern  
Continuum Care of Clark LLC  
2300 Clayton Rd. Suite 1220  
Concord, CA 94520

**RE: Certificate of Need Application #19-50, Continuum Care of Clark LLC**

Dear Mr. Stern:

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

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

Washington Administrative Code 246-310-240      Cost Containment

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

Appeal Option 1:

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

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

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

Sam Stern, Continuum Care of Clark LLC  
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Appeal Option 2:

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

Mailing Address:

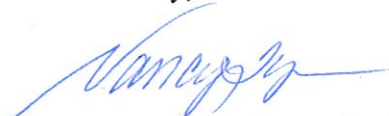
Department of Health  
Adjudicative Service Unit  
Mail Stop 47879  
Olympia, WA 98504-7879

Physical Address

Department of Health  
Adjudicative Service Unit  
111 Israel Road SE  
Tumwater, WA 98501

If you have any questions, please contact the Certificate of Need Program at (360) 236-2955.

Sincerely,



Nancy Tyson, Executive Director  
Health Facilities and Certificate of Need

Enclosure

**EVALUATION DATED DECEMBER 5, 2019, FOR THE CERTIFICATE OF NEED APPLICATIONS SUBMITTED PROPOSING TO ESTABLISH A MEDICARE AND MEDICAID HOSPICE AGENCY IN CLARK COUNTY BY:**

- **PROVIDENCE HEALTH & SERVICES-OREGON DBA PROVIDENCE HOSPICE**
- **SEASONS HOSPICE & PALLIATIVE CARE OF CLARK COUNTY, LLC**
- **INSPIRING HOSPICE PARTNERS OF OREGON DBA HEART OF HOSPICE**
- **CONTINUUM CARE OF CLARK LLC**

**APPLICANT DESCRIPTIONS**

**Providence Health & Services-Oregon dba Providence Hospice**

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

On July 1, 2016, Providence Health & Services and St. Joseph Health System, a California non-profit corporation, became affiliated. The new affiliation created a new “super-parent,” Providence St. Joseph Health, a Washington non-profit corporation. After the affiliation, Providence Health & Services remained a viable corporation, as well as any and all subsidiaries and d.b.a.’s of Providence Health & Services that fall under that corporate umbrella. This affiliation does not change the name or corporate structure of Providence Health & Services. [source: Application, pdf14]

The applicant for this project is Providence Health & Services – Oregon, which will be referenced as “Providence Hospice” or simply “Providence” in this evaluation.

**Seasons Hospice & Palliative Care Of Clark County, LLC**

Seasons Hospice & Palliative Care Of Clark County, LLC, a for-profit, limited liability company, represents a newly created legal entity. Seasons Hospice & Palliative Care Of Clark County, LLC ownership rests 100% with Seasons Hospice & Palliative Care of Clark County Holding, Inc. Both Illinois based corporations were created December 24, 2018 and are governed wholly by Todd Stern. [source: Season’s Application, p2, Exhibit 1; Secretary of State website for UBIs #604 359 094 & 604 368 159]

For this application, the applicant will be referenced as “Seasons Hospice”.

**Inspiring Hospice Partners of Oregon dba Heart of Hospice**

Inspiring Hospice Partners of Oregon dba Heart of Hospice is a Washington and Oregon limited liability corporation with administration offices located in Hood River, Oregon. The Hood River office is Medicare and Medicaid certified to provide hospice services in two counties in Oregon and in two counties in Washington State. The Washington State counties are Skamania and Klickitat. [source: Heart of Hospice website; Application, p4; Secretary of State website for UBI 604 303 556]

For this application, the applicant will be referenced as “Heart of Hospice”.

### **Continuum Care of Clark LLC**

Continuum Care of Clark LLC is a newly formed Washington State limited liability corporation. The parent corporation, Continuum Care Hospice operates two state licensed and Medicare certified hospice programs serving California and Rhode Island. Continuum was recently authorized to serve Snohomish County in Washington State. [source: Application, p3, ILRS]

Throughout their application, Continuum Care of Clark LLC referred to themselves as “Continuum Clark.” Therefore, throughout this evaluation, the applicant will be referenced as “Continuum Clark”.

### **PROJECT DESCRIPTIONS**

Under the Medicare payment system, hospice care benefit consist of the following services: physician and clinical services, nursing care, medical equipment and supplies, symptoms control and pain relief management, hospital based short-term care, respite care, home health aide and homemaker services, physical and occupational therapy, social worker services, dietary counseling, grief and loss counseling. Respite care and outpatient drugs are each subject to a small co-payment and other services are covered in full<sup>1</sup>.

#### **Providence Hospice**

Providence’s application proposes to extend their currently operational Medicare and Medicaid certified hospice services to Clark County. The agency currently operates out of 4400 NE Halsey St, Building 1, Suite 160 in Portland, Oregon [97213]. [Source: Application pdf18]

If approved, Providence expects the Medicare and Medicaid certified hospice agency would be available to the residents of Clark County by within three months of CN approval. In the initial application, this would have been approximately November 2019. Given this timing, year 2020 would be the first calendar year of operation and year 2022 would be year three. [Source: Application, pdf21]

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

#### **Seasons Hospice**

This project proposes to establish a Medicare and Medicaid certified hospice agency in Clark County. The Applicant proposes an integrated service delivery system that includes the capability to provide palliative care as well as end-of-life care. The service area for the hospice agency is Clark County. Seasons Hospice & Palliative Care of Clark County would be located at 2621 NE 134th Street, Suite 340A in Vancouver, WA 98686. [Source: Application, pdf6-7]

Seasons Clark County staff provide the federally mandated core services of routine home care, respite care, inpatient, and continuous care in conjunction with volunteers. [Source: Seasons Application, pdf1, 7]

If approved, Seasons Hospice expects the Medicare and Medicaid certified hospice agency would be available to the residents of Clark County by July 1, 2020. Given this timing, year 2021 is the first full calendar year of operation and year 2023 would be year three. [Source: Screening Responses, pdf44]

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<sup>1</sup> Medicare Hospice Benefits, page 8 Centers for Medicare & Medicaid Services. CMS Product No. 02154, Revised April 2017.

The estimated capital expenditure for this project is \$56,933 which is solely related to office equipment and furnishings. [Source: Application, pdf60]

### **Heart of Hospice**

Heart of Hospice proposes to extend their Medicare and Medicaid certified hospice services to Clark County. Heart of Hospice would serve Clark County out of their Gresham, Oregon office at 1042 NW Norman Avenue, Suite 212 [97030]. [Source: Heart of Hospice Application, pdf6]

*The applicant states, “Consistent with the services provided by Heart of Hospice in Skamania County, Klickitat County and our Oregon Program, the services will focus on treating the whole person, not just their disease, and on the needs of both the patient and the family. Our health care team is specially trained in pain and disease management, as well as practical needs such as insurance coverage, transportation, and assistance with bathing. Additionally, they attend to the emotional and spiritual needs such as caregiver stress, grief, and fear of dying. Care is provided by an interdisciplinary team including the physician, medical director, nurse, social worker, chaplain, pharmacist, certified nursing assistant, volunteers, and other therapists.*

*We provide the following services to aid in the palliative care of our patients and their families:*

- *Pain and symptom management by skilled nurses and physicians.*
- *Counseling, including spiritual, nutritional and bereavement.*
- *Education on the disease process, coping skills and care planning.*
- *Assistance with personal care by hospice aides.*
- *Trained volunteer support.*
- *Physical, occupational and speech therapy, as needed.*
- *On-Call Interdisciplinary Team 24 hours a day.*
- *Availability of durable medical equipment, oxygen, medical supplies, and related medications.*

*All services are provided directly by our agency with the exception of physical and occupational therapy whom are contracted”. [Source: Heart of Hospice Application, pdf7]*

If approved, Heart of Hospice expects the Medicare and Medicaid certified hospice agency would be available to the residents of Clark County by September 1, 2019. Given this timing, year 2020 would be the first calendar year of operation and year 2022 would be year three. [Source: Heart of Hospice Application, pdf8]

The estimated capital expenditure for this project is \$50,000 which is related to office equipment and furnishings, as well as the Certificate of Need review fee. [Source: Heart of Hospice Application, pdf19]

### **Continuum Clark**

Continuum Clark proposes a Medicare and Medicaid certified hospice agency in Clark County. The service area for the hospice agency is Clark County. The new agency would be based out of a new office at 2415 NE 134th Street in Vancouver [98686].

*Continuum Clark states, “Continuum Clark is proposing to provide Medicare and Medicaid certified hospice services to Clark County residents and their families and will help persons with terminal*

*illness manage pain and distress and maintain dignity through the end of life. Continuum Clark believes that no level of service is sufficient if those in need do not have access to it. With this belief, and with data documenting the general shortage of hospice providers in the County, Continuum Clark will provide exceptional, accessible hospice care.*

*Continuum Clark will employ a multidisciplinary team-based approach to hospice care. Each patient care team will be comprised of the specific staff and expertise necessary to meet each patient's needs. Patient needs will be determined in each case through an initial, comprehensive case assessment and continued monitoring. Patient teams include a variety of disciplines such as palliative and other medical services, skilled nursing and nursing aide care, homemaker services, medication management, bereavement counseling, physical, speech, occupational therapy, nutrition management and special therapies such as music, virtual reality, equine and art therapy. Volunteer services will also be an important component of the Continuum Clark program.*

*Each team works in coordination with a patient's physician(s) and other caregivers in order to achieve specific, concrete goals in areas including:*

- *Pain and symptom management,*
- *Social, psychosocial and spiritual needs,*
- *Use of necessary medications, medical supplies, and equipment,*
- *Advice and support for family caregivers,*
- *Specialized service needs,*
- *Use of short-term inpatient care when necessary,*
- *Respite for family caregivers, and*
- *Bereavement support for family and friends.*

*Continuum Clark will serve patients regardless of where that patient resides, i.e. whether in his or her own residence, a long-term care facility or in a temporary location such as an acute care hospital. Continuum Clark will also serve homeless persons". [Source: Continuum Clark Application, pdf8-9]*

If approved, Continuum Clark expects the Medicare and Medicaid certified hospice agency would be available to the residents of Clark County by July, 2020. Given this timing, year 2021 is the first calendar year of operation and year 2023 would be year three. [Source: Continuum Clark Application, pdf11]

The estimated capital expenditure for this project is \$105,500 which is related to office equipment and furnishings, legal and consulting costs, and leasehold improvements. [Source: Continuum Clark Application, pdf19]

## **DEPARTMENT INFORMATION ON TIMELINES FOR COMPLETION OF THE PROJECTS**

Each of the applicants identified a timeline for completion of their respective projects based on a October 2019 evaluation release date. Due to delays in releasing this evaluation, each applicant's timeline may not be achievable or accurate. Regardless of which applicant is approved in this review, the department will adjust the operational timeline to account for the additional days of delay in the release of this evaluation.

## **APPLICABILITY OF CERTIFICATE OF NEED LAW**

The applications propose to establish Medicare and Medicaid certified hospice agencies. This action is subject to review as the construction, development, or other establishment of new health care facility under Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code 246-310-020(1)(a).

## **EVALUATION CRITERIA**

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

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

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

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

In the event WAC 246-310 does not contain service or facility standards in sufficient detail to make the required determinations, WAC 246-310-200(2)(b) identifies the types of standards the department may consider in making its required determinations. Specifically WAC 246-310-200(2)(b) states:

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

- (i) Nationally recognized standards from professional organizations;*
- (ii) Standards developed by professional organizations in Washington State;*
- (iii) Federal Medicare and Medicaid certification requirements;*
- (iv) State licensing requirements;*
- (v) Applicable standards developed by other individuals, groups, or organizations with recognized expertise related to a proposed undertaking; and*
- (vi) The written findings and recommendations of individuals, groups, or organizations with recognized expertise related to a proposed undertaking, with whom the department consults during the review of an application”.*

WAC 246-310-290 contains service or facility specific criteria for hospice projects and must be used to make the required determinations. To obtain Certificate of Need approval, the applicant must demonstrate compliance with the applicable criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment); and WAC 246-310-290 (hospice standards and forecasting method).

## **TYPE OF REVIEW**

As directed under WAC 246-310-290(3) the department accepted this application under the 2018 cycle 1 hospice concurrent review timeline. A chronological summary of the review is shown below.

## **APPLICATION CHRONOLOGY**

<b>Action</b>	<b>Providence Hospice</b>	<b>Seasons Hospice</b>	<b>Heart of Hospice</b>	<b>Continuum Clark</b>
Letter of Intent Submitted	Nov 28, 2018	Nov 30, 2018	Nov 29, 2018	Nov 30, 2018
Application Submitted	Dec 26, 2018	Dec 27, 2018	Dec 27, 2019	Dec 31, 2018
Department's pre-review activities: DOH Screening Letter Applicant's Responses Rcv'd	January 31, 2019 February 28, 2019			
Beginning of Review	March 18, 2019			
Public Comments accepted through the end of public comment Public Hearing Conducted	June 25, 2019			
Rebuttal Comments Received	July 25, 2019			
Department's Anticipated Decision Date	October 8, 2019			
Department's Anticipated Decision Date with 60-day extension <sup>2</sup>	December 9, 2019			
Department's Actual Decision Date	December 5, 2019			

## **AFFECTED PERSONS**

Washington Administrative Code 246-310-010(2) defines "affected person" as:

*"...an "interested person" who:*

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

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

WAC 246-310-010(34) defines "interested person" as:

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

Under concurrent review, each applicant is an affected person for the other application. In addition to the each applicant, several entities requested to be informed of the department's decision and qualified for interested person status. Only one other entity qualified as an affected person – Community Home Health and Hospice.

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<sup>2</sup> Thirty-day extension letters sent to the applicant on October 9, 2019 and November 14, 2019



## **SOURCE INFORMATION REVIEWED**

- Certificate of Need Applications submitted by Providence Hospice, Seasons Hospice, Heart of Hospice, and Continuum Clark
- Screening Responses submitted by Providence Hospice, Seasons Hospice, Heart of Hospice, and Continuum Clark
- Public Comment received through June 25, 2019
- Rebuttal Comment received through July 25, 2019
- Licensing and/or survey data provided by the Department of Health's Office of Health Systems Oversight
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Licensing data provided by the Medical Quality Assurance Commission, Nursing Quality Assurance Commission, and Health Systems Quality Assurance Office of Customer Service
- Providence Website (<http://oregon.providence.org>)
- Seasons Hospice & Palliative Care Website (<https://www.seasons.org>)
- Inspiring Hospice Partners of Oregon LLC d/b/a Heart of Hospice Website (<http://inspiringhospice.com>)
- Continuum Hospice website at <http://continuumhospice.com/>
- CMS QCOR Compliance website: [https://qcor.cms.gov/index\\_new.jsp](https://qcor.cms.gov/index_new.jsp)
- International Organization for Standardization website <https://www.iso.org>
- Washington Secretary of State Corporation data
- Certificate of Need historical files

## **CONCLUSIONS**

### **Providence Health & Services-Oregon dba Providence Hospice**

For the reasons stated in this evaluation, the application submitted by Providence proposing to establish a Medicare and Medicaid certified hospice agency to serve Clark County is consistent with applicable criteria of the Certificate of Need Program, provided Providence agrees to the following in its entirety.

### **Project Description:**

This certificate approves the establishment of a Medicare and Medicaid certified hospice agency to serve Clark County. Hospice services provided through this expanded agency will include physician and clinical services, nursing care, medical equipment and supplies, symptoms control and pain relief management, inpatient care, 24-hour continuous care, respite care, home care aide and homemaker services, physical, speech and occupational therapy, social worker services, dietary counseling, and bereavement counseling. The hospice agency would offer 24/7 access to nursing services.

### **Conditions:**

1. Approval of the project description as stated above. Providence Health & Services-Oregon dba Providence Hospice further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Providence Health & Services-Oregon dba Providence Hospice will sustain adherence to the published policy stating that, regardless of age, the proposed agency will admit and provide the appropriate hospice related care.

3. Prior to Providence Health & Services-Oregon dba Providence Hospice providing services, the Medical Director, Dr. Ruth Medak, must return their Washington State Medical license to Active status pursuant to WAC 246-310-040.
4. Prior to Providence Health & Services-Oregon dba Providence Hospice providing services, the Admissions Policy shall be updated to include Clark County.
5. Prior to Providence Health & Services-Oregon dba Providence Hospice providing services, the draft charity care policy shall be executed.
6. Providence Health & Services-Oregon dba Providence Hospice will maintain Medicare and Medicaid certification regardless of ownership.
7. The service area for this Medicare and Medicaid certified hospice agency is Clark County. Consistent with Washington Administrative Code 246-310-290(13), Providence Health & Services-Oregon dba Providence Hospice must provide services to the entire county for which the certificate of need is granted.

**Approved Costs:**

There is no capital expenditure associated with this project.

**Seasons Hospice & Palliative Care Of Clark County, LLC**

For the reasons stated in this evaluation, the application submitted by Season's proposing to establish a Medicare and Medicaid certified hospice agency in Clark County is not consistent with applicable criteria of the Certificate of Need Program, and a Certificate of Need denied.

**Inspiring Hospice Partners of Oregon DBA Heart Of Hospice**

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

**Continuum Clark**

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

## **CRITERIA DETERMINATIONS**

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

#### **Providence Hospice**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Providence Hospice project **met the applicable need criteria** in WAC 246-310-210 and the availability and accessibility criteria in WAC 246-310-290(13).

#### **Seasons Hospice**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Seasons Hospice project **met the applicable need criteria** in WAC 246-310-210 and the availability and accessibility criteria in WAC 246-310-290(13).

#### **Heart of Hospice**

Based on the source information reviewed, the department determines that the Heart of Hospice project **met the applicable need criteria** in WAC 246-310-210 and the availability and accessibility criteria in WAC 246-310-290(13).

#### **Continuum Clark**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Continuum Clark project **met the applicable need criteria** in WAC 246-310-210 and the availability and accessibility criteria in WAC 246-310-290(13).

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

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

The numeric need methodology outlined in WAC 246-310-290(8) uses hospice admission statistics, death statistics, and county-level population projections to predict where hospice services will be needed in Washington State. If a planning area shows an average daily census of 35 unserved hospice patients three years after the application submission year, there is numeric need and the planning area is “open” for applications. The department published the step-by-step methodology in October 2018 – it is attached to this evaluation as Appendix A.

Note – the majority of public comment related to this sub-criterion was not specific to any applicant. As such, public comment and rebuttal that is not specific to any applicant will be captured following the descriptions of what each applicant provided in response to the numeric need standard rather than repeating the same material under each applicant.

#### **Providence Hospice**

Providence Hospice provided the department’s 2018 numeric need methodology posted to its website. The numeric methodology projected a need for one hospice agency in Clark County. [Source: Application, pdf23]

### **Seasons Hospice**

Seasons Hospice provided the department's 2018 numeric need methodology posted to its website. The numeric methodology projected a need for one hospice agency in Clark County. [Source: Season's Application, pdf50]

### **Public Comment**

**Chrissy Green, Health & Wellness Director, Mallard Landing**

*I write this letter of support on behalf of Seasons Hospice & Palliative Care's application for the Certificate of Need in Clark County. This morning I met a representative from Seasons Hospice and shared with him about our experience with hospice care in our facility.*

*I have to say that I am more than pleased with PeaceHealth Southwest Hospice. Through our referral relationship with them, our residents have consistently received quality patient and family-centered care. In our facility, we could not be more happy with the service they provide.*

*Having said that, I am glad to know we may soon have another option to refer residents to, as the other hospice providers in our area are anything but desirable. In fact, it has come to the point where we do not refer residents to Community Home Health & Hospice, because of the bad experiences our residents and families have had with their unprofessional and poor bedside manner. We even had one resident who refused to go on to hospice with Community Home Health & Hospice because of their reputation for sub-par care.*

*While I am very pleased with our relationship with PeaceHealth Southwest Hospice, I do believe it would be in our community's best interest to have another quality provider for residents and their families to choose from in end-of-life care. Patient choice is important at every stage of life, and I believe that especially when it comes to hospice care. After learning about Seasons Hospice & Palliative Care's 20+ year track record of patient-centered care, specialized programs and services, I believe they'd make a nice addition to the community.*

### **Heart of Hospice**

Heart of Hospice provided the department's 2018 numeric need methodology posted to its website. The numeric methodology projected a need for one hospice agency in Clark County. [Source: Application, pdf9]

### **Continuum Clark**

In response to this sub-criterion, Continuum provided the following statements. [Source: Application, pdf13]

*"In Washington State, the need for additional hospice services is determined by the methodology contained in WAC 246-310-290 (7). In a nutshell, the methodology deems that any Planning Area (County) with a projected unmet census of 35 ADC, needs an additional agency. Applied to Clark County, the methodology identifies a need for one additional provider by 2020, and then one additional new provider every year thereafter (the unmet ADC grows by more than 35 each year between 2020 and 2022). Continuum Clark is ready, willing, and prepared to address the 2020 unmet need."*

### Public Comment – Numeric Need

A representative sample of the comments received related to this sub-criterion, below:

#### Greg Pang, Community Home Health and Hospice

*In October 2018, the Department of Health published data suggesting that Clark County has a projected need for 1.27 additional hospices by 2020. This projection was made using the following hospice admission data from the 3 hospices currently serving Clark County.*

Hospice Admissions	Community	Kaiser	SW Hospice	TOTAL
2015	435	405	576	1413
2016	442	461	1144	2047
2017	486	465	0	951

*Using this data, the Department of Health projected Clark County's "existing capacity" as 1881 admissions per year. We are requesting that the Department of Health replicate and explain the methodology for how the figure of 1881 was calculated using the above-referenced data.*

*Conversations with existing hospices have validated that the following data should be used as these figures represent actual admissions and can be confirmed with patient-specific admission reports from each agency. This data could also be further confirmed through Medicare claims data. Note that actual 2018 hospice admission data has been added to this table.*

Hospice Admissions	Community	Kaiser	SW Hospice	TOTAL
2015	435	405	1474	2314
2016	442	461	1144	2046
2017	486	465	1283	2234
2018	437	474	1646	2557

*Compare the 2018 actual admissions of 2557 to the Department of Health's 2018 projected estimated 1881 admissions for Clark County. **The difference is 676 admissions, which shows Clark County's actual capacity is 36% higher than the estimated capacity calculated by the Department of Health.***

*Using the actual data for 2015-2017, the revised need for hospice in Clark County changes from a need of 1.27 hospices, to an excess capacity of .23 hospices by 2020. Using the actual data for 2016-2018, the revised need for hospice in Clark County changes from a need of 1.27 hospices, to an excess*

*capacity of .62 hospices by 2020. Supporting data and calculations is included with our testimony as Exhibit A.*

*The data clearly shows that Clark County is already well served by existing hospice agencies. Granting Certificate of Need for additional hospices is not needed at this time, and will serve to increase costs for existing hospices particularly in a time of critical workforce shortage.*

*Existing hospices closely collaborate to ensure that patients have no wait for hospice admission.*

John Singletary, RN COS-C, Director, PeaceHealth HomeCare, Hospice, Palliative Care  
*Recently we became aware that in 2015, PeaceHealth reported an inaccurate number of admissions for PeaceHealth Hospice and Ray Hickey Hospice House to the state.*

*The correct number of admissions for that time period was 1,022 for our home hospice program, and 452 for Ray Hickey Hospice House. This means the total number of PeaceHealth hospice admissions for 2015 was 1,474.*

*We ask that the DOH accept our corrected admission data for Hospice Southwest for the year 2015.*

*We apologize for the previous submission of inaccurate data.*

Home Care Association of Washington Board of Directors

*The Home Care Association of Washington (HCAW) is writing in support of PeaceHealth Southwest resubmitting their 2015 hospice admissions data for Clark County, WA or for the Department of Health (DOH) to begin using 2016-2018 data.*

*In 2018, the in-home hospice Certificate of Need (CON) rules were updated to use the statewide average admission rates to hospice as the baseline for determining if a specific WA county needs additional inhome hospice agencies. The DOH currently uses historical 2015-2017 agency-specific admissions data to establish 2020 projections. This data has been requested by the DOH and for many years has been reported by all hospice agencies annually.*

*Clark County is currently served by three hospice agencies: Community Home Health & Hospice, Kaiser Permanente, and PeaceHealth Southwest. The DOH recently reported Clark County needs an additional 1.27 hospice agencies by 2020. This was based off the 2015-2017 data provided by these three agencies.*

*In reviewing their submitted data, PeaceHealth Southwest noticed they under-reported their 2015 reporting data by error. HCAW supports agencies requesting hospice CON when the data accurately reflects an area's needs. Because PeaceHealth Southwest's 2015 data is inaccurate the CON need established for Clark County is unfortunately inaccurate. HCAW respectfully requests the DOH accept PeaceHealth Southwest's amended 2015 data to accurately determine the CON need. If this is not possible, we respectfully request the DOH begin using 2016-2018 data as it more accurately reflects the current population need in Clark County.*

Representative Paul Harris, District 17

*It has come to my attention that information currently being used to determine in-home hospice Certificate of Need may be inaccurate.*

*I understand that rules were finalized in 2018, and need projections calculated for each county were published by the Department of Health (DOH) in late 2018. The DOH calculated the current capacity (annual hospice admissions) for Clark County using a 3-year sample (2015-2017) arriving at a figure of 1881. The data DOH used appears here:*

	<b>Community</b>	<b>Kaiser</b>	<b>SW Hospice</b>	<b>TOTAL</b>
<b>2015</b>	<b>435</b>	<b>405</b>	<b>576</b>	<b>1416</b>
<b>2016</b>	<b>441</b>	<b>461</b>	<b>1144</b>	<b>2046</b>
<b>2017</b>	<b>486</b>	<b>465</b>	<b>0</b>	<b>951</b>

*Unfortunately, the 3-year average using these figures does not appear to be 1881, as published by the DOH.*

*Additionally, I have spoken to those submitting data, who have admitted that the data submitted by SW Hospice is erroneous and should be reconsidered. The data submitted by Community and Kaiser are correct, according to sources at their hospice agencies.*

*I think it is in everyone's best interest that SW Hospice be given every opportunity to submit the amended (and accurate) data in the process of determining hospice need, by doing otherwise would set a presentence.*

*Projections of need should be based on real utilization according to the methodology approved by the legislature.*

#### Rebuttal Comment – Numeric Need

Three of the four applicants provided rebuttal to the comments above:

#### Providence Hospice

*In public comments submitted to the Department, (1) PeaceHealth asserts that it submitted inaccurate 2015 hospice admission data to the Department and (2) Community Home Health & Hospice ("CHHH") asserts that (a) PeaceHealth submitted inaccurate 2015 hospice admission data to the Department and (b) PeaceHealth submitted no 2017 hospice admission data to the Department. At the beginning of the June 25 public hearing, the Department stated that it will not change the Clark County hospice need calculation based upon the claims made by the two providers. Providence Hospice agrees with, and supports, the Department's position.*

*First, it is now far too late for PeaceHealth and CHHH to attempt to submit "corrected" or new hospice admission data to the Department. The 2018-2019 Hospice Numeric Need Methodology ("the Methodology") was published on October 15, 2018. PeaceHealth reported its allegedly inaccurate 2015 data to the Department on May 22, 2019: more than seven months after the methodology was published. CHHH reported PeaceHealth's allegedly inaccurate 2015 data, as well as PeaceHealth's alleged failure to file 2017 data, on June 25, 2019: more than eight months after the Methodology was published. It is inappropriate for two of the three existing hospice providers in Clark County to argue, at this late date, that the Clark County hospice concurrent review should be terminated because one of them — a potential direct competitor with the five applicants — allegedly submitted inaccurate 2015 data and allegedly failed to file 2017 data.*

*Second, although the hospice admission data provider summary sheets contained in the Methodology show no 2017 admission data for PeaceHealth, 2017 hospice admission data for PeaceHealth was in fact used in the Department's calculation of hospice need in Clark County. This can be confirmed by reviewing page 13 of the Methodology, which shows "Total Admissions by County" for 2015, 2016, and 2017.*

*Accordingly, we agree with the Department's position that the Clark County hospice need calculation contained in the Methodology should not be changed based upon the allegations made by PeaceHealth and CHHH.*

#### Seasons Hospice

- 1. The staff of Community Health Systems followed law and rule adhering to the timeline.*
- 2. Data were published and available prior to the cycle for applications.*
- 3. Failure of existing hospices to report accurately and timely rests with the existing hospices and such is each's burden.*
- 4. Comments regarding data accuracy subsequent to the agency's receipt of applications and screening responses fall outside of the staffs' abilities to adhere to the timeline in rule.*
- 5. Adversely affected parties submission of data using other data sources, including Medicare Cost Reports, belie the requirements for the calculation of need in the applicable law and rule.*
- 6. Given that the timeline requires the promulgation of need for which no notice of errors occurred to the agency establishes a common basis for applicants to submit applications in good faith and reliance allowing the review to proceed.*
- 7. Cyclic processes inherent in the need methodology are self-correcting, given the three year rolling average factors in the methodology. Hence, future reports from each licensed hospice of annual admissions directly impact the promulgation of any future hospice program need.*
- 8. Changing published need and its negation denies applicants access to due process and any recourse, to include the recovery of costs associated with the preparation and submission of an application.*
- 9. The law and rule are silent as to correction and re-publication of errors or omissions. Therefore, the methodology establishes the basis for future calculations to self-correct.*

#### Continuum Clark

*"In addition, it was suggested that the Department incorrectly applied the data and methodology for Clark and that there is no need for any new providers. Each applicant has relied on the published methodology and we are confident that the Department will find numeric need, as such, we limit our final rebuttal to the public comments related to our application."*

#### Department Evaluation-Numeric Methodology

The numeric methodology identified a need for one Medicare and Medicaid certified hospice agency in Clark County in projection year 2020. The results are shown in the table below.

**Department's Table 1  
Clark County Hospice Methodology Result**

	<b>Year 2018</b>	<b>Year 2019</b>	<b>Year 2020</b>
Unmet Need for Patients Days	5,959	11,119	16,278
Unmet Patient Days divided by 365	16	30	45
Number of Agencies Needed (subtract 35)	0	0	1



As noted above in public comment, there was contention regarding how certain volumes associated with existing providers were captured and calculated in the numeric need methodology.

One of these issues is easily explained and accounted for – the 2017 survey data for PeaceHealth. Despite comment related to PeaceHealth’s volumes on page 13 of the methodology, their submitted volumes were included in the posted methodology. This was pointed out by Providence in rebuttal, and was explained at the public hearing. The information on page 13 is demonstrative only, and does not factor into the calculation. This error was due to linkages between two Excel spreadsheets not updating prior to posting the methodology.

The other issue at hand is more complex. Approximately seven months following the posting of the numeric need methodology, Community Home Health and Hospice (CHHH) and PeaceHealth contacted the department regarding underreported volumes for PeaceHealth in 2015.

The CN program is receptive to hospice methodology corrections. For methodologies that have rule-based timelines, the CN program’s process is to send a preliminary methodology to stakeholders via GovDelivery [the department’s vehicle for mass email communication] and to post it on the DOH website. Within that communication, the CN program solicits stakeholder feedback. This could include questions or corrections, if applicable. Unless concerns are brought to the program’s attention, the program proceeds using the posted methodology. Applicants rely on this methodology when they determine whether or not to submit a letter of intent and prepare their applications – a very time and resource-intensive undertaking.

In the case of the PeaceHealth data, a summary of their situation is highlighted below:

- The Department posted the preliminary numeric need methodology on October 1, 2018.
- Using stakeholder feedback, the Department posted the final numeric need methodology on October 26, 2018.
- Letters of Intent for Clark County were due on November 30, 2018.
- Applications for Clark County were due on December 31, 2018.
- PeaceHealth contacted the department on May 22, 2019, approximately seven months after the 2019-2020 methodology was posted regarding their 2015 survey response. The 2015 survey response was submitted in 2016.
- The 2015, 2016, and 2017 survey responses were provided with a signed attestation that the content was true and correct to the best of their knowledge.
- The updated survey information submitted by PeaceHealth on May 22, 2019 does not include enough information for the department to test the impact on the numeric need methodology. The methodology relies on the separation of two age cohorts (ages 0-64 and 65+) and the updated data from PeaceHealth didn’t include that information.
- The 2018-2019 methodology was not the first to rely on the 2015 volumes – the methodologies published in 2017 and 2016 also relied on the 2015 survey data from PeaceHealth. At no point prior to this review did PeaceHealth take the opportunity to correct their underreporting.

PeaceHealth did not notify the department of their data underreporting in a timely manner. If the program had received the updated information before letters of intent were due, complete data could have been available to applicants while developing their applications. As stated earlier, applicants relied on the data in the methodology to develop and submit their applications by the last working day in November. To change this process would remove the element of transparency, fairness, and predictability in a Certificate of Need review.

In conclusion, the numeric methodology is a population-based assessment used to determine the projected need for hospice services in a county (planning area). Based solely on the numeric methodology applied by the department, need for one additional hospice agency in Clark County is demonstrated.

The department concludes that each of the hospices' applications under consideration **have demonstrated numeric need** for this project based on published sources.

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

### **Providence Hospice**

In response to the accessibility criteria, Providence provided the following statement:

*“Through examination of the DOH 2018-2019 Hospice Numeric Need Methodology (see Exhibit 13), we can confirm that there is significantly higher forecasted utilization than current capacity in Clark County. Potential volume (admissions) in Clark County is calculated as 1,979 in 2018, 2,064 in 2019, and 2,148 in 2020, while current capacity is calculated at 1,881 admissions (see page 6 of Exhibit 13). If we subtract current capacity from the potential volume, we have 98 admissions that are potentially unmet in 2018.*

*While the existing three hospice agencies in Clark County are well-established, they are not meeting current need in the County and have not shown an ability to keep pace with the demand for hospice services driven by population growth, especially in the age 65+ group. Consequently, the DOH 2018-2019 Hospice Numeric Need Methodology forecasts unmet ADC of 45 in the target year of 2020, establishing need for another hospice agency (see page 9 of Exhibit 13).”* [source: Application, pdf31]

Providence also stated that their hospice agency “will serve patients of all ages who require hospice services in Clark County.” [source: Screening Response pdf3]

### **Public Comment**

None

### **Rebuttal**

None

### **Department Evaluation**

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

The department concludes that Providence provided a reasonable rationale for submission of its application and demonstrated need for the project. If the application is approved, Providence's

approval would include a condition requiring the agency to be available and accessible to all residents of the county. With agreement to the condition, Providence's application **meets this sub-criterion**.

### **Seasons Hospice**

In response to this sub-criterion, Seasons Hospice states. *"Seasons Hospice & Palliative Care's experience across the nation reflects the adage, the rising tide lifts all boats. A new market entrant brings additional resources in the county for education and case-finding. Additional marketing efforts and outreach benefit all hospices because greater knowledge occurs among residents. The increase in promotion brings attention to hospice, and through the new entrant's efforts, increases awareness.*

*What Seasons Clark County offers the residents of Clark County is greater differentiation among services that validates the hospice end-of-life experience. Though a competitor in one sense, hospices with common missions create synergy as well as opportunities to reach farther into subpopulation groups.*

*As discussed within this application, Seasons Clark County's diversity programs and dedication to under-served populations like the homeless open doorways to greater cooperation among other social and advocacy organizations. Choice among providers allows residents to find a "hospice home" in which their needs find compatibility."*

Further, *"The distinctions that define particular hospices include, but are not limited to how services are provided, the use of volunteers, specific programs that enhance end of life care, how accessible and available the assessment, enrollment and services are, and how the hospice directs employees and contract staffs. Seasons Clark County's program offerings, particularly the electronic medical record and 24 hour, seven days a week call center, make accessible and available services that distinguish the programs. A review of the section on programs showcase the advantages that Seasons Clark County brings to residents".* [source, Seasons Application, p51-52]

### **Public Comment**

#### **Gale Stephens, RN, Case Manager, Legacy Salmon Creek Hospital**

*I recently began working for Legacy Salmon Creek Medical Center in Vancouver, Washington. Had it not been for the commute to Portland, I'd still be working with the Seasons office there. As a nurse and resident of Clark County, I believe there's not only a need for additional hospice providers, but I would also add that our area stands to benefit greatly from Seasons' unique set of programs and therapies. Having worked on the front lines as an RN case manager with Seasons, I've seen the impact of their music therapy, namaste care, and other programs offered. During my employment with Seasons, I was very impressed by the level of detailed care and commitment by the entire interdisciplinary group, in serving the "whole patient".*

*In my new role as Case Manager at Legacy Salmon Creek, I would not think twice about referring patients to the care of Seasons Hospice. I have the utmost confidence in their commitment to patient-centered care and the overall mission and philosophies of their organization.*

#### **Alex Kolodko, RN, Health Services Director, Prestige Assisted Living at Hazel Dell**

*Today I met with a representative from Seasons Hospice and Palliative Care who is conducting a Community Needs Based Assessment in Clark County. I understand Seasons Hospice is applying for the Certificate of Need for Hospice in Clark, and I appreciate their willingness to learn about our community and the needs of our residents.*

*There are two primary hospice providers we use in our facility, as many of the residents we serve are on Medicaid. Knowing that Seasons Hospice accepts all types of insurance, and has a non-profit foundation to assist patients with needs beyond the traditional scope of hospice, would make them a good fit for residents of our assisted living facility.*

*During our conversation, I was also informed that Seasons Hospice has a number of specialized programs and services offered, like: Music Therapy, Namaste Care, Camp Kangaroo, and the No One Dies Alone Initiative. These types of programs and services would add to the quality of life for all those in need of end-of life care.*

*Having another option for patients and families to choose from when selecting a hospice provider would a great benefit to our community. Patients should have access to the best possible health care at every stage of life- regardless of their socioeconomic status. Understanding Seasons' commitment to serve patients through their mission of Honoring Life ~ Offering Hope would make them a great resource for Clark County. I support their application for the Certificate of Need and should they receive it, we would welcome the opportunity to refer patients to their care.*

#### Rebuttal

None

#### Department Evaluation

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

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

#### Heart of Hospice

In response to the accessibility criteria, Heart of Hospice explains,

*“We are able to justify that the proposed project does not constitute an unnecessary duplication of services. The data proves for itself that the 3 providers are not able to meet the need. Without knowing the focus of each of the organizations we can only assume that the listed providers have constraints as they are providing services to 47% of Clark County patients who died. Heart of Hospice is fully committed to providing Hospice care. Our focus has been outlined throughout this application. Heart of Hospice, established in 2006, has been providing services in Washington State and is comfortable managing the Washington State Communities that are a true mix of rural and urban. Heart of Hospice has worked diligently to manage coverage of large geographic areas without compromising quality of care. Many of the rural communities we serve are underserved, given the wide and diverse geographic area and rural nature of much of the area. Through our strong community partnering, education, and marketing, Heart of Hospice has made significant impact in serving these communities.*

*Serving diverse populations is another strength of Heart of Hospice; minority populations, including Japanese, Hispanic and Native American; people of all socio-economic levels; even working with destitute and indigent people. Heart of Hospice works diligently to carry on the mission of Hospice, with the highest standards possible, to ensure that any person in need of Hospice Care receives it.*

*In March 2012, Heart of Hospice was the first Hospice on the West Coast, and the 9<sup>th</sup> hospice in the nation to achieve Four Stars from the Veteran's Administration for attaining their highest designation, Level 4. Heart of Hospice's We Honor Veteran's program is robust, and includes providing specialized training on veteran's issues at end of life to all staff, employing clinical staff who are veterans, our volunteer veteran to veteran program, and veteran service recognition. Heart of Hospice is proud to work closely with the local and regional Veterans Administration, and local community facilities which serve veterans, to provide the specialized hospice care that our service men and women deserve.*

*Heart of Hospice has several programs which demonstrate the high quality of standards we bring to our communities. These programs include:*

- Heart to Heart Care: We hold a philosophy of Heart to Heart care, a stance and a belief that makes us unique. This philosophy is based upon each patient's non-medical unique needs, whether it is a huckleberry milkshake or a final wish. Heart of Hospice's team members know we can't add days to our patient's lives; so, we work hard to add life to their days. It is an honor and a joy to assist people as they travel this part of life's journey with dignity and grace.*
- Bereavement services: Heart of Hospice has a strong bereavement program, not only for the hospice patients we serve, but for our communities as well. From phone contacts, one-on-one visits, linking to community services, a giving library of books and other print materials, bereavement groups, and a yearly Butterfly Release Community Bereavement Ceremony. Heart of Hospice takes seriously the need to help heal the loss that individuals, families, and communities experience following the death of loved ones.*
- Indigent/destitute: Heart of Hospice has developed, together with local funeral homes a program to assure that truly destitute families can have funeral services, while supporting our local funeral homes.*
- Volunteer Programs: Heart of Hospice has an active and robust Volunteer Program. From our award winning youth volunteers, to our regular volunteers, to our veteran volunteers, Heart of Hospice continually upgrades and expands the ways that volunteers can help make the hospice experience lighter, easier, and patients and families feeling more supported. Our innovative programs include: office volunteers, patient visiting volunteers, relief care volunteers, the flower program volunteers, music volunteers, youth volunteers, Santa volunteers, yard and maintenance volunteers, and more. Many of our volunteers have been with Heart of Hospice for over five years, and at current count have over fifty active volunteers supporting hospice patients and families.*
- Community partnering and education: Heart of Hospice has a strong commitment to the local community. Participating in a number of events-health fairs, volunteer fairs, etc., Heart of Hospice works collaboratively with and supports other volunteer and healthcare organizations and governmental agencies, providing education and support to our communities and healthcare partners. In addition, we have partnered with local healthcare and emergency support agencies in the area in order to be of assistance during emergencies.” [Source: Heart of Hospice Application, pdf17-18]*

### Public Comment

None

### Rebuttal

None

### Department Evaluation

The department considers the rationale and assumptions relied upon by Heart of Hospice to propose the establishment of an additional Medicare and Medicaid hospice agency in Clark County to be reasonable. Heart of Hospice anticipates that the new hospice agency would be located just across the Washington-Oregon border in Gresham and it will serve residents of Clark County.

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

### Continuum Clark

Continuum Clark considered the capacity of the current providers in the service area and provided the following response, *“In Washington State, the need for additional hospice services is determined by the methodology contained in WAC 246-310-290(7). In a nutshell, the methodology deems that any Planning Area (County) with a projected unmet census of 35 ADC, needs a new agency. Applied to Clark County, the methodology identifies a need for one additional provider by 2020. Continuum Clark is ready, willing, and prepared to address the unmet need.*

*The negative impact of unmet hospice needs weighs heavily on patients and families and is costly to the health care system. The inability to manage pain and symptoms in the home and concern about a family member’s symptoms and responsiveness in the days immediately before death is one of the top reasons that families call 911 or otherwise transport a terminally ill patient to the hospital. When hospice staff is not available to enroll a patient or to provide in-home or telephone consult to resolve an issue in a timeframe that is seen as reasonable to the family, hospice has failed.*

*While Clark County performs better than the State in terms of use of hospice, the data demonstrates that there are several pockets of disparity, largely based on race and ethnicity. Continuum Clark’s commitment is to serve every individual who can benefit from hospice care in Clark County regardless of geography, race, ethnicity, living situation, or other circumstances that may act as a barrier to care. Continuum Clark’s Members have a proven history in other communities of reaching out to and successfully serving traditionally underserved populations. This includes racial and ethnic groups as well as veterans, homeless, and those without caregivers in the home. Regardless of the size of these groups, these residents deserve the same access to culturally appropriate hospice services designed to meet their physiological, psychological, social, and spiritual needs.*

*Further, there is limited choice of hospice providers in Clark County. One of the three existing providers only serves its enrollees, and one of the other has the majority of its patients based in adjacent Cowlitz County. Having another agency based in Clark will provide choice; and give patients, families, providers and payers another quality option.”* [source: Continuum Clark Application, pdf13]

Public Comment

None

Rebuttal

None

**Department Evaluation**

The department considers the rationale and assumptions relied upon by Continuum Clark to propose the establishment of an additional Medicare and Medicaid hospice agency in Clark County to be reasonable. Continuum Clark anticipates that the new hospice agency would be located in Vancouver and it will serve residents of Clark County.

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

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

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

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

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

Medicaid certification is a measure of an applicant's willingness to serve low-income persons and may include individuals with disabilities.

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

## **Providence Hospice**

Providence Hospice provided copies of the following policies that would be used by the hospice agency. [source: Application, Exhibits 14, 15, Screening Response Exhibits 34, 35]

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

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

Providence stated the Admission Process policy would be updated following CN approval to specifically identify that the Clark County patients would be evaluated consistently with the Providence Hospice East and Providence Hospice West operations. [source: Screening Response pdf10]

The Charity Care policy provided by Providence Hospice outlines the details and information used to establish a resident's financial needs, and was updated in screening to reflect Washington State charity care standards. [source: Screening Response Exhibit 35]

For its proposed Clark County operations, Providence Hospice would also be available for both Medicare and Medicaid patients. Providence Hospice provided the projected payer mix for hospice services in Clark County. These percentages are based on 2018 actuals at the agency. [Source: Application, pdf36]

**Department's Table 2**  
**Providence Hospice Projected Payer Mix and Percentage**

<b>Payer</b>	<b>Percent</b>
Medicare and Medicare Managed Care	87.2%
Medicaid	8.0%
Commercial, Tricare, private etc.	4.9%
<b>Total</b>	<b>100%*</b>

*\*\*may not add exactly due to rounding*

## **Public Comment**

### **Robert Hellrigel, Executive Vice President and Chief Executive, Providence Saint Joseph Home and Community Care**

*We are the only provider of pediatric hospice services across Snohomish, King, Thurston, Lewis and Mason Counties. Most importantly of all, we never turn away a patient who lacks financial resources. Indeed, we engage our communities in supporting our brothers and sisters in need and raise community funds to ensure that all who need care, receive care.*

### **Sister Susanne Hartung, Chief Mission Integration Officer, Providence Health & Services**

*Providence has a rich history of caring in the community. In 1856 along with four others Sisters of Providence, Mother Joseph arrived in the Washington Territory and settled in Fort Vancouver - what is today part of Vancouver, WA. At the time there were no hospitals, few schools and few if any charitable services. By 1858, under leadership of Mother Joseph the Sisters of Providence opened*



*St. Joseph Hospital, the first permanent hospital in the Northwest. Later in later in 1873 the Sisters of Providence would build the Providence Academy, which today is listed as a National Register of Historic Places.*

*In addition, the Sisters of Providence opened schools, orphanages, cared for the mentally ill, and provided the first hospice services in the region for those approaching the end of life. The Sisters of Providence commitment to the Pacific Northwest community continued over the following century and a half, building over 30 hospitals, schools, orphanages, and academies that would form the basis of the original not-for profit Providence Health & Services.*

*Today more than 160 years after the Sisters first arrived in Vancouver, Providence Health & Services maintains an enduring commitment to serving the needs of our communities especially the poor and vulnerable. This commitment manifests in many ways. It shows up in our day to day interactions with our patients, offering compassionate care and ensuring dignity for all regardless of life's circumstances. It shows up in the programs we build and promote such as Camp Erin run out of Providence Hospice in Portland that offers free bereavement services to children and teens. And it shows in our community benefit investments where in 2017 Providence provided more than \$301.6 million in community benefit in Washington and \$245 million in community benefit in Oregon.*

Peter Norman, Chief Executive, Bellevue Healthcare

*Adding Providence hospice in Clark County would be a huge asset for the people living there. Not only will they have better access coming out of the hospital but added competition will allow these patients to receive faster service and better access.*

James H. Jones, MD

*I am a family physician currently working at Providence's Esther Short Clinic in downtown Vancouver. Just within the last month I had an unfortunate patient with metastatic cancer who we attempted to refer for hospice services. They wanted to go with Providence due to their history with our organization. Unfortunately Providence Hospice was not able to accommodate them as they lived in Vancouver, WA. They were referred to an alternate hospice service in Clark County and did receive hospice services before passing away, but there was unfortunate delay before those arrangements could be made. Although this patient is fresh in my mind I know of other situations over the last couple of years in which hospice services have been delayed due to a lack of available staff.*

*I feel Providence would be an excellent choice to provide hospice services for Clark County they are a nonprofit and have a mission to serve all in need, especially the poor and vulnerable. It is for this reason that I chose to join Providence when I came to the Pacific Northwest 3 years ago.*

Councilor Julie Olson, Clark County District 2

*Providence Hospice has deep roots in the community and has been providing care since 1982 in Oregon and Washington and they are committed to serving all people, particularly the poor and vulnerable. Their hospice services will be available to individuals on Medicare and Medicaid as well as individuals on commercial insurance, and they are committed to ensuring that hospice care is available to those in need.*

Tess Cannon, Agency Director, Addus HomeCare

*Addus HomeCare is a large homecare organization serving primarily Medicaid waiver participants throughout the Clark County area for the last 17 years. We are not affiliated with Providence in any*

way; but believe their proven track record of meeting the needs of economically disenfranchised, regardless of payor source, would help support access to care for many of our current Medicaid clients.

*Addus HomeCare has a number of clients that seek healthcare services in Portland, OR. By allowing Providence to provide hospice services in Clark County, many of our clients will benefit from seamless integration with other healthcare services that they are currently receiving from Providence hospitals and clinic just over the border. This connected environment will allow Addus HomeCare to receive important information about the care of our clients in ways that would be unmatched by other applicants. This is crucial for us as we support care in our client's homes, several of whom may also be on hospice services at any given time. This will allow us to ensure alignment in our care planning with clients.*

#### Rebuttal Comment

None

#### Department Review

The Admission Criteria Policy outlines the criteria for admission to Providence Hospice. These criteria are consistent with what the department would expect. The Admission process policy provided by the applicant describes the process Providence Hospice would use to admit a patient to its hospice agency and outlines rights and responsibilities for both Providence and the patient. As noted above, the policy requires one update to clarify which process would be applicable for Clark County. If this project is approved, the department would attach a condition requiring that Providence provide an executed updated version of this policy including that update.

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

Providence Hospice anticipates its Medicare and Medicaid revenues for the proposed hospice agency will be approximately 95% of its total revenues. Providence Hospice does not expect any change in its Medicare and Medicaid revenues over time. Additionally, the financial data provided in the application shows that Medicare and Medicaid revenue is expected.

Providence Hospice also provided a copy of its proposed charity care policy that would be used at the hospice agency. The policy provides the circumstances that a patient may qualify for charity care and outlines the process to be used to obtain charity care. Additionally, the pro forma financial statements provided in the application show a charity care line item. The policy is currently in draft form – therefore, if this project is approved, the department would attach a condition requiring that Providence provide an executed version of this policy consistent with the draft.

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

### Seasons Hospice

Seasons Hospice provided copies of the following policies that are currently used by their operational agencies and would also be used by the proposed Clark agency. [source: Screening Responses, pdf51-55, Application, Exhibit 9]

- Admission Criteria
- Patient Financial Assistance
- Referral Admission Process

The admission policy and financial assistance policy include all required information for Certificate of Need purposes.

For its proposed Clark County hospice agency, Seasons Hospice would also be available for both Medicare and Medicaid patients. Seasons Hospice provided the projected payer mix for hospice services in Clark County. [Source: Application, pdf285]

**Department's Table 3**  
**Seasons Hospice Projected Payer Mix and Percentage**

<b>Payer</b>	<b>Percent</b>
Medicare and Medicare Managed Care	91%
Medicaid	1%
Commercial, private etc.	8%
<b>Total</b>	<b>100%</b>

### Public Comment

Renee Stevens, Executive Director, Open House Ministries

*For the past twelve years, I've had the opportunity to serve the homeless through our work at Open House Ministries, a faith-based community organization helping homeless families by providing shelter and intervention through Christ-centered, life-changing programs.*

*Today I learned about Seasons Hospice and Palliative Care's effort to become licensed in Clark County. I understand Seasons has a 21 + year track record of success in serving patients and families across 19 states. An apparent part of Seasons' success is their ability to identify, create, and implement innovative programs and services that meet specific needs within the communities they serve. After hearing about Seasons' Homeless Voucher Assistance Program, I believe they would be an asset to our community and the homeless population we serve.*

*We've recently had four shelter residents who could have benefited from hospice, but died without receiving the benefit. Knowing that Seasons Hospice will partner with us in ministering to homeless in need of hospice by providing housing vouchers and medical services, would provide not only comfort but a sense of dignity for those who otherwise may end up dying a lonely death on the street.*

*It's not every day a company comes along offering this type of benevolent service to the less fortunate. This type of charitable effort would have an eternal impact in the lives of those served and for that reason, I am happy to support Seasons Hospice and Palliative Care in their effort to become licensed in Clark County.*

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care

*In its application, Seasons provided a Payment for Services Policy. Seasons apparently intended this Policy to serve as its charity care policy. However, the Policy is vague regarding when and how charity care will be available to patients. The Policy states: "Patients with no private insurance or a private insurance without a hospice benefit will be responsible for their bills for hospice services based upon their ability to pay. A financial assessment must be made by hospice staff to determine their ability to pay."<sup>44</sup> However, there are no charity care qualification criteria contained in the Policy. For example, the Policy also does not include any sliding fee schedule based upon the Federal Poverty Guideline Levels to determine qualification for charity care. Given the limited content of the Policy, the Department has no basis to determine what the Policy actually means or how it would be applied in practice.*

*Accordingly, the Department stated in its screening questions: "The payment for services policy does not identify that charity care would be provided, though it does reference financial assessments for patients that are unable to pay. Please provide a charity care policy." In response to the Department's request, Seasons provided a Patient Financial Assistance Policy, which "explains the procedures for determining financial assistance to patients to assure adequate reimbursement for hospice services or room and board at the hospice's inpatient center." It is telling that the stated purpose of the Policy is "to assure adequate reimbursement for hospice services or room and board at the hospice's inpatient center."*

*The Patient Financial Assistance Policy provides only "guidelines," not objective criteria for determining whether a patient qualifies for charity care. Hence, the Policy does not include a sliding fee schedule based upon the Federal Poverty Guideline Levels to be used in determining qualification for charity care. Instead, charity care decisions are made by the Executive Director "in collaboration with" a "Charity Care Committee."<sup>48</sup> However, the Policy does not provide any information about the composition of the Committee, or, more significantly, about what criteria are to be applied by the Committee, "in collaboration with" the Executive Director, to determine (1) whether a patient in need of charity care will be admitted and (2) the level of charity care to be provided to the patient. Further, it is not clear whether the Charity Care Committee is a committee within Seasons Clark, or whether it is a committee within Seasons Healthcare Management, Inc.*

*Most importantly, and of greatest concern, the Policy contains a restriction on the number of patients who may receive charity care at Seasons Clark at a given time. Specifically, the Patient Financial Assistance Policy states: "Each site is allowed a maximum charity care caseload of 1% of the site's overall census or 2 patients, whichever is greater." Such a limitation is simply not appropriate.*

*In addition, the Policy states: "An allocation is designated each year for funds to be available for financial assistance for patients." The Policy does not contain any information regarding (1) how the amount of the annual "allocation" is determined or (2) who makes that determination (i.e., Seasons Clark or Seasons Healthcare Management, Inc.). Further, it is not clear if this annual "allocation" appears in Seasons Clark's proforma financial statements.*

*In conclusion, there are serious questions regarding Seasons' commitment to providing charity care. The "maximum charity care caseload" restriction in and of itself establishes that Seasons' application does not and cannot satisfy WAC 246-310-210(2): Seasons cannot and will not provide "adequate access" to "all residents of the service area" if it places a restriction on the number of charity care patients who can be admitted to the program at a given time. This is exactly what the "maximum charity care caseload" restriction does.*

### Rebuttal Comment

Seasons Hospice provided the following rebuttal:

*The Certificate of Need Application for Seasons Hospice & Palliative Care of Clark County, LLC demonstrates Seasons commits to providing funds for both the indigent population through charity care and the county's homeless population. Seasons provided \$4.5 million in charity care in 2017.*

### Department Review

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

Seasons Hospice anticipates its Medicare and Medicaid revenues for the proposed hospice agency will be approximately 91% of its total revenues. Seasons Hospice does not expect a significant change in its Medicare and Medicaid revenues over time. Additionally, the financial data provided in the application shows that Medicare and Medicaid revenue is expected.

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

Comment provided took issue with no funds being allocated for the applicant's stated intentions to provide programs addressing homelessness and housing issues within the county. A review of the financial documents does show a projected profit for the agency in excess of \$338,330 in year three. Spending of these funds is not part of this CN review and may well be used for such community services.

Comment about the Patient Financial Assistance policy center around the details of the process involved. The policy provided in response to screening does include a modification in item #4 to address some of the items requested in screening. The policy is brief, but appears to embody the additional actions around communications and appeals in the subsequent steps #5-8. If this proposal is approved, a condition will be added requiring the receipt of a more detailed policy which explicitly outlines the process steps to provide a more clear communication of the procedure for residents to follow. As it stands, Seasons budgeted approximately 1% of gross revenue to charity care, which is generally consistent with what is seen in CN applications.

With the information provided in the application, and acceptance of the condition for a more explicit charity care policy, the department concludes **this sub-criterion is met.**

### Heart of Hospice

Heart of Hospice states, *"Heart of Hospice's admission policies prohibit the discrimination on the basis of race, income, ethnicity, sex, disability, age, pre-existing condition, physical, mental status and sexual identity. All residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are welcomed at Heart of Hospice. There is no reason that Heart of Hospice would not accept a patient*

who qualifies and is wanting to elect their Hospice Benefit.”. The applicant also provided copies of the following policies that would be used by the hospice agency. [source: Heart of Hospice Application, pdf18; Attachments 20, 21, 22]

- Admission to Hospice Care
- Referrals to Hospice Care
- Charity Care Policy

The Charity Care policy provided by Heart of Hospice outlines the details and information used to establish a residents financial needs. The policy begins with the statement, “*Patients without third-party payer coverage and who are unable to obtain means to pay for hospice care will be accepted for charity care admission*”. [Source: Application, Attachment 22]

For its proposed Clark County hospice agency, Heart of Hospice would be available for both Medicare and Medicaid patients. Heart of Hospice provided the projected payer mix for hospice services in Clark County. [Source: Heart of Hospice Application, p25; Heart of Hospice Screening Responses, p5]

**Department’s Table 4**  
**Heart of Hospice Projected Payer Mix and Percentage**

<b>Payer</b>	<b>Percent</b>
Medicare	90%
Medicaid	3%
Private/Charity	7%
<b>Total</b>	<b>100%</b>

#### Public Comment

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care  
*Heart of Hospice submitted a charity care policy with its application. The policy states: "Heart of Hospice will establish objective criteria and financial screening procedures for determining eligibility for charity care. The organization will consistently apply the charity care policy."41 However, no such "objective criteria" are set forth in the policy, nor has Heart of Hospice otherwise provided them to the Department. Moreover, the policy does not contain any sliding fee schedule establishing charity care qualification based upon the Federal Poverty Guideline Levels.*

*The policy also states: "the Heart of Hospice Foundation will be contacted should the need for further financial assistance be required." However, it is not clear whether the Foundation will be the provider of the patient's charity care or what will actually happen after the Foundation is "contacted." Further, the criteria to be applied by the Foundation in deciding whether to offer "financial assistance" have not been provided to the Department by Heart of Hospice. Moreover, no details have been provided about the Foundation itself. Nothing is disclosed regarding its legal form of organization, owners, purpose, activities, and the nature and extent of its assets.*

*In conclusion, the Heart of Hospice charity care policy is very general, and does not contain any details about what the charity care qualification criteria are, how they will be applied, or even which organization will provide the charity care.*

#### Rebuttal Comment

Heart of Hospice provided the following rebuttal to Providence’s comments:

*“Providence also states that Heart of Hospice's charity care is too vague. This is untrue: Heart of Hospice has provided on page 182 of its application "Patients without third party payer coverage and who are unable to obtain means to pay for hospice care will be accepted for charity care admission." This is Heart of Hospice's clear, established practice - to provide hospice care without limitations or constraints to all qualifying patients, and for those without insurance or Medicare or Medicaid coverage, without charge. There are no sliding scales for payment based on the Federal Poverty guidelines - no payment is required whatsoever of patients without Medicaid or Medicare coverage - this is made clear in Heart of Hospice's application. A charity care policy could not be any clearer.”*

### **Department Review**

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

Heart of Hospice anticipates its Medicare and Medicaid revenues for the proposed hospice agency will be approximately 93% of its total revenues. Heart of Hospice does not expect a significant change in its Medicare and Medicaid revenues over time. Additionally, the financial data provided in the application shows that Medicare and Medicaid revenue is expected.

Heart of Hospice also provided a copy of its proposed charity care policy that would be used at the hospice agency. The policy provides the circumstances that a patient may qualify for charity care and outlines the process to be used to obtain charity care. Additionally, the pro forma financial statements provided in the application show a charity care line item. The rebuttal adequately accounts for the concerns raised in comment.

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

### **Continuum Clark**

Continuum Clark provided copies of the following policies that would be used by the hospice agency. [source: Screening Response Attachments 8 and 9]

- Admissions Policy
- Charity Care Policy

The Admission criteria includes the following non-discrimination language.

*“CONTINUUM CARE OF CLARK LLC will admit any patient with a life-limiting illness that meets the admission criteria.*

*Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, income, disability (mental or physical), communicable disease, or place of national origin.”* [source: Screening Response Attachment 9]

The Charity Care policy provided by Continuum Clark affirms, *“As determined by Provider on a case by case basis, Provider will provide free care to qualifying patients for Hospice services.”* [source: Screening response Attachment 8]

For its proposed Clark County hospice agency, Continuum Clark would also be available for both Medicare and Medicaid patients. Continuum Clark provided the projected payer mix for hospice services in Clark County. [Source: Application, pdf21]

**Department's Table 5**  
**Continuum Clark Projected Payer Mix and Percentage**

<b>Payer</b>	<b>Percent</b>
Medicare	87.0%
Medicaid	11.0%
Self-Pay/Other	2.0%
<b>Total</b>	<b>100%</b>

Public Comment

John Hayward MD, Director, Palliative Care, Highland Hospital

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

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

Michelle Schneidermann, Medical Director, Alameda Alliance for Health

*In my role as the Medical Director of Care Coordination and Special Projects at the Alliance, I have had the privilege of working closely with Continuum Care Hospice. I have found their work to be high quality and their team highly accessible and genuinely interested in developing programs and services to support our diverse County. I understand that they have applied to establish Medicare certified hospice agency services in several areas of the Washington State, including the Seattle/Everett Areas of King and Snohomish Counties and Clark County, along the Oregon/Washington border. I believe that all three Counties, and especially King, share many similarities with Alameda including diversity and mix of urban and more rural areas. Based on the Alliance's experience with Continuum, I offer my full support for their proposal.*

*This support is based on my understanding that the proposed Washington agencies will use many of the same policies and programs as used by Continuum Care Hospice, here in Alameda County. I also understand that Continuum proposes to extend (and modify as needed) many of the special programs it has developed to improve the palliative care and hospice use by historically underserved populations. These programs have greatly increased use and are trusted by our diverse communities.*



*I am also a member of Alameda County's Healthcare for the Homeless Commission, and in this role, I am acutely aware of the needs of people experiencing homelessness, especially at end of life. Again, I understand that the Puget Sound region of Washington is struggling under the weight of increasing homelessness. Continuum has been both willing and able to serve people experiencing homelessness and has coordinated closely with social service and housing organizations to provide a safe and caring environment for these individuals.*

*I trust that Continuum will be an asset in the Washington communities it serves.*

Suzi K Johnson, MPH, RN, VP Sharp Hospice Care

*Sharp HospiceCare has worked with Continuum for a number of years. They provide comprehensive programming, have improved access to services and have developed programs to specifically enhance use of hospice by traditionally underserved populations. They have proven to be a high quality, accessible provider. I offer my strongest endorsement of their applications.*

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care

*In its Application, Continuum provides an admission policy that is tied to a patient's ability to pay. The policy states: "While patients are accepted for services based on their hospice care needs, the patient's ability to pay for such services, whether through state or federal assistance, private insurance, or personal assets[,] is a factor that will be considered." It should be noted that this language is identical to the language quoted above from Bristol's admission policy. This suggests that Continuum and Bristol are using generic language from a form document.*

*As it did with respect to the same language used by Bristol, in its screening questions the Department asked Continuum to clarify the "ability to pay" criterion contained in the admission policy. 32 In response, Continuum stated: "While patients are accepted for services based on their hospice care needs, the patient's ability to pay for such services - whether through state or federal assistance programs, private insurance, or personal assets - is a factor that will be considered to ensure that charity care is provided on a needs-based basis." 33 This statement is non-responsive: it essentially repeats the language used by Continuum in the admissions policy. It is unclear what this statement actually means or how it will be used in practice. However, Continuum also states: "Indigent patients and/or patients without a payer source will be admitted based upon review and approval of their charity care application, as detailed in our charity care policy.*

*In its revised charity care policy, submitted with its screening responses, Continuum provides more detail. The policy states: "As determined by Provider on a case by case basis, Provider will provide free care to qualifying patients for Hospice services." The revised Policy also states: "Continuum will make all final determinations on charity care after reviewing all the documentation."*

*Continuum provides a sliding fee schedule based upon the Federal Poverty Guideline Levels in its charity care policy. 38 However, in evaluating Continuum's commitment to access for the underserved, the Department should note that Continuum's sliding fee schedule is relatively modest, certainly in relation to Providence Hospice's sliding scale.*

#### Rebuttal Comment

*Continuum Clark responded with the following statements, "Again, one party suggests that Continuum's admission and charity care policies are somehow inconsistent with CN requirements. Continuum's application is clear: indigent patients and/or patients without a payer source will be*

*admitted based upon review and approval of their charity care application. Our charity care policy further states that we will provide free care to qualifying patients. Continuum also provides a sliding fee schedule based upon the Federal Poverty Guideline Levels in its charity care policy.*

*Continuum meets and exceeds all CN requirements related to charity care.*

*In closing, the Continuum application meets and exceeds all CN requirements, and is superior for a number of reasons to the other applications.”*

### **Department Review**

The Admission Policy provided by the applicant describes the process Continuum would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination; however, the policy also provides the following statement: *“While patients are accepted for services based on their hospice care needs, the patient's ability to pay for such services, whether through state or federal assistance programs, private insurance, or personal assets is a factor that will be considered.”*

In response to the department’s questions regarding the statement above, Continuum provided the following explanation: *“Indigent patients and/or patients without a payor source will be admitted based upon review and approval of their charity care application, as detailed in our charity care policy. Our experience has been that, since the advent of the Affordable Care Act, charity care for hospice patients has declined due to the increased availability of public and private insurance. Despite that decline, our pro forma financials assume a relatively high level of charity care that substantially exceeds the level of likely charity care patients, in order to ensure that we are well situated to serve all members of the community.”* [source: screening response pdf21]

Additionally, Continuum provided a revised Admission Policy that references its Charity Care Policy. *“While patients are accepted for services based on their hospice care needs, the patient's ability and willingness to pay for such services, whether through state or federal assistance programs, private insurance, or personal assets is a factor that will be considered, in accordance with the Indigent/Charity Care Policy.”*

Since admission and charity care policies are typically used in conjunction, each policy does not take the place of another and they should have statements that support the other.

Continuum anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 98% of its total revenues. Additionally, the financial data provided shows that Medicare and Medicaid revenue is expected and identifies charity care as a deduction from revenue.

Continuum also provided a copy of the current Indigent/Charity Care Policy used at its other hospice agencies. The policy provides the circumstances that a patient may qualify for charity care and outlines the process to be used to obtain charity care. Additionally, the pro forma financial statements provided show a charity care line item at 3.0% of gross revenue.

Providence raised concerns regarding the policies submitted by Continuum, but none of these identify that they would not provide appropriate, available, and accessible services to the residents to Clark County.

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

- (3) The applicant has substantiated any of the following special needs and circumstances the proposed project is to serve.
  - (a) The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their services or resources, or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas.
  - (b) The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.
  - (c) The special needs and circumstances of osteopathic hospitals and non-allopathic services.
- (4) The project will not have an adverse effect on health professional schools and training programs. The assessment of the conformance of a project with this criterion shall include consideration of:
  - (a) The effect of the means proposed for the delivery of health services on the clinical needs of health professional training programs in the area in which the services are to be provided.
  - (b) If proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools serving the area will have access to the services for training purposes.
- (5) The project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization or proposed health maintenance organization and the services proposed are not available from nonhealth maintenance organization providers or other health maintenance organizations in a reasonable and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.

#### **Department Evaluation**

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

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

### **Providence Hospice**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Providence Hospice project **met** the applicable financial feasibility criteria in WAC 246-310-220.

### **Seasons Hospice**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Seasons Hospice project **did not meet** the applicable financial feasibility criteria in WAC 246-310-220.

### **Heart of Hospice**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Heart of Hospice project **met** the applicable financial feasibility criteria in WAC 246-310-220.

### **Continuum Clark**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Continuum Clark project **met** the applicable financial feasibility criteria in WAC 246-310-220.

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

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

To evaluate this sub-criterion, the department reviews the assumptions provided by an applicant, projected revenue and expense (income) statements, and projected balance sheets. The assumptions are the foundation for the projected statements. The income statement is a financial statement that reports a company's financial performance over a specific period—either historical or projected. Projected financial performance is assessed by giving a summary of how the business expects its revenues to cover its expenses for both operating and non-operating activities. It also projects the net profit or loss incurred over a specific accounting period.<sup>3</sup>

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

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<sup>3</sup> One purpose behind the income statement is to allow key decision makers to evaluate the company's current situation and make changes as needed. Creditors use these statements to make a decision on loans it might make to the company. Stock investors use these statements to determine whether the company represents a good investment.

In financial accounting, a cash flow statement, also known as statement of cash flows, is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing and financing activities. Essentially, the cash flow statement is concerned with the flow of cash in and out of the business. The cash flow statement is typically distributed with a company's income statement and balance sheet.

### **Providence Hospice**

Providence Hospice currently operates in the states of Oregon and Washington. For Washington State, Providence provide Medicare and Medicaid hospice services to the residents of Klickitat and Skamania counties through its hospice agency located in Portland, OR. The proposed expansion into Clark County would also operate out of the Portland office.

Providence provided the assumptions used to determine the projected number of patients and visits for the proposed Clark County operations. The assumptions are restated below and include the basis for the Clark volumes, the existing agency volumes, and the total. [source: Application pdf30, Screening Response Exhibit 32]

### **The Project (Clark County Forecast, "Project")**

*Given the high unmet need (ADC of 45) projected by 2020 in Clark County, the Project-related utilization is projected to reach capacity (36.7 ADC) by the third full year of operation (2022). A moderate ramp-up is assumed in prior years.*

- *Patient days are calculated by multiplying the ADC by 365.*
- *Average length of stay (ALOS) is set to the Washington statewide average (60.86).*
- *Patient counts are calculated by dividing patient days by the ALOS.*
- *Median LOS is estimated to be the same percentage of ALOS as it was in YTD2018 (37%).*
- *Conservative growth estimate of 2%, with average growth volumes of 2.7% from 2015-2018*

### **Without the Project (Existing Operations, "Without")**

- *Patient days are based on 2% year-over-year increase.*
- *ALOS is based on historical trend averages and is held constant at 63 from 2020-2022.*
- *Median LOS is estimated to be the same percentage of ALOS as it was in YTD2018 (37%).*

### **With the Project (Existing Operations + the Project, "With")**

- *Because the project is anticipated to begin November 2019, January-October 2019 is equivalent to the without forecast.*
- *November 2019-2022 patient days and patients counts are the sum totals of the Project and Without forecasts.*
- *ALOS is calculated by dividing with patient days by with patient counts.*
- *Median LOS is estimated to be the same percentage of ALOS as it was in YTD2018 (37%).*
- *ADC is calculated by dividing with patient days by 365.*

Based on the assumptions above, Providence provided the following projections for utilization of the hospice agency. [source: Application, pdf29]

*Applicant's Table*

	Forecast				
	Jan-Oct 2019	Nov-Dec 2019	2020	2021	2022
<b>Providence Hospice (without project)</b>					
Total number of unduplicated hospice patients served per year	2,065	413	2,524	2,574	2,626
Average length of stay per patient year	62.9	62.9	63.0	63.0	63.0
Median length of stay	23.8	23.8	23.5	23.5	23.5
Average daily census	426.9	427.3	434.5	444.4	453.2
Total patient days	129,909	25,982	159,009	162,189	165,433
	Jan-Oct 2019	Nov-Dec 2019	2020	2021	2022
<b>The Project (Clark County Forecast)</b>					
Total number of unduplicated hospice patients served per year		5	80	169	220
Average length of stay per patient year		60.9	60.9	60.9	60.9
Median length of stay		22.7	22.7	22.7	22.7
Average daily census		5.2	13.3	28.1	36.7
Total patient days		320	4,860	10,260	13,410
	Jan-Oct 2019	Nov-Dec 2019	2020	2021	2022
<b>Providence Hospice (with project)</b>					
Total number of unduplicated hospice patients served per year	2,065	418	2,604	2,743	2,846
Average length of stay per patient year	62.9	62.9	62.9	62.9	62.8
Median length of stay	23.8	23.4	23.4	23.4	23.4
Average daily census	426.9	432.6	447.7	472.5	490.0
Total patient days	129,909	26,302	163,869	172,449	178,843

Source: Providence Hospice

If this project is approved, the new hospice agency would be operated under Providence's agency located in Portland, Oregon.

Providence also provided its assumptions used to project the start-up costs, revenues, and expenses for the agency. [source: Screening Responses, Exhibit 32]

### *Applicant's Table*

	Start-up Costs	Basis of Assumption
<b>Supplies:</b>		
Medical Supplies	\$ 568	Need to update car stock for clinicians working in Clark County at \$148 per RN; \$86 per Aide; Increase Incontinent supplies in inventory and creams/lotions.
Office Supplies	\$ 200	Paper for printer, additional pens/post its for touchdown area, flip charts for planning
<b>Purchased Services:</b>		
Printing and Publications	\$ 1,125	Admit Packets (\$5 x \$150 = \$750); 300 Brochures (\$1.25 each x 300 = \$375)
Advertising and Marketing	\$ 750	Update Website (5 hours x \$50 = \$250); Mailings to physician's offices and facilities (\$1.00 x 500 = \$500)
<b>Other Expense:</b>		
Equipment (PC, Printers, etc.)	\$ 2,000	1 computer in office for touchdown at \$1,000 to include all peripherals (screen, keyboard, etc.); Additional printer for growth at \$1,000
Lease Expense	3,865	Based on rent allocation of \$31.14 per square fee for 491 square feet for new agency
Licensing (clinicians)*	1,930	New licenses for clinicians to work in Clark County (\$120 x 10 = \$1,200); Medical Dir. licensing - \$350; SW licensing \$100 x 2 = \$200; CNA \$90 x 2 = \$180. Note more licenses than FTE for the project to provide sufficient coverage, such as nurse triage. All Providence Chaplains are Clinical Pastoral Education certified so do not need a license.
<b>Other Miscellaneous Expenses</b>		
- EPIC set up	\$ 16,000	1 Epic analyst for 2.5 weeks (\$100 x 40 x 2.5 = \$10,000), Contract setup (~8 hrs * \$75 = \$600), reports (8 hrs x \$75 = \$600), change of accounting reports (2x 40 x \$60 = \$4,800)
- Legal/Regulatory	\$ 2,720	Updating any contracts with providers. Review of policies for State regulatory requirements. Legal - 8 hours at \$250 per hour = \$2,000; Compliance 8 hours at \$90 per hour = \$720

### *Applicant's Table*

Revenues		
3	Net revenue increases are based on volume increases. No change or increase in reimbursement assumed.	Net revenue is based on forecasted volume. See assumption 1 above.
4	Payer mix was carried forward from actual 2018 experience.	Based on May 2018 YTD actual experience as a % of Gross Revenue.
5	Deductions from revenues were calculated based on actual experience.	Based on May 2018 YTD actual experience as a % of Gross Revenue.
6	Charity care is assumed constant at 0.46% of gross revenues.	Conservative estimate based on most recent volume trend in 2018.
7	Bad debt is assumed constant at 0.55% of gross revenues.	Is a conservative assumption based on budget 2019 %. The bad debt for actual experience also include AR reserve changes so appears lower in some years due to more collections of older accounts in 2017 and 2018
Expenses		
8	FTEs (by discipline, by year) and Salaries & Wages were modeled based on forecast volumes.	Based on staffing model that calculates FTE need based on increase in Hospice Days.
9	For Clark County, no additional administrative personnel were deemed necessary in all the future years, as this is assumed to be absorbed in the Portland office.	Based on known capacity and expected efficiencies of current administrative personnel.
10	Clinical and Direct Care FTE Increases with volume assumptions to support appropriate staff to patient caseload ratios.	See volume assumption 1 above.
11	Benefits as a percentage of salaries and wages are approximately 27% in earlier years but ramp down slightly based on lower cost per enrollee for healthcare.	Based on current benefit load and expectations. FICA and pension are calculated as a % of Salaries and Wages. Healthcare coverage is based on cost per enrollee.
12	Payroll taxes are included in Benefits. B&O tax is in Other Expense.	Payroll tax is based on a % of S&W. B&O tax is based on 2018 experience and resides in Other Expenses
13	For the project rental allocation of \$31.14 per square foot.	Based on a rental allocation of \$31.14 per square foot, with Clark County hospice occupying 491 square foot of suite 160A 4400 NE Halsey Street, Portland, OR 97213. Please see Exhibit 31.
14	Lease expense YOY inflation of 2.4%.	Based on historical trend and budgeted expectation of YOY increase. See item # 6 in Exhibit 31.
15	System allocation is based on historical trend and is set at 6.6% of Net Operating Revenue.	The System Allocation is pushed down to all facilities based on certain allocation drivers. The historical trend has been approx 6.4% but increased for budget 2019 with some increase slightly based on additional IT and Revenue Cycle costs for Epic implementation.
16	All fixed expenses were carried forward.	Fixed expenses are carried forward
17	All variable expenses were increased based on the increase in volume on a per day basis.	See volume assumption 1 above.
18	All direct supplies, purchased services, and mileage were calculated on a cost per day basis off of 2018 experience.	Based on cost per day basis using mid year 2018 experience.

Source: Providence Hospice



### *Applicant's Table*

Category/Item	Assumptions for Forecasted years 2020-2022
<b>SALARIES &amp; BENEFITS</b>	
Registered Nurse	Based on forecasted volumes and staffing model based on productivity standard using worked hours per day
Professional Salaries	
Home Health Aide	
Social Worker	
Administrative and Clerical	
Management and Supervisor	
Medical Director/Physicians	
Employee Benefits	Based on current 2019 benefit load (27%) and expectations around lower costs per enrollee for health care coverage.
<b>SUPPLIES</b>	
Medical Supplies	\$1.88 per UOS.
Non Medical Supplies	\$0.07 per UOS.
Pharmacy Supplies	\$9.09 per UOS.
Office Supplies	\$0.11 per UOS.
Other Supplies	\$0.01 per UOS.
<b>PURCHASED SERVICES</b>	
Room and Board	\$11.17 per UOS.
Management Fees	3.8% of NOR.
Inpatient Care	\$0.36 per UOS.
Respite Care	\$0.12 per UOS.
Print and Publications	\$0.38 per UOS.
Advertising and Marketing	\$0.01 per UOS.
Patient Transportation	\$0.12 per UOS.
Telephone and Wireless	Flat fee with increases for specific clinical staff.
Translation Services	\$0.16 per UOS.
Maintenance Services	\$0.12 per UOS.
Other Purchased Services	\$11.17 per UOS.
<b>OTHER EXPENSES</b>	
Mileage	\$3.14 per UOS.
Travel	\$0.12 per UOS.
Training & Education	\$0.07 per UOS.
Equipment (PC, Printers, etc)	\$0.20 per UOS.
Dues and Memberships	\$0.15 per UOS.
Lease Expense	Based on Internal rent agreement per sq ft with 2.4% annual inflation.
Equipment Lease	\$7.50 per UOS.
Postage	Based upon the estimated mailing costs of admit packets, brochures and mailings to physician offices.
Donations	Flat donation amount YOY.
Licensing	Flat fee YOY.
Other Miscellaneous Expenses	\$0.14 per UOS.
<b>NON-OPERATING EXPENSES</b>	
Depreciation	Based on 2019 budget. Held flat YOY.
Allocated System Expense	6.6% of NOR based on 2019 budget.
<b>GROSS PATIENT REVENUE</b>	Based on May 2018 YTD actual experience as a % of Gross Revenue.
<b>DEDUCTIONS FROM REVENUE</b>	Based on May 2018 YTD actual experience as a % of Gross Revenue.
Other Operating Revenue	Based on YTD 12/31/18. Includes distributions from Providence Foundations.

Source: Providence Hospice

Below is a summary of the projected Revenue and Expense Statement for the Clark County hospice agency. [source: Application Exhibit 17]

**Department's Table 6**  
**Providence Hospice – Clark County ONLY**

	<b>CY 2019</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>
Net Revenue	\$39,915	\$606,216	\$1,279,787	\$1,672,705
Total Expenses	\$45,571	\$480,921	\$996,383	\$1,351,504
<b>Net Profit / (Loss)</b>	<b>(\$5,656)</b>	<b>\$125,295</b>	<b>\$283,404</b>	<b>\$321,201</b>

\*All amounts rounded to nearest dollar by CN Program analyst

Providence also provided the projected balance sheets and cash flow pro forma for year 2019 through 2022, shown in the tables below. [Source: Application Exhibit 18]

***Applicant's Table***

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Cash flows from Operating Activities:</b>				
Net Income (Loss) from Operations	1,836,555	2,498,763	2,967,833	3,359,418
<b>Adjustments to Reconcile Net Income to Cash Provided by Operations:</b>				
Depreciation and Amortization	9,368	9,368	9,368	9,368
Change in Accounts Receivable	(365,863)	(171,030)	(186,607)	(145,613)
Change in Accounts Payable & Accrued Expenses	5,720	13,748	21,499	16,835
Change in Accrued Payroll & Related Liabilities	4,361	8,129	19,082	14,809
Change in Interaffiliate Payable	(1,490,141)	(1,391,837)	-	-
<b>Total Adjustments</b>	<b>(1,836,555)</b>	<b>(1,531,623)</b>	<b>(136,659)</b>	<b>(104,601)</b>
<b>Net Cash Provided by Operations</b>	<b>-</b>	<b>967,140</b>	<b>2,831,174</b>	<b>3,254,817</b>
Cash Flows from Investing Activities:	-	-	-	-
Cash Flows from Financing Activities:	-	-	-	-
<b>Net Increase (Decrease) in Cash</b>	<b>-</b>	<b>967,140</b>	<b>2,831,174</b>	<b>3,254,817</b>
<b>Cash Balance at Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>967,140</b>	<b>3,798,314</b>
<b>Cash Balance at End of Year</b>	<b>-</b>	<b>967,140</b>	<b>3,798,314</b>	<b>7,053,131</b>

Source: Providence Hospice

**Public Comment**

None

**Rebuttal Comment**

None

**Department's Evaluation**

**Utilization Assumptions**

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Providence based its projected utilization of the hospice agency on the results of the need methodology for Clark County and the experience from operating their Oregon agency that serves parts of Southwest Washington State.

The department concludes that Providence's utilization assumptions are reasonable.

### Pro Forma Financial Statements

The applicant provided pro forma financial statements, including the Revenue and Expense Statements, Balance Sheets, and Cash Flow Statements, that allowed the department to evaluate the financial viability of the proposed hospice agency.

Providence based the revenue and expenses for its hospice agency on the assumptions referenced above. The hospice agency's revenues are projected to cover expenses in all three complete years of the projection period, though it projected to operate at approximately a \$5,700 loss in the first year.

The hospice agency would be located at a new site in Portland, where they relocated in early 2019. Providence provided a copy of the title to the site, which is already owned by Providence. Providence also provided an internal rent expense allocation document meant to show how costs for the space are allocated, and provided revised pro forma to show how the Clark operation would be billed for the space. Though the rent escalation percentage is not explicitly outlined in the document, the assumption provided by Providence is not unreasonable.

Providence provided a job description for the Medical Director, Dr. Ruth Medak, MD. She is currently the medical director for the Oregon operations and would also provide these services for the Clark operations. The medical director job description identified the roles and responsibilities of both the hospice and medical director, and the projected revenue and expense statements identify all costs associated employed staff. [Source: Application pdf16, Exhibit 17]

Based on the information reviewed in the application, the department concludes the immediate and long-range operating costs of this project can be met. **This sub-criterion is met.**

### Seasons Hospice

The Seasons Hospice agency is not currently operational. If approved, it will be operated as one of many Seasons Hospice agencies throughout the nation. Seasons Hospice provided data showing the rates by diagnosis for patients using hospice services from the World Health Organization. With that information and the projected need in the planning area, Season's provided a 5-step method that produced the following breakdown of their projected their ADC for the first three full years of operation. [Source: Application, Exhibit 8; Season's Screening Responses Exhibit 9 & 11]

The applicant provided the following explanation of the steps and assumptions used:

*"The WHO (World Health Organization) age-adjusted death rates per 100,000 persons (found in **Exhibit** , pages 166 to 175) for each of the top ten causes of death appropriate for hospice care are applied to the Clark County population for each of the three years. The population comes from the state's methodology from those aged 0 to 64 years on page 4, and 65 years and older on page 5, and is added together for each of the three years.*

*For each cause of death for each year, the corresponding rate is multiplied by the population that is divided by 100,000. The resulting estimate for each of the terminal conditions is summed for each year yielding a total respectively of 2,590, 2,641, and 2,693. This methodology generates a lower estimate of deaths than does the state's methodology because it uses just the top ten causes of death. However, this methodology validates the state's forecast in that defines a subset of expected deaths that would qualify for hospice care at end of life.*

**Step 2.** From Step 1, the percent of the total that the estimated numbers of deaths generates the percentage distribution for each of the ten causes of death and for each year among the top ten causes of death. From the state's methodology, the unmet need for each year respectively of 98, 183 and 267, is distributed among the top ten causes of death. (The methodology uses the top ten causes of death to benchmark all deaths into the ten top causes as a proxy that provides a basis for determining length of stay, a reflection of intensity of care.)

The result distributes the state's forecasted caseload among the top ten causes of death, and reflects the assumed patient days using a length of stay of 60.86, generating the state methodology's average daily census. (That method multiplies the unmet need by the weighted length of stay to generate patient days, and dividing the days by 365 yields the expected average daily census.)

**Step 3. Page 263.** In this step, the state's methodology shows three years of potential volume from pages 4 and 5, with page 4 showing the potential volume for persons aged 0 to 64, and page 5, showing the potential volume for persons aged 65 years of age and older. Adding the two age cohorts for each year yields respectively potential hospice volumes of 1,979, 2,064, and 2,148.

Seasons Clark County's hospice program is expected to capture a percentage of the potential volume in its program. Therefore, the market share or capture rate is an assumed percentage that represents a reasonable expectation of future caseloads.

**In Step 3, page 263,** Seasons Clark County's respective market shares are **4.6%, 8.0%, and 10.7%** of the potential volume from the state's methodology for each of the three years. The result produces respectively estimates of 92, 165 and 230 admissions in each of the three years.

These assumed market shares reflect a reasonable expectation of Seasons Clark County's caseloads.

To underscore the reasonableness of the Seasons Clark County's market share, the experience of affiliates in the State of Florida provides a good benchmark. Florida also has a certificate of need program that regulates hospice development. Three affiliates of Seasons Hospice & Palliative Care, applied for and received certificates of need. Their first two years' experience in capturing the potential volume appears in the table below.

***Applicant's Table***

<b>Seasons Florida Market Share Start-Ups</b>				
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 1</b>	<b>Year 2</b>
<b>Start Up Programs in Florida</b>	<b>Admits</b>	<b>Admits</b>	<b>Area Admits</b>	<b>Area Admits</b>
Seasons Pinellas	164	na	5,355	na
Seasons Hillsborough (six months year 2)	252	212	6,587	3,215
Seasons Broward (six months year 2)	838	833	10,125	10,119
<b>Seasons Total</b>	<b>1,254</b>	<b>1,045</b>	<b>22,067</b>	<b>13,334</b>
<b>Market Share</b>				
<b>Start Up Programs in Florida</b>	<b>Year 1</b>	<b>Year 2</b>		
	<b>Admits</b>	<b>Admits</b>		
Seasons Pinellas	3.1%	na		
Seasons Hillsborough (six months year 2)	3.8%	6.6%		
Seasons Broward (six months year 2)	8.3%	8.2%		
<b>Seasons Total</b>	<b>5.7%</b>	<b>7.8%</b>		

The experience of opening hospice programs in a similarly regulated state shows a market share on the average of 5.7% in the first year, moving upwards to 7.8% in the second year. This experience underscores the reasonableness of the market shares assumed for Seasons Clark County's proposed hospice program.

**Step 4, page 263.** In this step, the distribution occurs of the caseloads in each respective year of 92, 165 and 230 admissions in Seasons Clark County's program using the proportion of the total associated with each cause of death calculated in Step 2. For example, the proportion of the total cases for cancer estimated is 34%, and so on for the remaining causes of death.

Thus, 34% of the caseload of 92 in year 1, 165 in year two, and 230 in year 3 could be expected to be cancer, which produces as shown in the table respectively, 31, 56 and 78 cancer admissions in each of the three years. The method continues using the percentages of the distribution of cause of death from Step 2 to gauge an estimate of types of patients expected. At the bottom of the table in Step 4 appears hospice length of stay based on disease type. The lengths of stay come from the publication, **Facts and Figures Hospice Care in America, National Hospice and Palliative Care Organization, 2017 edition, Table 7. Days of Care by Principal Diagnosis, page 5.** This document appears in the application in **Exhibit 8**, beginning on Bate-stamped pages 265 through 275, following the presentation of the steps.

The average length of stay for each of the major categories reflect the intensity of service. For Seasons Clark County's caseload, the following lengths of stay from the publication identified above provide the length of stay used to generate the forecast of patient days.

**Applicant's Table**

TABLE 7. DAYS OF CARE BY PRINCIPAL DIAGNOSIS*		
Principal Diagnosis	Mean # Days of Care	Median # Days of Care
Cancer	46 days	19 days
Cardiac and Circulatory	79 days	30 days
Dementia	104 days	54 days
Respiratory	71 days	21 days
Stroke	77 days	22 days
Other	62 days	16 days
*These values are computed using only days of care that occurred in 2016. Days of care have been combined for patients who had multiple episodes of care in 2016. Days of care occurring in other years are not included.		

**Step 5, page 264.** The final step gauges a reasonable caseload for the new hospice program that reflects the Clark County experience, and generates patient days and the corresponding average daily census. For example, in Step 4, in year 3 for the new hospice is 78 cases. From the table above (that is reproduced in Step 4 at the bottom of the table), the length of stay expected is 46 days.



*The table in Step 5 shows the corresponding patient days using the published average length of stay from the table above applied to the forecasted cases appearing in Step 4 for the new hospice program. The result generates patient days by disease category for each year. The result after summing across each disease category within each year produces a forecast respectively of 6,179, 11,048, and 15,402 across the three year period. The patient days for each year is then divided by 365 to calculate the average daily census. Those results yield 17, 30 and 42 persons per day for each of the first three years expected in the hospice program for Seasons Clark County.*

*Thus, the forecast reflects a reasonable expectation of the mix of patients and caseloads for the first three years of operations based on the state's methodology. Using age-adjusted rates of death and benchmarking volume to the top ten causes of death for residents of Clark County, the result produces a profile of a successful hospice program. ” [source; Screening Response pdf24-27]*

Seasons Hospice also projected the number of admissions (unduplicated patients), patient’s days, and average daily census for the proposed Clark County hospice agency. The applicant assumed the ability to capture the majority of the unmet need for the planning area, resulting in holding a 12.4% market share in year 3. [Source: Seasons Application pdf53, 263-264]

**Department’s Table 7**  
**Seasons Hospice Projected Utilization Years 2020 through 2022**

	<b>2020</b>	<b>2021</b>	<b>2022</b>
Unduplicated Patients	92	165	230
Average Length of Stay	67	67	67
Patient Days	6,179	11,048	15,402
Average Daily Census	17	30	42

The assumptions used by Seasons Hospice to project revenue, expenses, and net income for the hospice agency for projection years 2020 through 2022 are below. [Source: Season’s Screening Responses, pdf34-35]

***“Projected Net Revenues by payer are projected as follow:***

- *Medicare and Medicare Managed Care: Medicare Rates are based on the most recent published rates for Clark County Washington. It is assumed that Medicare Managed Care groups will realize an average 5 percent discount to the standard Medicare Rates.*
- *Medicare and Medicaid will realize a 10 percent reduction relative to the published Medicare rates.*
- *Commercial Insurance: Commercial payers are expected to obtain a 5 percent discount relative to patient charges.*
- *Charity Care: Services for Charity care patients will be provided at no cost.*
- *Private Pay: Private pay patients will be billed at charges. The Applicant expects that 80 percent of private pay patients will be written off to bad debts.*

***EXPENSES***

***Salary and Benefits:***

*Seasons Health Care Management, Inc., the management company for Seasons Clark County, uses algorithms to determine appropriate levels of staffing by skill level at various census levels. The staffing levels and salary rates by FTE shown in the application are based upon these algorithms to the forecast of patient days developed for this application. Salary levels reflect the wages paid*

affiliates' operating hospice programs. Payroll taxes assume an equal 6.5 percent of salaries and that other benefits will equal 15 percent of salary expense. These percentages reflect the experience of affiliates. Expenses associated with salary and benefits are shown on the lines Employee Benefits, Payroll Taxes and Salaries and Wages.

**Non-Salary Costs:**

*Interest:* There is no long- or short-term debt to be issued in connection with this project.

**Depreciation:** Depreciation Expense is forecast on the basis of the depreciable assets to be acquired in connection with the project depreciated on a straight-line basis. Schedules of useful lives are provided by Northwestern University.

**Lease Expense:** The Lease expense is composed of two elements. The base rent begins at \$27.50 per square foot in calendar year 2019 and will increase by 3.0 percent per annum in each succeeding year. In addition to the base rent, an additional \$5.59 per square foot will be charged in 2019 to cover utilities and waste management costs. This amount will also be increased by 3.0 percent per annum. Because the proforma projections are for time periods that straddle calendar years, the rental rates and the utility and waste management rates are apportioned between the two years that are included in each projection period.

**Other Non-Salary Costs:** Other non-salary costs are based on the experience of Seasons Hospice and Palliative Care of Oregon for 2017.

Certain costs such as patient supplies, durable Medical equipment (DME) and drugs are converted to per diem expenses and forecast on the basis of the patient days forecast for the proposed project.

Allocated costs are treated as a variable per diem.

Other expenses such as marketing and telecommunications are treated as fixed costs and do not vary with patient volume.

Purchased Services is an important line item. This expense refers to payments made by the hospice to hospitals or nursing homes with which the hospice will partner to provide general inpatient care. It is assumed that the hospice will pay these partners fees equal to 85 percent of GIP charges for their services.

**Department's Table 8  
Seasons Hospice Payer Mix**

<b>Payor</b>	<b>Percent</b>
Medicare	27.3%
Medicare Managed Care	63.7%
Medicaid	1.0%
Health Options (BHP)	2.0%
Charity Care	1.0%
Private Pay	1.5%
Third Party Insurance	3.0%
Other (Campus, VA)	0.5%
<b>Total</b>	<b>100%</b>

As stated above, to complete its projected financial statements for this project, Seasons Hospice provided the proposed hospice agency's projected revenue, expenses, and net income. [Source: Season's Application, pdf285, screening response pdf30-31]

**Department's Table 9**  
**Seasons Hospice Revenue and Expense Projections**

	2020	2021	2022
Total Revenue	\$1,265,664	\$2,262,997	\$3,154,841
Total Expenses	\$1,750,938	\$2,390,149	\$2,816,510
<b>Net Profit / (Loss)</b>	<b>(\$485,274)</b>	<b>(\$127,152)</b>	<b>\$338,330</b>

Seasons Hospice also provided the projected balance sheets and cash flow for the proposed Clark County hospice agency. The summary is shown in the following table.

***Applicant's Table***  
**Seasons Clark County Balance Sheet and Cash Flows**

12 Month Period ending:					
Balance Sheet	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
<b>Current Assets</b>					
Cash	\$1,100,000	\$885,003	\$307,648	\$64,581	\$286,777
Accounts Receivable	\$-----	\$-----	\$207,135	\$370,356	\$516,313
<b>Total Current Assets</b>	<b>\$1,100,000</b>	<b>\$885,003</b>	<b>\$514,784</b>	<b>\$434,938</b>	<b>\$803,090</b>
<b>Long Term Assets</b>					
Land					
Buildings					
Equipment		\$56,933	\$56,933	\$56,933	\$56,933
<b>Total</b>	<b>\$-----</b>	<b>\$56,933</b>	<b>\$56,933</b>	<b>\$56,933</b>	<b>\$56,933</b>
Less Accumulated Depreciation		\$5,472	\$12,767	\$20,063	\$27,358
<b>Net Long Term Assets</b>	<b>\$-----</b>	<b>\$51,462</b>	<b>\$44,166</b>	<b>\$36,871</b>	<b>\$29,575</b>
<b>Total Assets</b>	<b>\$1,100,000</b>	<b>\$936,465</b>	<b>\$558,950</b>	<b>\$471,808</b>	<b>\$832,665</b>
<b>Liabilities and Equity</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$-----	\$168	\$20,506	\$26,902	\$32,621
Salaries Payable	\$-----	\$8,742	\$96,162	\$129,777	\$146,585
Current Portion of Long-Term Debt	\$-----				
<b>Total Current Liabilities</b>	<b>\$-----</b>	<b>\$8,910</b>	<b>\$116,669</b>	<b>\$156,679</b>	<b>\$179,206</b>
<b>Long Term Debt</b>	<b>\$-----</b>	<b>\$-----</b>	<b>\$-----</b>	<b>\$-----</b>	<b>\$-----</b>
<b>Equity</b>	<b>\$1,100,000</b>	<b>\$927,555</b>	<b>\$442,281</b>	<b>\$315,129</b>	<b>\$653,460</b>
<b>STATEMENT OF CASH FLOWS</b>					
Net Income		-\$172,445	-\$485,274	-\$127,152	\$338,330
Less Depreciation		\$5,472	\$7,296	\$7,296	\$7,296
Decrease (Increase) in Current Assets		\$-----	-\$207,135	-\$163,221	-\$145,957
Increase (Decrease) in Current Liabilities		\$8,910	\$107,758	\$40,010	\$22,527
Net Cash Flows from Operations	\$-----	-\$158,063	-\$577,355	-\$243,067	\$222,196
Purchase of Property, Plant and Equipment		-\$56,933	\$-----	\$-----	\$-----
Payment of Long-Term Debt					
Net Cash Flows from Investing	\$-----	-\$56,933	\$-----	\$-----	\$-----
Contribution of Capital	\$1,100,000				
<b>Beginning Cash</b>	<b>\$-----</b>	<b>\$1,100,000</b>	<b>\$885,003</b>	<b>\$307,648</b>	<b>\$64,581</b>
<b>Ending Cash</b>	<b>\$1,100,000</b>	<b>\$885,003</b>	<b>\$307,648</b>	<b>\$64,581</b>	<b>\$286,777</b>



## Public Comment

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care

*As noted above, a key component in the Department's evaluation of the financial feasibility of a project is the overall reliability of the applicant and of the organization of which the applicant is a part, or with which it is affiliated. Thus, if there are questions about the nature of the relationship between an applicant and other related organizations, this may in turn raise questions about the financial feasibility of the project. This is the case with the Seasons application.*

*"The Seasons Hospice group" is a nationwide hospice organization that has "29 existing hospice program affiliates throughout the United States." It appears that each of the "hospice program affiliates" is operated as a separate "single purpose entity." Hence, the applicant in this case is Seasons Hospice & Palliative Care of Clark County, LLC ("Seasons Clark"), which is "a single purpose limited liability company formed for the purpose of providing a hospice program in Clark County, Washington."*

*"The Seasons Hospice group" employs a holding company organizational structure. Therefore, Seasons Clark (like all of the other "hospice program affiliates") is in turn owned by a holding company. Seasons Clark's holding company is Seasons Hospice & Palliative Care of Clark County Holding, Inc. ("Seasons Clark Holding"), "which owns 100% of the stock" of Seasons Clark. Seasons Clark Holding is authorized to issue stock. To our knowledge, no information has been provided as to who owns the stock of Seasons Clark Holding.*

*The application states: "Seasons Clark County adds another program to the family-owned and operated hospice." To our knowledge, the identity of the owning family has not been provided in the application or in any of the other materials submitted during the application review process.*

*A key entity in "the Seasons Hospice group" is Seasons Healthcare Management, Inc. ("Seasons Management"), which "provides funding for development and back office functions for affiliates of Seasons Hospice & Palliative Care." In response to a Department screening question, Seasons Clark stated that Seasons Management is not the "parent company" of Seasons Clark, and "is a management company and does not own any hospice agencies." However, Seasons Management appears at the top of the "Seasons Hospice & Palliative Care Organizational Chart" contained in the application, with no entities above it on the chart.*

*Accordingly, there are significant unanswered questions about (1) the organizational structure of "the Seasons Hospice group" and (2) who its owners are. First, Seasons Clark is owned by Seasons Clark Holding, the owners of which are unknown. Second, according to the screening responses, Seasons Management is not the "parent company" of either Seasons Clark or Seasons Clark Holding; yet, why does it appear at the top of the organizational chart? Third, as is the case with Seasons Clark Holding, the owners of Seasons Management are unknown. Fourth, it appears that "the Seasons Hospice group" is a closely-held entity which is "family-owned." However, to our knowledge, no information has been provided regarding (1) the legal form of organization of the "group" or (2) the identity of its owners.*

*In view of all these unanswered questions, the Department cannot perform a well-informed evaluation of the financial feasibility of the Seasons Clark project, and cannot conclude that the application satisfies the financial feasibility review criteria. There are simply too many informational gaps.*

*Regarding the charity care projections in Seasons' pro forma financial statement, the Department requested Seasons to remove charity care as a revenue source, since it should be considered a deduction from revenue. In fact, in its CN application, Seasons identified Charity Care as a payer, which is also incorrect. In response to the Department's request to correct this error, Seasons did not do so, but instead stated: "Charity care cannot appear solely as a revenue deduction. There must also be a revenue account against which to make the deduction." This is not accurate: charity care is a deduction from revenue. A recipient of charity care could be any patient who has insurance or who is uninsured (self-pay) and who meets financial indigency criteria.*

*Seasons' payment to its medical director is listed as \$5,000 per year, based on the medical director agreement, but there is another \$50,000 per year that will be paid to the medical director for "Physician-Team Support services." To our knowledge, there is no detailed explanation of what "Physician-Team Support services" consist of, and there is no discussion of them in the medical director agreement, or elsewhere in the screening responses. Further, because all physician costs are included in wage and salary expenses, they cannot be tracked and verified.*

*We question whether Seasons can bill and collect medical director professional fees. The medical director is a contract employee, and, to our knowledge, there is no provision in the medical director agreement for this.*

*The revised balance sheet provided by Seasons Clark in its screening responses raises questions: it shows a \$1.1 million "Contribution of Capital," and the Statement of Cash Flows shows no repayment. The \$1.1 million will apparently be provided by Seasons Management: the financing availability letter provided in the application states that Seasons Management "will fund the entirety of the proposed Clark County hospice program," with "no defined terms of repayment and no interest expense." Accordingly, the representations in the application that Seasons Clark is an independent "stand alone entity" and that Seasons Management is merely a management company are questionable. Why would a management company provide \$1.1 million to finance the establishment of a new hospice program with "no defined terms of repayment and no interest expense"? As discussed above, "the Seasons Hospice group" appears to be a closely-held organization with a network of interrelated entities that operate in a coordinated fashion. A balance sheet item such as this \$1.1 million capital contribution with no interest and no terms of repayment demonstrates the substantial informational gaps that exist with respect to the ownership and organizational structure and the operations of "the Seasons Hospice group."*

#### Rebuttal Comment

Seasons Hospice provided the following rebuttal:

*"The comments regarding the entity's structure and purported misdirection reflect on the commentator's lack of knowledge regarding corporate law and the guidelines for **Generally Accepted Accounting Principles**. Hence, the comments lack a basis for rendering legal and financial opinions. They must be disregarded as without merit."*

## **Department's Evaluation**

### **Pro Forma Financial Statements**

The applicant provided pro forma financial statements, including the Revenue and Expense Statements, Balance Sheets, and Cash Flow Statements, that allowed the department to evaluate the financial viability of the proposed hospice agency alone.

Season's based the revenue and expenses for its hospice agency on the assumptions referenced above. The hospice agency's revenues are projected to cover expenses in year three (2022).

Comments regarding parts of the services agreement and Pro-Forma were reviewed. The costs of the project and related start-up costs were supported through a letter from the Season's CFO addressed above as well as confirmation from the managing director of commercial loans at CIBC Bank.

The costs associated with the services agreement with Season's Healthcare Management identifies a fee of 1% of gross revenues. A review of the Pro-Forma, as referenced in comment, does provide an allocated costs line for an amount that would satisfy this obligation. [source: Screening Responses pdf30-31]

Seasons Hospice provided a signed medical director agreement with Dr. Christopher Morris for its prospective medical director. The medical director agreement identified the roles and responsibilities of both the hospice and proposed medical director, and the projected revenue and expense statements do include the costs associated with the position. The agreement Dr. Morris signed outlines an annual compensation of \$5,000 annually for approximately 1 hour of services a week; for an approximate rate of \$96 per hour. This cost is accounted for in the applicant's expense projections, but are not held in a separate line item as requested by the department. Seasons noted that the medical director costs were included in overall salaries and wages. What is unclear, as Providence points out, is who would comprise the referenced physician team. Also problematic – the FTE table provided by Seasons counts the Medical Director duties as 1.2 FTEs which directly contradicts the number of hours presented in the medical director agreement. [Source: Season's Application, p146, Screening Responses pdf30-31]

Topics raised during public comment for this application, and not addressed above, include ambiguity surrounding the organizational structure of Seasons Hospice and how this impacts the overall financial picture of this project, as well as charity care being included as a revenue source rather than just a deduction. Because Season's did not provide rebuttal comments to specifically address the concerns raised, there is no available information with which the department can confirm that the financial information provided accurately projects the expenses presented by the applicant. Though the department does not award merit to an argument that a for-profit provider should not be approved in favor of a non-profit provider, Providence's comments identify significant gaps in how the organization of Seasons Hospice was presented to the department, and these cannot be reconciled using the information solely found in the application, screening response, or rebuttal. Furthermore, the way charity care is presented as a revenue source overstates the revenue expected by Seasons and minimizes the impact of charity care on the overall operation.

Given the department did not receive any rebuttal comments to address some of the issues regarding their organization and how this implicates financial feasibility for the proposed hospice agency, the department has only the information provided in the initial application and screening responses for consideration under this sub-criterion. Based on the information available, the department cannot

determine that the immediate and long-range operating costs of Seasons Hospice can be met. **This sub-criterion is not met.**

### **Heart of Hospice**

Heart of Hospice operates in the states of Oregon and Washington. For Washington State, Heart of Hospice provided Medicare and Medicaid hospice services to the residents of Klickitat and Skamania counties through its hospice agency located in Hood River, Oregon. This proposed Clark County operations will operate as a branch office of the Hood River facility out of their Gresham, Oregon office.

Heart of Hospice provided the assumptions used to determine the projected number of patients and visits for the proposed Clark County hospice operations. The assumptions are restated below. [source: Application, p22; Screening Responses, p3]

*“Step 1 Income is divided by patient days = Income Per Patient Day (IPPD)  
 Step 2 Income Per Patient Day is multiplied by Forecasted Patient Days = Yearly Income  
 Step 3 Expense is divided by patient days = Expense Per Patient Day (EPPD)  
 Step 4 Expense Per Patient Day is multiplied by Forecasted Patient Days = Yearly Expense  
 Step 5 Profit is Yearly Income- Yearly Expense = NET INCOME”*

As well as:

- *Heart of Hospice was advised by the department that we are able to use the Need Methodology and we are to state our assumptions*
- *Heart of Hospice is making the assumptions based on experience in providing hospice in the State of Washington. The numbers we have used to forecast use rate, market share, intensity of service and all other data is based on our experience in Hospice.*
- *Heart of Hospice has forecasted using the Department of Health's Certificate of Need Program Numeric Methodology outlined in WAC (246-310-290) providing hospice and also using the Methodology assumptions that the state has provided.*
- *Heart of Hospice has combined both the States Data and our Actually [sic] data throughout this application.*

Based on the assumptions above, Heart of Hospice provided the following projections for utilization of the hospice agency. [source: Heart of Hospice Application, pdf15]

**Department's Table 10  
Heart of Hospice Projected Utilization**

	<b>Partial Year 2019*</b>	<b>Year 1 – 2020</b>	<b>Year 2 – 2021</b>	<b>Year 3 – 2022</b>
Admissions	90	121	200	300
Total Days	900	7,300	12,000	18,000
Average Length of Stay	60	60	60	60
Average Daily Census	10**	20	41	49

*\*Partial year (data is dependent on date CN is granted).*

*Assumption: ALOS of 60 days as used by Washington state for Need Methodology.*

*Assumption: Total # of Patient Days and ADC is based on Heart of Hospice Experience in current counties.*

*\*\*Average Daily Census is calculated on 90 days not full year*

If this project is approved, the new hospice agency would be operated under Heart of Hospice's agency located in Hood River, Oregon. In addition to this application submitted for Clark County, Heart of Hospice submitted an application under this 2018 hospice review cycle for Thurston and Snohomish counties. To assist in this evaluation, the applicant provided a pro forma financial statements for the Clark County hospice agency alone and Heart of Hospice as a whole, which incorporates the existing Hood River Oregon agency. Heart of Hospice also provided statements for both Snohomish and Thurston county services that could be incorporated into the statements if necessary. The pro forma statements to be reviewed below are:

- Projected Utilization of Heart of Hospice and Clark, Thurston, and Snohomish county services;
- Pro forma Operating Statement Clark County only;
- Pro forma Operating Statement combining Heart of Hospice and Clark, Thurston, and Snohomish county services;
- Pro forma Balance Sheet for Clark County only; and
- Pro forma Balance Sheet combining Heart of Hospice and Clark, Thurston, and Snohomish county services.

The table below shows the projected utilization for Heart of Hospice, plus its Clark, Thurston, and Snohomish county services for years 2019 through 2022. [source: Heart of Hospice Screening Responses, Excel Attachment]

**Department's Table 11**  
**Heart of Hospice Projected Utilization with Current Operations and**  
**Clark, Snohomish and Thurston Counties**

	<b>Partial 2019</b>	<b>Year Year 1 – 2020</b>	<b>Year 2 – 2021</b>	<b>Year 3 – 2022</b>
Admissions	464	1,083	1,283	1,467
Total Days	27,800	60,300	74,000	88,000
Average Length of Stay	60.0	60.0	60.0	60.0
Average Daily Census	99.6	165.2	202.7	241.1

Heart of Hospice also provided its assumptions used to project the pro forma statements referenced above. [source: Application pdf22-23Screening Responses, pp4]

*We did not include this startup cost as Heart of Hospice already has the cost associated with our current operations. The lease and medical director contracts are part of our current hospice operations and the cost will not be shared with the CN until we are up and operating.*

*1. Gross Revenue based on a blended average of Medicare, Medicaid, and Private 3rd Party Insurance reimbursement of \$183.08 is from our current operation numbers and reimbursement for 2018.*

*2. The "Total Expense" line item includes salaries and wages & benefits, lease costs. As shown above, Heart of Hospice anticipates Certificate of Need approval will contribute to profitability over time, as services are able to expand.*

*3. A 5% reduction from Gross Revenue is assumed for billing adjustments and contractual adjustments.*

*4. Depreciation at \$20,000 in 2019 and amort of license fee over 15 years with 6 months in 2019*

5. Payroll taxes, benefits, salaries, mileage, and employee related expense are directly tied to Employee Expense.
6. No debt therefore no interest expense
7. Medical Expense includes: Medical Supplies, Pharmacy, Durable Medical Equipment (DME), Laboratory, GIP Room and Board, and Respite Care are based upon are actual numbers for 2018. While these costs normally decrease with volume, in an effort to be conservative, we have held them flat. Medical supplies, drugs and DME are based upon a review of over 100 Hospice 990 IRS reports, other CN Application, and our history. They are approximately \$18 per day per patient.
8. Management fee at \$10,000/ month once cash flow positive - starts in Jan 2020. These fees cover back office support.
9. Medical Director: Estimate 2019 to be 1/2 of the total payments of future year expense.
10. Professional Fees: Estimate 2019 to be 1/2 of the total payments of future year expense.
11. Equipment Fees: Estimate 2019 to be 1/2 of the total payments of future year expense.
12. Insurance Fees: Estimate 2019 to be 1/4 of the total payments of future year expense.
13. Taxes: Estimate 2019 to be 1/2 of the total payments of future year expense.
14. Occupancy Expenses: \$2,500.00 a month will be allocated starting in July 2019. This office is already part of the Heart of Hospice so expenses are being shared.
15. Charitable Care includes: All care being provided without reimbursement.
16. Heart of Hospice Foundation is a non-profit Foundation whom Heart of Hospice supports. The amount provided is discretionary and can increase or decrease as necessary for Heart of Hospice to remain financially viable. The amount shown is the budgeted level of support.
17. The financials assume that Heart of Hospice can leverage its current Oregon and Washington infrastructure and costs to also support service in Clark County, with limited growth in administrative cost and fixed overhead as the Average Daily Census increases.

Below is a summary of the projected Revenue and Expense Statement for the Clark County hospice agency. [source: Heart of Hospice Screening Responses, Excel File]

**Department's Table 12**  
**Heart of Hospice Clark County Agency**

	<b>CY 2019</b>	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>
Net Revenue	\$156,440.92	\$1,268,909.69	\$2,085,878.94	\$3,128,818.41
Total Expenses	\$163,625.64	\$919,698.22	\$1,553,300.26	\$2,208,962.44
<b>Net Profit / (Loss)</b>	<b>\$(7,184.72)</b>	<b>\$349,211.47</b>	<b>\$532,578.68</b>	<b>\$919,855.97</b>

Heart of Hospice also provided the projected balance sheets for the proposed Clark County hospice agency for year 2019 through 2022. Years 2020 through 2022 is shown in the tables below. [March 28, 2019, Screening Responses, Excel File]

**Department's Table 13**  
**Heart of Hospice Clark County Hospice Agency**  
**Balance Sheet for Projected Year 2020 through 2022**

<b>Balance Sheet</b>	<b>12/31/2019</b>	<b>12/31/2020</b>	<b>12/31/2021</b>	<b>12/31/2022</b>
Cash	46,580	397,256	931,299	1,852,619
Depreciable Cost	20,000	20,000	20,000	20,000
Depreciable A/D	(20,000)	(20,000)	(20,000)	(20,000)
Intangible Cost - Application fee	21,968	21,968	21,968	21,968
Intangible A/A	(732)	(2,197)	(3,661)	(5,126)
<b>Total Assets</b>	<b>67,815</b>	<b>417,027</b>	<b>949,605</b>	<b>1,869,461</b>
Capital Contributions	75,000	75,000	75,000	75,000
CY Income	(7,185)	349,211	532,579	919,856
Retained Earnings	0	(7,185)	342,027	874,605
<b>Total Liabilities &amp; Equity</b>	<b>67,815</b>	<b>417,027</b>	<b>949,605</b>	<b>1,869,461</b>
	-	-	-	-

In response to the department's request, Heart of Hospice also provided a consolidated Revenue and Expense Statements and Balance Sheets. [source: Heart of Hospice Screening Response, Excel Attachment]

**Department's Table 14**  
**Heart of Hospice Combined Statement**  
**Revenue and Expense Statement for Projected Years 2020 through 2022**

	<b>CY 2020</b>	<b>CY 2021</b>	<b>CY 2022</b>
Net Revenue	\$10,481,542	\$12,862,920	\$15,296,446
Total Expenses	\$7,779,526	\$9,401,432	\$10,936,149
<b>Net Profit / (Loss)</b>	<b>\$2,702,016</b>	<b>\$3,461,489</b>	<b>\$4,360,297</b>

Public Comment

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care  
*Heart of Hospice does not include any startup costs, even though the Department explicitly asked to do so. It is credible to claim there are no startup costs associated with a new hospice program. Heart of Hospice also projects an unreasonably high ADC of 49 and the Department should consider the adverse financial impact if the projected ADC is not realized.*

*Heart of Hospice also projects a high ADC figure of 49 in its third year of operations. Like Continuum, Heart of Hospice states that its utilization forecasts are based upon the hospice need methodology. It further states that it "has combined both the States [sic] Data and our Actually [sic] data throughout this application." Thus, Heart of Hospice's high ADC projection of 49 has the same two defects as Continuum's ADC projection: (1) it is incorrectly based on the hospice need methodology and (2) it is premised upon experience from other hospice agencies located in service areas that do not share the need requirements and market characteristics of Clark County. As with Continuum, this raises significant questions about the viability of the proposal.*

*It appears that Heart of Hospice may not have allocated all costs, including FTE costs, to the proposed Clark County hospice program from its existing hospice program. This is suggested by a*

*statement implying that the resources of the existing program will be used by the new program. If this is so, its financial projections may be incorrect and unreliable.*

*Heart of Hospice includes a "Management Fee" line item expense of \$10,000 per month in its financial projections. In response to a screening question from the Department, Heart of Hospice provided an "Intercompany Management Services Agreement" between Heart of Hospice and Inspiring Healthcare Resources, LLC ("IHR"). The Agreement does not state that the "Management Fee" will be a flat \$10,000 per month, as set forth in Heart of Hospice's financial projections. Instead, the Agreement contains the following provision: "[Heart of Hospice] shall pay IHR in respect of services rendered under this agreement as follows: A monthly service, consulting and management fee representing (i) [Heart of Hospice's] proportionate share (relative to all hospice programs for which IHR provides services) of the invoiced cost of Services provided by third parties to [Heart of Hospice] through IHR and (ii) [Heart of Hospice's] proportionate share (in proportion, according to size, to the other hospice programs for which IHR provides services) of the cost of staffing and operating IHR."*

*Accordingly, under the Agreement the monthly Management Fee will vary from month-to-month based upon the formula set forth in the provision quoted above. Thus, the \$10,000 monthly Management Fee set forth in Heart of Hospice's pro forma financial statement is not accurate and is, at best, simply an estimate: until the Agreement commences, the actual amount of the monthly Management Fee cannot be determined. Therefore, Heart of Hospice's financial projections are not reliable.*

*It is also important to note that the Agreement is not limited solely to management services provided by IHR. The payment provision quoted above states that the monthly payment is "a monthly service, consulting and management fee." The fee includes Heart of Hospice's "proportionate share ... of the invoiced cost of Services provided by third parties to [Heart of Hospice] through IHR." The exact nature of these third-party services is not identified in the Agreement. Accordingly, there will be an as yet undetermined amount of services provided by third parties that IHR will bill to Heart of Hospice on a monthly basis as part of the "Management Fee." These monthly amounts do not appear to be accounted for in Heart of Hospice's financial projections.*

*Heart of Hospice has not identified any start-up costs, despite being explicitly asked to do so by the Department in a screening question 72 Heart of Hospice simply stated: "We did not include this startup cost as Heart of Hospice already has the cost associated with our current operations. The lease and medical director contracts are part of our current hospice operations and the cost will not be shared with the CN until we are up and operating." It is not credible to assert that there are no start-up costs associated with the implementation of a new hospice program.*

*It is the Department's policy to require applicants who enter into a lease agreement to provide evidence of site control by the lessor. This evidence usually takes the form of a deed or a property tax statement identifying the owner of the leased property. To our knowledge, Heart of Hospice has not provided evidence of lessor site control. This makes its lease unreliable, and, in turn, calls into question the reliability of its projected lease expenses.*

*Heart of Hospice's projected charity care percentage of 5% of gross revenues in its third year of operation is extremely high. This casts further doubt on the reliability of Heart of Hospice's financial projections*



*Heart of Hospice projects a 29.4% operating margin in its third year of operations. This is the highest margin among the five applicants, and is likely not achievable, particularly given the financial model defects and the unreliability of its high patient growth assumptions*

#### Rebuttal Comment

The Heart of Hospice rebuttal responses are cited below.

*“The terms of HOH's Management Agreement allows for management fees to be charged on a flat-fee/non-fluctuating basis based on projections. It does not require management fees to fluctuate, contrary to Providence's assertions.*

*The amount of services provided by third parties that IHR will bill to Heart of Hospice on a monthly basis will be included in the projected \$10,000 per month. This is not projected to fluctuate.*

*Providence states that it is not credible that Heart of Hospice will not have any start-up costs, but fails to say why this is not credible. It is credible - it is fact: Heart of Hospice's Clark County operations will have no start-up costs, depending as they will, on existing operations and resources at the outset.*

*Providence states that the Department ought to have required Heart of Hospice to provide a deed or property tax statement identifying the owner of the leased property. We are confident that the Department would have specifically requested this information of Heart of Hospice, had it considered it necessary. As it stands, the lessor can easily be identified as the owner of the property from public tax information online. Providence objects that Heart of Hospice predicts providing up to 5% charity care in its third year; however, we would rather be conservative in this estimate so as to produce conservative revenue projections. We are dedicated - as all hospices are - to caring for the poor and the vulnerable, and also to furnishing charity care without restrictions to all qualifying patients, without regard to the existence of a payer source and further, without regard to the pharmacy costs associated with that patient's care. Therefore, we consider it prudent to allow for up to 5% in charitable care.*

*Providence suggests that Heart of Hospice's 29.4% operating margin is unreasonable, however, Heart of Hospice anticipates much, much lower management costs than Providence. Referring to the org charts set forth in both applications and also to the volume of corporate-level representation furnished by Providence at the public hearing, it is easy to see how Heart of Hospice's management structure would cost significantly less than Providences. Furthermore, Providence has clearly invested a huge amount in preparing the application for the Certificate of Need and critiquing other applications - Heart of Hospice has completed only the Department's actual requirements in submitting an application, and in doing so, has confined its expenditure to the minimum. Providence is unhappy about Heart of Hospice's bank balance. Again, however, Heart of Hospice cannot be compared to Providence. We are a small, family-owned business with a long track record of providing excellent hospice care very efficiently and on a debt-free basis. This bank balance is \$850,000- a very healthy balance for a debt free, efficiently-run company with a lean corporate suite, that has never failed to meet a financial obligation yet.*

*Providence questions the increase in Heart of Hospice's projected balance sheet line for cash between October 31, 2018 and 2019. This is easily explained by the projections Heart of Hospice*

*has made with respect to its planned growth in Thurston, Snohomish and Clark Counties. Upon being granted the Certificates of Need for those counties, Heart of Hospice plans to grow its balance sheet commensurate with projected growth in operations.”*

### **Department’s Evaluation**

#### **Utilization Assumptions**

An applicant’s utilization assumptions are the foundation for the financial review under this sub-criterion. Heart of Hospice based its projected utilization of the hospice agency on the numeric need methodology published by the department. The department concludes that Heart of Hospice’s utilization assumptions are reasonable.

#### **Pro Forma Financial Statements**

The applicant provided pro forma financial statements, including the Revenue and Expense Statements, Balance Sheets, and Cash Flow Statements, that allowed the department to evaluate the financial viability of the proposed hospice agency alone. Given that the agency would be operated under the parent corporation, Inspiring Hospice Partners of Oregon, LLC, the applicant also provided pro forma financial statements that show combined operations. Further, Heart of Hospice also submitted Certificate of Need applications for both Snohomish and Thurston counties in addition to this Clark County project. To ensure a thorough financial review of the applicant, the department requested Heart of Hospice to provide pro forma statements for the agency as a whole. These statements should rely on the assumption that all submitted applications under the 2018 review cycles are approved. Heart of Hospice complied with this request. This ‘all inclusive’ approach is consistent with projects that are operated under a parent agency or corporation.

Heart of Hospice based the revenue and expenses for its hospice agency on the assumptions referenced earlier. The hospice agency’s revenues do not cover expenses in year 2019. This is the agency’s start-up year and is not a full year of operation. The projected operating loss is approximately \$7,000. For full year one (2020) revenues are projected to cover expenses. The projected financial viability is continued through years two and three (2021 and 2022, respectively).

The hospice agency would be based out of their existing Gresham office. Heart of Hospice provided a copy of the executed lease agreement between HIP Gresham Station, LLC and itself as tenant. The agreement is for five years and identifies all costs associated with the lease. Further, Heart of Hospice provided a table showing the costs for each of the five years covered in the lease. The costs are identified in the pro forma Revenue and Expense Statement for years 2019 through 2022. As noted in rebuttal, the ownership is easy to verify using publically available information.

The applicant states that the medical director is an employee of the hospice agency, so no medical director agreement is necessary. Heart of Hospice provided a copy of the Medical Director job description that provides roles and responsibilities of both the agency and the physician. The costs for the medical director are included in the pro forma Revenue and Expense Statement using the assumptions referenced earlier.

In addition to the pro forma financial statements for the Clark County agency, Heart of Hospice provided a variety of combined statements. The combined statements were used to determine the current and projected financial health of this applicant, with and without this proposed project. Given the Heart of Hospice provided separate pro forma statements for each of its 2018 hospice applications

(Clark, Snohomish, and Thurston), the department was able to evaluate any combination of approvals for this applicant.

Based on the information reviewed in the application, the department concludes the immediate and long-range operating costs of this project can be met. **This sub-criterion is met.**

### **Continuum Clark**

Continuum was recently approved to operate a hospice agency in Snohomish County, and became licensed as of November 13, 2019. [Source: ILRS]

Continuum provided the assumptions used to determine the projected number of patients and visits for the proposed Clark County hospice agency. The assumptions are restated below. [Source: Screening Response, pdf6]

*The assumptions for admissions and median length of stay are as follows:*

#### *Median Length of Stay Assumption:*

*Based on current data, for Continuum's related agencies, the median length of stay is 20 days. Continuum selected the midpoint, 20 days, for its assumption for this application.*

#### *Admissions Assumption:*

*The admissions were based on the CN Program's hospice methodology (per WAC 246-310-290). Continuum believes that the assumptions we used in Clark County are conservative compared to our actual experience in the agencies noted above.*

Continuum provided assumptions related to the project's utilization forecast. [Source: Application, pdf15]

*"Continuum's assumptions are as follows:*

- The assumed admissions are based on a highly conservative assumption of what the Members of Continuum have experienced in opening other agencies.*
- ALOS: The 60.86-day ALOS was based on the Washington State average contained in the published hospice methodology.*
- Median LOS: the 20-day median LOS was based upon the Members of Continuum's actual experience in their other agencies."*

Continuum clarified "other agencies" as *"The other agencies referenced above are located in California and Rhode Island."* [Source: Screening response, pdf7]

Additionally, Continuum clarified assumptions related to the project's utilization forecast. [Source: Screening response, pdf8-9]

#### *Use Rate:*

*Continuum adopted the "use rate" assumptions as calculated in the CN Program's hospice methodology (per WAC 46-310-290).*

*Market Share:*

*Given the estimated unmet need in Clark County, combined with the small number of existing agencies, Continuum conservatively assumed our market share of incremental admissions to be 27% in 2020, increasing to nearly 70% by 2023. This calculation assumes that existing providers will continue to grow to meet the remaining incremental admission.*

*Intensity of Service:*

*While intensity has not been defined by the CN Program, we are responding two ways. First, related to the scope of our services. As detailed in the pro forma, we are providing routine, inpatient, general inpatient and continuous home care. We also propose to serve patients in nursing homes, assisted living, group homes and the homeless.*

***Applicant's Table***  
**Projected Patient Census for Clark County**

	<b>Actual Average 2015-2017 (Per DOH Survey)</b>	<b>2020 (6 months only)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total admissions per methodology	1,881	1,074	2,234	2,319	2,404
Incremental admissions over 2015-2017 Average	NA	133	353	438	523
Continuum Clark County Market Share from incremental admissions	NA	27%	51%	63%	69%
Continuum Clark Admissions	NA	36	180	276	360
Continuum Clark ALOS	NA	30.43	60.86	60.86	60.86
Continuum Clark Patient Days	NA	1,095	10,955	16,797	21,910
Continuum Clark ADC	NA	6.1	30.0	46.0	60.0
Continuum Clark Median LOS	NA	20	20	20	20

*Source: Applicant*

[Source: Screening Response, pdf8]

If this project is approved, Continuum would be operating a brand new Medicare and Medicaid certified agency to Washington State. The parent entity is currently Medicare and Medicaid certified to serve Snohomish County and in California. Below is a summary of each statement required to be provided by Continuum. [Source: Screening Response Exhibits 3, 10]

- Pro forma Operating Statement Clark County only;
- Pro forma Balance Sheet for Clark County only; and
- Pro forma Cash Flow Statement for Clark County only.

Because Continuum proposes a brand new hospice agency and was only recently approved to operate any healthcare services in Washington State, historical statements were not necessary.

Continuum provided the following assumptions used to project revenue, expenses, and net income for the Clark County agency for partial year 2019 and projection years 2020 through 2023. [Source: Application, Exhibit 8]

- *Contractual Adjustments: Approximately 5% of total revenue*
- *Charity/Indigent Care: 3% of total revenue*
- *Bad Debt: 2% of total revenue*
- *Salaries and Benefits: Based on FTE and staffing. Benefits are assumed to be 20% of salaries.*
- *Medical Director: Based on medical director contract (\$4,000/month)*
- *Contracted Services: For PT/OT/SP and dietician; assumed to be \$0.39/per patient day (PPD)*
- *Pharmacy: Assumed to be \$8.59/PPD*
- *DME: Assumed to be \$7.58/PPD*
- *Medical Supplies: Assumed to be \$2.11/PPD*
- *Other Direct Expenses: Assumed to be \$10.70 per patient per month (includes ambulance, chemotherapy, imaging, lab, radiation)*
- *General Inpatient Costs: GIP is 80% of the GIP rate, or \$670.62 PPD*
- *Inpatient Respite Costs: Pass thru cost*
- *5% room and board expense for Medicaid patients in nursing homes receiving routine care: 15% of total patient days will be eligible for room and board pass through for 2020, 20% for 2021, 25% for 2022 and 30% for 2023 will be room and board. Room and board rate assumed to be \$240.40 and is based on the 2019 Clark County average nursing home Medicaid rate. Assumes Medicaid reimburses 95% of the rate. Assume no increase in the rate*
- *Mileage: Assumed an average of 218.5 miles (per patient per month served at the current IRS rate of \$0.58/mile. Assume no increase in IRS rate*
- *Advertising: Assumed to be \$23.70 per patient per month*
- *Amortization: Capital cost amortization of \$105,500 for 15 years*
- *Bank Service Charges: Assumed to be \$0.09 per patient per month*
- *Payroll Services: Assumed to be \$6.07 per patient per month*
- *Background Screening: Assumed to be \$13.28 per patient per month*
- *Business licenses and permits: Assumed to be \$7.64 per patient per month*
- *Computer / Internet: Assumed to be \$12.92 per patient per month*
- *Dues/Subscriptions: Assumed to be \$7.64 per patient per month*
- *Insurance: Assumed to be \$73.37 per patient per month.*
- *Overhead allocation: In initial ½ year.15 FTE each for several key administrative staff (COO, Chief Compliance Officer, CFO, Triage) has been allocated. In Years 2-3, this is reduced to .08 FTE each. In addition, \$12,000 annually has been allocated for billing, except in first half year, assumed \$6,000.*
- *Operating Costs (lease): 3% increase per year*
- *Legal & Professional Services: Assumed to be \$12.38 per patient per month*
- *Office Expenses & Supplies: Assumed to be \$47.01 per patient per month*
- *Rent: Per lease agreement*
- *Repairs: Assumed to be \$2.06 per patient per month*
- *Software: Assumed to be approximately \$7k/month*
- *Taxes: Assumed to be \$20.83 per patient per month*
- *Phone: Assumed to be \$62.61 per patient per month*
- *Travel: Assumed to be \$12.38 per patient per month*
- *Uniforms: Assumed to be \$2.30 per patient per month*

Below is a summary of the projected revenue and expense statement for Continuum's Clark County proposed agency. [Source: Screening response, Attachment 10]

**Department's Table 15**  
**Continuum Clark County Hospice Agency**  
**Revenue and Expense Statement for Partial Year 2020 through 2023**

	<b>2020 (partial year)</b>	<b>CY 2021 (Year 1)</b>	<b>CY 2022 (Year 2)</b>	<b>CY 2023 (Year 3)</b>
Net Revenue	\$220,693	\$2,176,605	\$3,184,705	\$4,153,963
Total Expenses	\$599,147	\$2,130,316	\$2,899,792	\$3,701,628
<b>Net Profit / (Loss)</b>	<b>(\$378,454)</b>	<b>\$46,290</b>	<b>\$284,913</b>	<b>\$452,335</b>

Below is a three-year summary of the projected balance sheets for Continuum's Clark County proposed agency. [Source: Application, Exhibit 8]

**Department's Table 16**  
**Continuum Clark County Hospice Agency**  
**Balance Sheet for Partial Year 2020 through 2023**  
**Partial Year 2020**

<b>Assets</b>		<b>Liabilities</b>	
Current Assets	\$362,843	Current Liabilities	\$95,781
Property & Equipment	\$101,983	Long Term Liabilities	\$0
Other Assets	\$2,500	Equity	\$371,546
<b>Total Assets</b>	<b>\$467,326</b>	<b>Total Liabilities and Equity</b>	<b>\$467,326</b>

**Year 2020**

<b>Assets</b>		<b>Liabilities</b>	
Current Assets	\$543,303	Current Liabilities	\$226,433
Property & Equipment	\$98,467	Long Term Liabilities	\$0
Other Assets	\$2,500	Equity	\$417,835
<b>Total Assets</b>	<b>\$644,269</b>	<b>Total Liabilities and Equity</b>	<b>\$644,269</b>

**Year 2021**

<b>Assets</b>		<b>Liabilities</b>	
Current Assets	\$899,237	Current Liabilities	\$297,456
Property & Equipment	\$98,467	Long Term Liabilities	\$0
Other Assets	\$2,500	Equity	\$702,749
<b>Total Assets</b>	<b>\$1,000,204</b>	<b>Total Liabilities and Equity</b>	<b>\$1,000,204</b>

**Year 2022**

<b>Assets</b>		<b>Liabilities</b>	
Current Assets	\$1,424,238	Current Liabilities	\$370,121
Property & Equipment	\$98,467	Long Term Liabilities	\$0
Other Assets	\$2,500	Equity	\$1,155,083
<b>Total Assets</b>	<b>\$1,525,204</b>	<b>Total Liabilities and Equity</b>	<b>\$1,525,204</b>

As related to the combined balance sheets, Continuum had an additionally statement. [Source: Screening Response, pdf13]

*“As was discussed with CN Program staff on February 22, 2019, Continuum Clark, Continuum King, and Continuum Snohomish will be legally, operationally and financially separate agencies.*

*Therefore, combined revenue and expense statements are not relevant. However, as requested by CN Program staff, Continuum Care Hospice is providing an actual balance sheet for CY2018 for the related entity.*

*Certain overhead activities for the various Continuum affiliates including Continuum Clark are provided by the California entity Continuum Care Hospice, LLC. A portion of those overhead costs are allocated to each of the affiliated agencies, including Continuum Clark, as reflected in the “Overhead” line item in our financial pro formas.”*

#### Public Comment

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care  
*Continuum has very aggressive growth assumptions (60 ADC in its third year of operation) relative to the unmet ADC need projected according to the Department's need methodology (45 ADC in the year 2020). Continuum's projected ADC of 60 is much higher than the projected ADC of any other applicant. Consequently, the Department asked Continuum several screening questions regarding its utilization projections and assumptions. Despite its high projections, Continuum stated in response to the Department's screening question #5: "The admissions were based on the CN Program's hospice methodology (per WAC 246-310-290). Continuum believes that the assumptions we used in Clark County are conservative compared to our actual experience in the agencies noted above."*

*However, as noted above, the hospice need methodology shows a projected unmet ADC need of only 45 in 2020, not 60. It is highly unlikely that the unmet ADC need will rise to 60 in 2023 (Continuum's third year of operation). Moreover, Continuum's argument that its "actual experience" with its existing hospice agencies supports the high 60 ADC projection is not valid. Continuum operates only three other hospice agencies (two in California and one in Rhode Island) and has no operating experience in Washington." Thus, for example, the fact that one of Continuum's California agencies achieved "a third-year ADC in excess of 100" is of no relevance whatsoever: the need requirements and market characteristics of a California service area have nothing to do with Clark County. Finally, in response to the Department's screening question #7 on market share, Continuum stated that in its third year of operation (2023) it would have a market share of 69% of all "incremental admissions," which is extremely aggressive. This means the three existing hospice providers would grow very little to not at all, which is not realistic.*

*Accordingly, Continuum has failed to provide adequate support for its projected third year ADC of 60. Its projection is not supported by the hospice need methodology, and its limited "actual experience" with three out-of-state agencies (only one of which has operated for more than three years) is not relevant to Clark County. Hence, Continuum's reliance upon the 60 ADC projection raises significant questions about the viability of its proposal and, more specifically, the reliability of its financial projections.*

*The proforma balance sheet for the Continuum Clark County hospice program identifies what appears to be a one-time "Members' Contribution" of \$750,000 that appears to be significantly expended funding deficits through Year 1 and much of Year 2. However, without a cash flow statement, the Department cannot accurately determine cash flow requirements. 66 Thus, it is unclear if in fact the Contribution would be adequate, particularly given the aggressive growth assumptions, which may not be met in the start-up years. Continuum provides no explanation of the "Members' Contribution," nor is any information provided about the ultimate source of the \$750,000. This absence of information is of greater concern given that, as noted above, there is no cash flow statement provided. This increases the unreliability of Continuum's financial projections.*

*The December 31, 2018, balance sheet for Continuum Care Hospice, LLC, the parent organization, contains line items that raise questions about Continuum's affiliated organizations. Specifically, the "Equity" section of the balance sheet identifies negative "Member Equity" of over \$6.1 million for an entity known as "Affinity of Oak" and positive "Member Equity" of \$384,383 for an entity known as "Prime Palliative." 67 It is unclear whether either of these entities own and/or operate hospice programs, and, if so, whether they should have been identified as out-of-state hospice programs that are owned and/or operated by, or affiliated with, Continuum.*

#### **Rebuttal Comment**

Continuum Clark provided the following rebuttal.

*"The Department's WAC adjusted methodology projects hospice ADC to 2020 based on historic use patterns. Continuum's application provides specific data to demonstrate that certain populations in the County are underserved for hospice and therefore not included in the historic use data. As Providence itself recognized, Continuum provided detail regarding our "goal to reduce existing inequities and disparities in care among historically underserved ethnicities"*

*(Providence letter, p 11). Addressing inequities means that more people will seek hospice than have in the past; and that historic utilization is not the best predictor of future volume. Importantly, the Department's projections are only for 2020—which is only 5 months from now. Given the current workforce crisis in the CN Program we do not expect to have CN approval until early 2020 at best, and as the Department is aware, the process of licensing and survey takes almost a year. This means that our first three full years of operation are likely to be 2021- 2023. A census of 60 by 2023 is projected by the methodology as noted in Table 4 in our application and revised Table 4 in our screening letter an interpolation of the historic (conservative) data identifies a need for more than 60 ADC by 2023."*

#### **Department Evaluation**

##### **Utilization Assumptions**

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Continuum based its projected utilization of the hospice agency on specific factors:

- The numeric methodology showing an unmet need of 45 patients in Clark County by the end of year 2020.
- Average annual length of stay at 60.85 days.
- Estimated number of admissions for the Clark County planning area for the years 2020 through 2023.
- Intensity of service.



The department concludes that Continuum's utilization assumptions are reasonable, based on the fact that they provided rationale for patients that are not currently captured in the numeric need methodology.

#### Pro Forma Financial Statements

The applicant provided pro forma financial statements, including its revenue and expense statements, balance sheets, and cash flow statements, which allowed the department to evaluate the financial viability of the proposed hospice agency alone. Given that the agency would be operated separately from its direct owner or parent, Continuum did not need to provide financial statements that show combined operations. This approach is consistent with projects that are not operated under another healthcare facility.

Continuum based the revenue and expenses for its hospice agency on the assumptions referenced earlier. The hospice agency's revenues are projected to cover expenses in full year one (2021), and continue through year three (2023).

The hospice agency would be located in Vancouver, within Clark County. Continuum provided a copy of the lease agreement for the space. Documentation provided substantiate that all lease costs, and are identified in the pro forma revenue and expense statement.

The applicant states that the medical director is to be compensated at \$4,000 a month. Documents provided substantiate this amount, and are identified in the pro forma revenue and expense statement. The Profession Services Agreement Medical Director is effective as of December 25, 2018, and compensation will begin after approved license and certification.

Based on the information reviewed in the application, the department concludes the immediate and long-range operating costs of this project can be met. The department concludes that **this sub-criterion is met.**

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

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

#### Providence Hospice

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

*"There is no impact on capital costs, as no capital is required for this project.*

*Hospice care has been shown to be cost-effective and is documented to reduce end-of life costs without sacrificing quality of care. Research literature supports the cost effectiveness of hospice care. In one study, researchers analyzed the association of hospice use with survival and healthcare costs among patients diagnosed with metastatic melanoma. They found that patients with four or more days of hospice care had longer survival rates and incurred lower end-of-life costs. The patients with four*

*or more days of hospice incurred on average costs of \$14,594, compared to the groups who received one to three days of care, and no hospice care at all (\$22,647 and \$28,923, respectively).*

*In a more recent study, researchers simulated the impact of increased hospice use among Medicare beneficiaries with poor-prognosis cancer on overall Medicare spending. The study identified 18,165 fee-for-service Medicare beneficiaries who died in 2011 with a poor-prognosis cancer diagnosis, and matched them to similar patients who did not receive hospice services. Using a regression model to estimate the difference in weekly costs, the study estimated an annual national cost savings between \$316 million and \$2.43 billion with increased hospice use. Under realistic scenarios of expanded hospice use for Medicare beneficiaries with poor-prognosis cancer, the program could save \$1.79 billion annually. While the study was limited to poor-prognosis cancer patients, they are the largest single group who receives hospice care. Based on current research and experience, Providence expects the project will contribute to overall lower end-of-life costs resulting in overall lower charges for health services.” [source: Application pdf35-35]*

Regarding start-up costs, Providence identified some incremental costs related to supplies, purchased services, lease expenses, equipment, and software.

#### Public Comment

None

#### Rebuttal Comment

None

#### Department’s Evaluation

As noted earlier, there is no capital expenditure associated with this project, as Providence Hospice already operates in the majority of the adjacent Oregon and Washington counties.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For Clark County operations, the applicant projected that approximately 87% of its patients would be eligible for Medicare. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application. [source: Application pdf36]

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

#### Seasons Hospice

For its application, Seasons Hospice projected an estimated capital expenditure of \$56,933 for the establishment of the hospice agency. The costs are solely for office furnishing and office equipment. [Source: Season’s Application, pdf59]

Related to the capital expenditure, Seasons Hospice explains, “*Seasons Healthcare Management, Inc. provides funding for development and back office functions for affiliates of Seasons Hospice & Palliative Care. The purchasing department provides the cost estimates for the furnishing of the office in Clark County and reflect the types of expenditures made in connection with its start-*

*up programs. The item costs reflect corporate pricing agreements with the Seasons Healthcare Management, Inc.'s vendors and are inclusive of applicable state and local sales taxes.*

*The estimates in the table above reflect modest costs for equipping a business office in the Vancouver area of Clark County. The annual depreciation expense of \$7,296 accounts for \$2,196 for furnishings, with items depreciated over a 15 year period, and the care kits' depreciated over a five year period. Depreciation for the electronics and telecommunications equipment cover a seven year period and account for \$5,100 per year with the low voltage wiring depreciated on a 10 year basis.” [Source: Season’s Application, pdf59-60]*

In response to screening, Season’s provided an itemized breakout of the pre-opening costs necessary for the start-up of the proposed hospice. The applicant explains that they, “estimated the start-up costs based on the annual costs”. The amount calculated for the start-up period totals \$172,445. [source: Season’s Screening Responses, pdf31]

Seasons Hospice also provided a letter of commitment from Chief Financial Officer, David Donenberg confirming the availability of the necessary funds and commitment to use them in the establishment of this proposed hospice agency. [source: Season’s Application, pdf306]

#### Public Comment

None

#### Rebuttal Comment

None

#### Department’s Evaluation

Seasons Hospice provided a letter from its Chief Financial Officer demonstrating its financial commitment to this project, including the project capital expenditure and any cash flow requirements.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 91% of its patients would be eligible for Medicare. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application. [source: Season’s Application, p286]

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

#### Heart of Hospice

For its application, Heart of Hospice states, “*The estimated capital expenditure is \$50,000.00 for this project. The capital expenditure is for the application to the Department of Health \$21,968.00. The remaining \$28,032 will be used to purchase additional office furniture. Being that Heart of Hospice is already up and running we will also be using unused office furniture which will be used for this project. Our startup team already has its own electronic devices and phones. Certain office equipment may be leased, but this will not require capital expenditure. This project will be operated out of our current location being that we are in adjoining counties and on the county boarder. We are a current*

*Washington Hospice and will continue to operate under our current license.” [source; Heart of Hospice Application, pdf19]*

Other than the CN application review fee, the costs are solely for office furnishing and office equipment.

In relation to start-up costs, Heart of Hospice explains, “We did not include this startup cost as Heart of Hospice already has the cost associated with our current operations. The lease and medical director contracts are part of our current hospice operations and the cost will not be shared with the CN until we are up and operating.” [source, Heart of Hospice Screening Responses, pdf4]

Heart of Hospice also provided letters from First Interstate Bank and Heart of Hospice CEO, Steve Morris, confirming the availability of the necessary funds and commitment to use them in the establishment of this proposed hospice agency. [source: Heart of Hospice Application, Attachments 9 and 10]

#### Public Comment

None

#### Rebuttal Comment

None

#### Department’s Evaluation

Heart of Hospice provided a letter from its Chief Executive Officer demonstrating the financial commitment to this project, including the project capital expenditure and any cash flow requirements.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 90% of its patients would be eligible for Medicare. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application. [source: Application pdf24]

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes **this sub criterion is met.**

#### Continuum Clark

The capital expenditure for this project is \$105,500 and all costs are associated with equipment, furniture, supplies, minor leasehold improvements, and legal/consulting fees.

Continuum provided the following statement about how the project will cover the costs of operation until Medicare reimbursement is received. [Source: screening response, pdf11 and Attachment 9]

*“Our initial pro forma (2020, for 6 months) included all start up costs and all costs incurred prior to pre-opening and pre certification. Our operating expenses assumed all costs associated with a 6 month census of 16.7. Incorrectly, our revenue was based on the same census. The reality is that Continuum will operate for a number of months after licensure and prior to certification with a patient*

*census but no revenue. Accordingly, we have modified our 2020 pro forma to accurately reflect the lower revenue. We did this by assuming an effective census of 6.1 reflecting patients from whom revenue will be received during the initial operating period. We still expect to achieve an actual ADC of 9.4, and our cost assumptions for the initial operating period continue to be based on that figure.*

*This increases the operating loss in 2020, and as depicted in the revised balance sheet, we have a member contribution matching the bank letter which more than covers likely deficits during the initial operating period (2020). We assumed revenue for an ADC of 6.1 in 2020 but have included the expenses for an ADC of 16.7. Therefore, Continuum's initial operating deficit has increased; but the members' contribution (with the establishment of the separate bank account in response to Question #10) will fully cover all start up and initial operating deficits.*

*The pre-opening lease expense (lease expenses incurred prior to July 2020) has already been included in the in the pro forma financial in the rent line item. There are no costs associated with the medical director agreement until July 2020."*

Continuum provided the following information related to the estimated capital expenditure.

*"The capital costs related to equipment, software and legal/consulting are based on Member [sic] experience and have been verified for current pricing/fees for these categories. The leasehold improvements are based on the landlord's estimates."* [Source: Application, pdf19]

Continuum clarified "leasehold improvements" listed as a line item in the capital expenditure breakdown as *"Leasehold improvements represent the costs to improve the space to make it functional for our staff. This includes constructing partition walls to create separate work station areas/offices, closets and a room for medical supply storage. It also includes an upgrade to the electric and lighting systems."* [Source: Screening response, pdf10]

*"In terms of operating costs and charges, the establishment of a new hospice agency is consistent with the both national health care reform (the Affordable Care Act) and Washington's Medicaid transformation efforts (Healthier Washington). Studies demonstrate that hospice patients, in particular those with cancer, were found less likely to be hospitalized, to be admitted to intensive care or to undergo invasive procedures. Further, Continuum Clark will develop a palliative program to help manage care before patients are eligible for hospice, and the intent, as we have done elsewhere, is to partner with local providers and payers to manage their palliative care patients and reduce re-hospitalization. We also work with the patient and family to manage the use of aggressive therapies, i.e. radiation for pain management on a case by case basis, and we use music, equine, virtual reality, art, massage, aroma and other therapies to manage pain and symptoms. All of these programs reduce the overall costs to the larger healthcare system while improving patient and family satisfaction and quality of life."* [Source: Application, pdf19]

Continuum continues, *"Included in Exhibit 9 is a letter from First Republic Bank indicating that Continuum Care Hospice has sufficient reserves to fund this project. A letter from the CFO of Continuum Care Hospice is also included in this Exhibit.*

*If needed for CN purposes, Continuum is prepared to set aside funds in a separate account for Continuum and provide that documentation to the CN Program."* [Source: Application, pdf20]

Continuum provided a letter of financial commitment to demonstrate how the project will cover the costs of operation until Medicare reimbursement is received. It is from Ariel Joudai, Chief Financial Officer of Continuum Care Hospice, LLC. The letter commits to funding both the estimated capital expenditure and the start-up costs for opening Continuum Care of Clark LLC. Continuum also included, a letter from First Republic Bank demonstrating that Continuum Care Hospice, LLC has \$1,000,000 in its savings account as of December 26, 2018. Another letter was provided from JPMorgan Chase & Co. demonstrating that Continuum Care Hospice, LLC has \$750,000 in a revolving line of credit. [Source: Application, Exhibit 9]

Public Comment

None

Rebuttal Comment

None

**Department's Evaluation**

Continuum provided a letter from its Chief Financial Officer demonstrating its financial commitment to this project, including the projected capital expenditure and any start-up costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the proposed agency, the applicant projected that 87% of its patients would be eligible for Medicare. Revenue from Medicare is projected to equal a similar percentage of total revenues through standard reimbursement totals and related discounts which are unlikely to increase with approval of this application. [Source: Application, pdf21]

Based on the information above, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. The department concludes that **this sub-criterion is met.**

(3) *The project can be appropriately financed.*

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

**Providence Hospice**

In response to this criteria, Providence stated:

*"...there are no capital costs for this project."* [source Application pdf34]

Public Comment

None

Rebuttal Comment

None

### **Department Evaluation**

There are no capital costs associated with this project; as such there is no associated financing. **This sub-criterion does not apply.**

### **Seasons Hospice**

Regarding this requirement, the applicant stated,

*“Seasons Hospice & Palliative Care of Clark County, LLC referred to as Seasons Clark County throughout the application is a single purpose limited liability company formed for the purpose of providing a hospice program in Clark County, Washington. As an affiliate of Seasons Hospice & Palliative Care, the management company, Seasons Healthcare Management, Inc. funds the proposal and makes representations of sufficient capital and terms to implement the hospice program.*

*Specifically, Exhibit 11 contains a letter from David Donenberg, Chief Financial Officer, expressing the ability to fund the project and the terms of that funding.”* [Source: Application, pdf63]

### **Public Comment**

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care  
*As discussed above, Seasons Clark argues in its application that Seasons Clark and Seasons Management, its management company, are separate, essentially unrelated parties, yet Seasons Management has submitted a letter committing to finance the Seasons Clark program. As also noted above, the commitment letter states that Seasons Management will fund the entire program "with no defined terms of repayment and no interest expense." The letter further states that, as of November 30, 2018, Seasons Management had \$10 million in "cash and cash equivalents." However, no audited financial statements have been provided for Seasons Management. The Department has no basis upon which to evaluate Seasons Management's financial capabilities since no information, other than the financial commitment letter, has been provided.*

*As discussed above, Seasons Management and Seasons Clark both belong to "the Seasons Hospice group," a "family-owned and operated "entity that consists of a nationwide network of related "hospice program affiliates" that are operated in a coordinated fashion. For instance, as noted above, Seasons Management and Seasons Clark Holding (the owner of Seasons Clark) have the same "Chief Executive Officer and President": Todd A. Stern. Therefore, in compliance with the Department's consistent, long-established policy and practice, Seasons Management should be required to submit its audited financial statements for the past three fiscal years. Further, given the intertwined organizational structure of "the Seasons Hospice group," the Department should require the group to submit its audited financial statements for the past three fiscal years. In the absence of such disclosure, the Department will have absolutely no information available to it regarding the financial wherewithal and reliability of Seasons Management and "the Seasons Hospice group." Seasons Clark could not and would not exist without them.*

*As is also discussed above, Seasons Clark's proforma balance sheet shows a \$1.1 million capital contribution, and the cash flow statement shows no repayment. This is consistent with the financial commitment letter discussed above. However, according to the applicant, Seasons Management is essentially an unrelated party. Thus, in its screening responses, the applicant states: "Seasons Hospice & Palliative Care of Clark County, LLC is a stand-alon[e] entity that is responsible for its obligations, including financial matters such as debts recited in the certificate of information on Bate-stamped*

page 107." However, Seasons Management and Seasons Clark cannot have it both ways. If Seasons Clark is not related to Seasons Management (or to any other entity), it is responsible for its own debts, including start-up costs and early operating losses. But that is not what the pro forma balance sheet shows, nor is that what the financial commitment letter indicates. Why would an unrelated party fund the applicant's new hospice program?

In sum, the Department must determine what these relationships are and how they affect Seasons Clark's financial projections, and must obtain audited financial statements for both Seasons Management and "the Seasons Hospice group." There are too many unresolved issues and informational gaps relating to Seasons Clark's financial projections and financial information. Accordingly, the Department cannot conclude that the proposed program satisfies the financial feasibility criteria.

#### Rebuttal Comment

Seasons provided the following rebuttal:

*"The comments regarding the entity's structure and purported misdirection reflect on the commentator's lack of knowledge regarding corporate law and the guidelines for **Generally Accepted Accounting Principles**. Hence, the comments lack a basis for rendering legal and financial opinions. They must be disregarded as without merit."*

#### Department Evaluation

Seasons Management intends to finance this project using available reserves. As previously stated, Seasons Hospice provided a letter from its Chief Financial Officer demonstrating its financial commitment to this project, including the project capital expenditure and any cash flow requirements. In response to screening, Seasons provided a letter from the appropriate financial institution demonstrating that the funds exist and are available to Seasons Management. Though Providence highlights some irregularities, such as questioning why a management company would "front" capital without expectation of repayment, the "why" in this case is irrelevant. They have committed to provide the funds, and the funds are demonstrably available,

This approach is appropriate, as Seasons Management's assets are sufficient to cover this cost. If this project is approved, the department would attach a condition requiring Seasons to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

#### Heart of Hospice

In response to this criteria, Heart of Hospice states, *"The capital expenditure for this project will be funded through existing agency reserves. A letter has been provided to show that Heart of Hospice has the funds needs to complete this project"*. [source: Application pdf23]

In addition, *"You will find our P&L, Balance Sheet, and Cash Flow. These numbers are current numbers based on our operation and we do not foresee a deficit in Cash Flow. The organization is 100% self-funding and currently does not owe any liens, loans, or any other debt. Heart of Hospice is 100% committed to this project and will remain CASH POSITIVE throughout this project. The unique difference we have over any of the other applicants is we are already 100% licensed in the state of Washington and able to operate under our current license. In return this will continue to keep*



*the organization CASH POSITIVE. Steve Morris, (owner) has provided a letter of financial commitment for this project". [Source: Heart of Hospice Application, p23; Attachment 10]*

#### **Public Comment**

*Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care Heart of Hospice has submitted three applications in the Department's current hospice concurrent review cycles. It has provided a letter from a bank stating that average balances for Heart of Hospice, LLC were \$850,000 as of November 26, 2018. This cash balance seems low for an organization that operates three hospice programs, and, additionally, is seeking approval of three new hospice programs in Washington.*

*There are also significant inconsistencies in the balance sheets provided by Heart of Hospice. In its Application, it provides a balance sheet titled "Current ops + Clark + Thurston + Snohomish," identifying 2019 as the first year of operation."<sup>o</sup> This balance sheet shows cash of approximately 2.1 million for 2019. Given that Heart of Hospice submitted its Clark County application in December 2018, the accuracy of the \$2.1 million figure is questionable. More importantly, the balance sheet shows tremendous growth in cash, increasing to approximately \$12.6 million in just four years - a six-fold increase.*

*On the other hand, Heart of Hospice's actual balance sheet as of October 31, 2018 shows \$513,587 in cash, its balance sheet as of December 31, 2017, shows \$175,834 in cash, and its balance sheet as of December 31, 2016, shows \$419,529 in cash. 1□8 Given that Heart of Hospice is projecting a highly optimistic net income figure, with a 29.4% operating margin percentage in the third year of operation, the question arises: how can it increase its cash in its balance sheets from \$519,587 (as of October 31, 2018) to over \$2.1 million in 2019?*

*The Department must determine whether Heart of Hospice's financial projections are reasonable and can be relied upon to support a conclusion that its proposed hospice program is financially feasible.*

#### **Rebuttal Comment**

Heart of Hospice provided the following rebuttal

*"Providence states its concern as to Heart of Hospice overextending itself in terms of its ability to serve multiple counties while establishing more than one new hospice. There is no need for this concern. Heart of Hospice's small, efficient management team is overseeing hospice care in almost twenty counties and three states. The addition of three further counties will challenge Heart of Hospice, but not beyond what it can handle.*

*Providence questions the increase in Heart of Hospice's projected balance sheet line for cash between October 31, 2018 and 2019. This is easily explained by the projections Heart of Hospice has made with respect to its planned growth in Thurston, Snohomish and Clark Counties. Upon being granted the Certificates of Need for those counties, Heart of Hospice plans to grow its balance sheet commensurate with projected growth in operations."*

#### **Department Evaluation**

Heart of Hospice intends to finance this project using available reserves. As previously stated, Heart of Hospice provided a letter from its owner demonstrating its financial commitment to this project, including the project capital expenditure and any cash flow requirements.

This approach is appropriate, as Heart of Hospice's assets are sufficient to cover this cost. Heart of Hospice's rebuttal adequately addresses the concerns related to this sub-criterion. Furthermore, the information related to other counties is demonstrative. If this project is approved, the department would attach a condition requiring Heart of Hospice to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

### **Continuum Clark**

The capital expenditure for this project is \$105,500. In response to this sub-criterion, Continuum provided the following statements. [Source: Application, p20]

*"The capital costs related to equipment, software and legal/consulting are based on experience and have been verified for current pricing/fees for these categories. The leasehold improvements are based on the landlord's estimates."* [Source: Application, pdf19]

Additionally, Continuum states, *"Continuum will use reserves from the Members' Continuum Care Hospice agency to fund this project."* [Source: Application, pdf20]

Continuum continues, *"Included in Exhibit 9 is a letter from First Republic Bank indicating that Continuum Care Hospice has sufficient reserves to fund this project. A letter from the CFO of Continuum Care Hospice is also included in this Exhibit."*

*If needed for CN purposes, Continuum is prepared to set aside funds in a separate account for Continuum and provide that documentation to the CN Program."* [Source: Application, p22]

Continuum provided a letter of financial commitment to demonstrate how the project will cover the costs of operation until Medicare reimbursement is received. It is from Ariel Joudai, Chief Financial Officer of Continuum Care Hospice, LLC. The letter commits to funding both the estimated capital expenditure and the start-up costs for opening Continuum Care of Clark LLC. Also included, is a letter from First Republic Bank demonstrating that Continuum Care Hospice, LLC has \$1,000,000 in its savings account as of December 26, 2018. [Source: Application, Exhibit 9]

### **Public Comment**

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care  
*Continuum is the smallest of the five applicants, operating only three hospice programs. As noted above, it has submitted three applications in the Department's current hospice concurrent review cycles. If more than one of Continuum's applications is approved, its small size could constrain its ability to fund and operate the programs.*

*Continuum did not provide a cash flow statement, so there is no information available regarding its working capital requirements. However, as discussed above, its balance sheet shows a one-time "Members' Contribution" of \$750,000 that appears to be significantly expended funding deficits through Year 1 and much of Year 2. However, without a cash flow statement, the Department cannot accurately determine cash flow requirements. Thus, it is not possible to determine if in fact the Contribution would be adequate, particularly given the aggressive growth assumptions, which may not be met in the start-up years. This is likely the working capital. However, it is not clear whether,*

*or when, the "Members' Contribution" will be paid back, and the ultimate source of any repayments. Any repayments would have an impact on the reliability of Continuum's financial projections.*

*Although it did provide a letter from a financial institution stating availability of funds, the amounts included in that letter were not significant and would be inadequate to fund both capital and any significant operating losses.<sup>105</sup> This is an important consideration if, as noted above, more than one of Continuum's pending CN applications is approved.*

#### Rebuttal Comment

None

#### Department Evaluation

Continuum Clark intends to finance this project using available reserves. As previously stated, Continuum Clark provided a letter from its controller demonstrating its financial commitment to this project, including the project capital expenditure and any cash flow requirements. As noted in the application, Continuum Clark will operate separately from the rest of Continuum and therefore does not have historical cash flow statements.

This approach is appropriate, as Continuum Clark assets are sufficient to cover this cost. If this project is approved, the department would attach a condition requiring Continuum Clark to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

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

#### Providence Hospice

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that Providence Hospice project **met** the applicable structure and process of care criteria in WAC 246-310-230.

#### Seasons Hospice

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that Seasons Hospice project **did not meet** the applicable structure and process of care criteria in WAC 246-310-230.

#### Heart of Hospice

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that Heart of Hospice project **met** the applicable structure and process of care criteria in WAC 246-310-230.

#### Continuum Clark

Based on the source information reviewed, and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that Continuum Clark project **met** the applicable structure and process of care criteria in WAC 246-310-230.

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

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

### **Providence Hospice**

Providence provided a table with information showing its projected FTEs for 2020 through 2022. [Source: Application pdf38-39]

Please see Table 14, which provides a breakdown of the FTEs for the project, which includes existing FTE, incremental FTE, and total FTE by discipline. In addition, the table includes current Providence Hospice FTE YTD 2018 with salaries.

*Applicant's Table*

INTERNAL STAFFING	Nov-Dec 2019	2020	2021	2022
<b>Cumulative Existing FTE</b>				
Registered Nurse / LPN	0.4	0.4	0.4	0.4
Professional Services*	0.1	0.4	0.4	0.4
Home Health Aide	0.4	0.4	0.4	0.4
Social Worker	0.2	0.2	0.2	0.2
Administrative / Clerical	0.1	0.1	0.1	0.1
Management / Supervisor	0.1	0.1	0.1	0.1
Medical Director / Physicians	0.1	0.1	0.1	0.1
<b>Subtotal Existing FTE</b>	<b>1.4</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
<b>Cumulative New FTE</b>				
Registered Nurse / LPN	0.0	0.6	1.6	2.6
Professional Services*	0.0	0.0	0.2	0.2
Home Health Aide	0.0	1.6	2.4	3.0
Social Worker	0.0	0.4	0.8	1.0
Administrative / Clerical	0.0	0.0	0.0	0.0
Management / Supervisor	0.0	0.0	0.0	0.0
Medical Director / Physicians	0.0	0.0	0.0	0.0
<b>Subtotal Incremental FTE</b>	<b>0</b>	<b>2.6</b>	<b>5.0</b>	<b>6.8</b>
<b>CUMULATIVE TOTAL FTE</b>				
Registered Nurse / LPN	0.4	1.0	2.0	3.0
Professional Services*	0.1	0.4	0.6	0.6
Home Health Aide	0.4	2.0	2.8	3.4
Social Worker	0.2	0.6	1.0	1.2
Administrative / Clerical	0.1	0.1	0.1	0.1
Management / Supervisor	0.1	0.1	0.1	0.1
Medical Director / Physicians	0.1	0.1	0.1	0.1
<b>TOTAL FTE</b>	<b>1.4</b>	<b>4.3</b>	<b>6.7</b>	<b>8.5</b>
<b>EXTERNAL STAFFING</b>				
Massage Therapist		Contracted		
Music Therapist		Contracted		
Speech-language Pathologist		Contracted		
Physical Therapist		Contracted		
Occupational Therapist		Contracted		
Dietary Technician		Contracted		

*Applicant's Table*

<b>Providence Hospice Current FTE</b>		
<b>INTERNAL STAFFING</b>	<b>Current FTE 9/30/2018</b>	<b>Salary and Benefits</b>
Registered Nurse / LPN	82.3	\$ 142,185
Professional Services*	11.7	\$ 92,379
Home Health Aide	28.8	\$ 50,437
Social Worker	23.5	\$ 99,517
Administrative / Clerical	19.5	\$ 60,426
Management / Supervisor	11.9	\$ 140,543
Medical Director / Physicians	3.9	\$ 320,857
<b>TOTAL INTERNAL STAFFING</b>	<b>181.6</b>	

Providence also provided a breakdown of the intended ratios for the key staffing areas:

*“Providence Hospice has the existing infrastructure to begin service in Clark County upon CN approval. No additional administrative office staff would be needed to support an average daily census of 35 patients, and only direct care staff would be proportionally added based on census growth assumptions. The direct care team that is already providing service closest to the border with Clark County would be repositioned to provide initial service capacity in Clark County. In the first several months of operation, existing FTEs ranging from 1.4 to 1.7 FTEs are adequate to meet service requirements, with an initial ADC of 5.2 in the November through December 2019 period. Approximately 2.6 incremental FTEs will be added in 2020 when ADC is 13.3, 2.4 incremental FTEs will be added in 2021 when ADC is 28.1, and 1.8 incremental FTEs will be added in 2022 when ADC is 36.7.*

*Please see Table 14 for the current Providence Hospice FTEs and the projected number of FTEs for the proposed project.”* [Source: Application, pdf41]

*Applicant's Table*

<b>Type of Staff</b>	<b>Providence Hospice Staff / Patient Ratio</b>
<b>Skilled Nursing RN or LPN</b>	1:11
<b>Physical Therapist</b>	Contract only
<b>Occupational Therapist</b>	Contract only
<b>Medical Social Worker</b>	1:25
<b>Speech Therapist</b>	Contract only
<b>Home Health / Hospice Aide</b>	1:15
<b>Chaplain</b>	1:50

Regarding retention and recruitment of staff, Providence supplied information on their ability to recruit and retain qualified staff. [Source: Application, p44]

### ***1) Providence Hospice Currently Has Staff that Reside in Clark County***

*Providence Hospice employs more than 175 clinical and administrative staff out of its Portland Office, with a number of staff residing in Clark County. Providence Hospice has the existing infrastructure to begin serving Clark County immediately upon CN approval. No new administrative or office-based staff are needed to begin service.*

*The direct care team that is already providing service closest to the border with Clark County would be repositioned to ensure service capacity in Clark County in the early period of operations. Growth within Clark County based on our projections would include the addition (net new) of appropriate direct caregiver staff by 2020. Please see Table 14 for the existing and projected staff for Clark County.*

*For staff who are not already licensed (or in the process of being licensed) in Washington State, Providence intends to initiate the paperwork filing upon CN approval. The Director of Hospice, Jane Brandes, was recently licensed in Washington as part of the preparation for providing hospice services in Clark County. Please see Exhibit 22 for Jane Brandes' provider credentials in Oregon and Washington. In addition, in preparation for providing hospice services in Clark County the Medical Director, Ruth Medak, M.D., has applied for a Washington provider license. Please see Exhibit 9 for Dr. Medak's provider credentials in Oregon.*

*Finally, in order to conduct due diligence, Providence Hospice examined the requirements and processes to obtain licensure for its direct care team. Based on our analysis, we are confident we can fully license and ensure a qualified work team before commencement of the project. Please see Exhibit 23 for a copy of Washington Licensure Requirements for Hospice Staff created by Providence Hospice as it relates to providing hospice services in Washington.*

### ***2) Providence Health & Services Has Well-Established Human Resource Capabilities***

*Providence has an excellent reputation and history recruiting and retaining appropriate personnel. Providence offers a competitive wage scale, a generous benefit package, and a professionally rewarding work setting. Being a large and established provider of health care services, Providence has multiple resources available to assist with the identification and recruitment of appropriate and qualified personnel:*

- Experienced system and local talent acquisition teams to recruit qualified staff.*
- Strong success in recruiting for critical-to-fill positions with recruiters that offer support on a national as well as local level.*
- Career listings on the Providence web site and job listings on multiple search engines and listing sites (e.g. Indeed, Career Builders, Monster, NW Jobs).*
- Educational programs with local colleges and universities as well as the University of Providence Bachelor of Science Nursing Program (operated by Providence).*

### ***3) Providence Hospice is Successful at Recruiting and Retaining Employees***

*Providence Hospice currently employs more than 175 staff members. Providence Hospice has been highly effective in retaining current staff by offering attractive pay and a robust orientation and training program, offering ongoing education and development opportunities, engaging staff in Providence's critical mission, and by focusing on retention as a key priority. Providence Hospice's retention rates are strong and have continued to improve in recent years.*

*With retention as a key priority, Providence Hospice invests heavily in recruiting and retaining the best employees to serve our communities. Providence has an established Employee Training and Development program that includes but is not limited to the following: robust department orientation, clinical and safety training, initial and ongoing competencies assessments, and performance evaluations. Please see Exhibit 24 for a copy of the Employee Training and Development Policy. In addition, Providence has a Clinical Ladder Program. The Clinical Ladder Program is a system whereby a nurse can demonstrate and be rewarded for excellence in patient care. The Clinical Ladder Program encourages nurses to take the initiative for professional growth and development in their clinical field, thereby enhancing quality of care, patient outcomes, and nursing satisfaction. Please see Exhibit 25 for a copy of the Clinical Ladder Handbook. These programs not only help to improve retention but also contribute to maintaining a high quality and qualified workforce to serve hospice patients.*

Providence provided the following information related to their medical director:

*“Providence Hospice employs Ruth Medak, M.D. as the Medical Director through Providence Health & Services – Oregon. Please see Exhibit 10 for a copy of the Providence Hospice Medical Director job description. Once this CN application is approved, the job description will be amended to include the oversight duties relating to the Clark County location. Since Dr. Medak is an employee of Providence, no contract is required.” [Source: Application pdf16]*

#### Public Comment

Joanne Warner, PhD, RN, FAAN, Professor and Dean Emerita, University of Portland School of Nursing

*Providence demonstrates strong administrative and clinical infrastructure. For almost four decades (since 1982) Providence Hospice has been an essential part of the care delivery system in this region, including seven Oregon counties and Klickitat and Skamania counties in Washington. Extension into Washington's Clark County could be accomplished with efficiency and without any growing pains in staffing, referrals, networking, and partnering with other community assets. In all ways, they are ready to serve,*

James Arp, Senior Vice President/COO, Providence Home and Community Care

*Given that administrative and caregiver staffing is already in place based out of our Portland Office, we will not need to recruit staff from other providers. Our existing staff will provide services in Clark County during the initial months of operation, and additional staff will be added as needed in future years as patient volumes increase. In contrast, unlike Providence Hospice, the other four applicants have either no presence or a limited presence in the community.*

*Out of all applicants, because Providence is an existing provider it requires the fewest FTEs than any other applicants. Thus, the entry of Providence into Clarke County will not adversely impact the staffing of the current providers. The other applicants have very high requirements for FTEs with Continuum projecting a need of 28 FTEs and Heart of Hospice and Season both project 21 FTEs in their third year. Therefore, the entry of any applicant other than Providence into Clark County is likely to have a much greater impact on the existing hospice programs in terms of staffing and other resources.*

## Rebuttal Comment

None

## Department Evaluation

As a current hospice provider, Providence has an understanding of the appropriate staffing necessary to establish a health care agency. As shown in the FTE table above, only incremental increases are needed, as many staff are already in place and reside in Clark County. Providence also identified the projected staffing ratios. The ratios are reasonable and consistent with data provided in past hospice applications reviewed by the program.

Providence Hospice identified its existing medical director and provided a valid job description. Providence intends to use the strategies it has successfully used in the past for recruitment and retention of staff to the hospital. The strategies identified by Providence are consistent with those of other applicants reviewed and approved by the department. The pro forma also identifies all costs associated with the services.

The department concludes Providence Hospice has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

## Seasons Hospice

Seasons Hospice provided a table with information showing its projected FTEs for partial year 2020 through 2023. [Source: Season's Screening Response, p85]

*Applicant's Table*

Department	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
<b>Average Daily Census</b>		<b>17.0</b>	<b>30.0</b>	<b>42.0</b>
Admissions Department***	0.0	0.0	0.0	1.0
Business Development-Department	0.0	2.0	3.0	3.0
Business Operations-Leadership	1.0	1.0	1.0	1.0
Chaplain	1.0	1.0	1.0	1.0
Executive Director	1.0	1.0	1.0	1.0
Hospice Aide*	2.0	2.0	3.0	4.0
Music Therapy	1.0	1.0	1.0	1.0
Nursing*	0.0	1.0	3.0	4.0
Director Nursing Services	1.0	1.0	1.0	1.0
Social Work*	1.0	1.0	1.0	1.0
Team Assistant*	1.0	1.0	1.0	1.0
Team Director*	1.0	1.0	1.0	1.0
Volunteer-Department	0.0	0.0	1.0	1.0
<b>Total</b>	<b>10.0</b>	<b>13.0</b>	<b>18.0</b>	<b>21.0</b>
CONTRACT: Physician-Leadership (Medical Director)	1.0	1.0	1.0	1.0
CONTRACT: Physician-Team Support	0.0	0.2	0.2	0.2

Regarding staffing ratios, Season's explains, "Seasons Clark County's staffing ratios reflect similar ratios found throughout the industry. Seasons Hospice & Palliative Care's affiliates across the county vary based upon the numbers of patients in the program, the diseases represented, length of stay, and patients' needs. The ratios above compare favorably with an overall ratio in the third year of operations of .5 staff to each patient. In addition, volunteers who provide augmented services increase



*the patient and hospice interactions and add to the actual FTE spent with patients. The training program for volunteers assures that they are active members of the care team and render services that patients experience at the end-of-life is compassionate and caring with support for the family.”* [Source: Season’s Application, pd69]

Regarding retention and recruitment of staff, Seasons Hospice provided the following statement.

*“Clark County is not a medically under-served area nor is it a medical manpower shortage area. With the location of over 20 universities and colleges within a 50 mile radius (including Oregon), sufficient manpower exists to staff the hospice at the levels forecasted. Also, Seasons Clark County as noted in the foregoing narrative provides salaries and benefits that are attractive, which contribute to recruitment and retention success. Those benefits are not repeated here. Seasons allocation of resources in their Talent Acquisition Group has successfully filled open positions through traditional and creative methods (e.g., Recruitment Open House events, CE offerings, etc.).”* [Source: Season’s Application, p69]

Within the application, Seasons Hospice provided a signed medical director agreement for its prospective medical director, identified as Christopher Morris, M.D., for the hospice agency. The agreement describes the roles and responsibilities for the prospective medical director. [Source: Season’s Application, Exhibit 3]

#### Public Comment

##### Rabbi E.B. (Bunny) Freedman, The Jewish Hospice & Chaplaincy Network

*Seasons demands excellence from its staff and treats employees with respect and empowerment. This is reflected in their noticeable high morale and rates of retention. They are wonderful collaborators with healthcare partners, willing and even eager to make commitments to the community institutions that surround them. They value community education and are leaders in conducting healthcare educational forums for professional and community members.*

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care  
*The staffing issue is very important. There are staffing shortages in the area that must be contended with. In general, Bristol, Continuum, Heart of Hospice, and Seasons do not address this issue.*

#### Rebuttal Comment

Seasons Hospice did not submit rebuttal to address this topic presented in public comment.

#### Department Evaluation

As a current Hospice provider, Seasons Hospice has an understanding of the appropriate staffing necessary to establish a Hospice agency. As shown in the FTE table above, 10 FTEs are needed in partial year one, which increases to just over 21 FTEs by the end of year three. Seasons Hospice also identified the projected staffing ratios. The ratios are reasonable and consistent with data provided in past hospice applications reviewed and approved by the program.

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

Seasons Hospice provided a signed medical director agreement for its prospective medical director. The agreement identifies all roles and responsibilities of the position, but does not include the actual compensation or costs associated with medical director services. Comment accurately stated that the only costs in the application allocated to Medical Director services (Physician Leadership) is for \$5,000 per year. Further, the applicant reports a need for more than 1 FTE for Medical Director services in the projected staffing, reaching 1.2 FTEs in year three. This is inconsistent with the hourly obligation outlined in the agreement. [source: Application, Exhibit 3; Screening Response, pdf38]

With no rebuttal comments from Season's to reference, the department has no additional detail on the proposed medical director compensation nor on the licensed personnel expected to fulfill the addition medical director FTE needs projected by the applicant.

The department concludes Seasons Hospice may have the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project, but the application has not affirmed that it has retained the qualified medical professionals necessary in their leadership projections. **This sub-criterion is not met.**

### **Heart of Hospice**

Heart of Hospice provided a table with information showing its projected FTEs for partial year 2019 through 2022. These projections show incremental increases and are inclusive of existing staff. [Source: Screening Response pdf3]

*Applicant's Table*

Additional (FTE)	2019*	2020	2021	2022
Skilled Nurse (FTE)	10	3	3	1
Medical Social Worker (FTE)	2	1	0	0
Chaplain (FTE)	2	1	1	0
Home Health Aide (FTE)	8	3	3	1
Business/Clerical (FTE)	4	1	1	1
Medical Director	1	1	0	0

\*please note 2019 current hospice staff for our current operation will be providing the care.

Heart of Hospice also provided a breakdown of the intended ratios for the key staffing areas and states, *"Heart of Hospice believes in keeping our ratios lower then national average is most important in providing the highest level of service to our patients. Many Hospices nationally will have 1 RN per 15 patients, 1 MSW per 50 Patients, 1 Spiritual Care Consoler per 50 patients, 1 C.N.A. per 12 patients. We take great pride in being able to meet the complete hospice needs of our patients.*

*Heart of Hospice ratios are better than those put forth by the National Hospice and Palliative Care Organization. As required by federal law we ensure 24-hour per day, 7 days per week availability. Our Goal is to provide a low patient per clinician percentile. This allows for each patient to receive the highest level of care. This level of commitment is what is needed by each and every individual who is seeking their hospice benefit".* [Source: Application, pdf27]

**Department's Table 17**  
**Heart of Hospice Staffing Ratios**

Type of Staff	Staff/Patient Ratio
Skilled Nursing (RN & LPN)	1 RN per 8 Patients
Physical Therapist	Under Contract
Occupational Therapist	Under Contract
Medical Social Worker	1 MSW Per 30 Patients
Speech Therapist	1 Staff on staff
Home Health/ Hospice Aide	1 CHA per 8 Patients
Pastoral Counselor	1 CHAP per 30 Patients

Regarding retention and recruitment of staff, Heart of Hospice provided the following statement. [Source: Heart of Hospice Application, p28]

*“Heart of Hospice will continue to recruit and orientate clinicians with the highest regards to quality of service. We also believe that having lower patient to staff ratios create a more positive and productive place to work. The current management team and Board of Directors will ensure that each and every clinician recruited to serve Snohomish County [sic] is given the same support that the current staff receive. With the current decrease in unemployment, Heart of Hospice has taken great strides in creating a competitive place for people wanting to work. Heart of Hospice has increased the base wages across the board and has also increased our benefits package. Heart of Hospice provide 100% employer paid Health Insurance, Dental Insurance, Vision Insurance, Short Term-Disability, Long Term-Disability, and Life Insurance for each and every full-time employee regardless of their position. Heart of Hospice has also increased our 401K employer Match to help each team member save for the future. Heart of Hospice provide a very competitive Paid Time Off benefit in order for our team to refuel and have a work life balance. Heart of Hospice has great success in growing our own team. We have a history of our C.N.A. continuing their education to become Registered Nurses. Heart of Hospice also takes great pride in recruiting staff and introducing them to the Hospice World. It is not our intention to poach staff from the current providers”.*

Heart of Hospice also provided a more detailed plan of how staff would be recruited, which is not restated here for brevity. For reference this plan can be found on pdf pages 4-6 of their screening response.

Within the application, Heart of Hospice provided a job description for its prospective medical directors for the hospice agency. The draft medical director job description describes the roles and responsibilities for the prospective medical director(s). The pro forma also identifies all costs associated with the services. [Source: Heart of Hospice Application, Attachment 13]

#### Public Comment

Jessie Usher, Administrative and HR Services Manager, Heart of Hospice

*I currently hold the title of Administrative and HR Services Manager; however the first title I held was Receptionist.*

*My role within this organization has grown significantly over the years and has provided me with opportunities of both self-growth and professional growth that I never dreamed of when submitting*

*my application to answer phones in 2012. This organization took me from working a job to earn a paycheck to finding a career that helps fulfill my life.*

*The life lessons learned on a daily basis from interactions with folks facing the end of their lives can be extremely profound and is without a doubt one of the main reasons I love this work.*

*At Heart of Hospice we truly are a family. We are treated with dignity and respect. We are honored and appreciated every day. Our CEO reminds us daily that we should be searching for ways to do more for each other, do more for our patients and do more for our communities. We care for each other, pick each other up when we are down, celebrate each other's accomplishments and support one another's ambitions and goals.*

*We are a big, loyal, loving, positive, inspirational, hard-working and compassionate bunch and each and every one of us brings that to work each and every day, 110%.... for each other, for our community partners and most importantly to our patients and their loved ones. Our philosophy of care comes directly from the heart, and our patients feel that every day in our interactions with them. Heart of Hospice would love the opportunity to bring that energy and passion to Clark County.*

**Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care**

*The staffing issue is very important. There are staffing shortages in the area that must be contended with. In general, Bristol, Continuum, Heart of Hospice, and Seasons do not address this issue.*

- The significance of this issue is related to the projected ADC of a new program. As discussed above, there are differences in the ADCs projected by each of the applicants. For example, Continuum and Heart of Hospice have forecasted ADC figures that exceed the unmet ADC need of 45 in 2020 for Clark County as projected in the Department's hospice need methodology. A higher ADC means that more staff will have to be recruited. As noted above, Providence Hospice has projected a reasonable ADC of 36.7 in its third year of operation.*
- The significance of staffing shortages is also related to the number of new FTEs that will be required for a new program. Continuum's proposed program requires the greatest number of new FTEs: 28 FTEs. Heart of Hospice's program will require 21 incremental FTEs. Seasons' program will require 21 new FTEs. Bristol's program will require 14 new FTEs. In contrast, Providence Hospice's Clark County program will require the lowest number of new FTEs: 6.8 incremental FTEs. This is due to the fact that it is an existing provider and thus can share allocated FTEs.*

**Rebuttal Comment**

None

**Department Evaluation**

As a current hospice provider, Heart of Hospice has an understanding of the appropriate staffing necessary to establish a Hospice agency. As shown in the FTE table above, 36 FTEs are needed in partial year one, which increases to just over 62 FTEs by the end of year three. Heart of Hospice also identified the projected staffing ratios. The ratios are reasonable and consistent with data provided in past hospice applications reviewed and approved by the program, especially considering that these are for the entire operation.

Heart of Hospice provided a job description for its prospective medical director(s). The agreement identifies all roles and responsibilities with medical director services. Heart of Hospice intends to

use the strategies it has successfully used in the past for recruitment and retention of staff to the hospital. The strategies identified by Heart of Hospice are consistent with those of other applicants reviewed and approved by the department. The pro forma also identifies all costs associated with the services. Providence provided some comments regarding concerns with the number of FTEs needed, but it is presented comparatively. There is no information to suggest Heart of Hospice is incapable of meeting their staffing goals.

The department concludes Heart of Hospice has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

#### **Continuum Clark**

To demonstrate compliance with this sub-criterion, Continuum provided its projected full time equivalents (FTEs) for the Clark County agency. The FTE table is below. [Source: Application pdf23]

**Department's Table 18  
Continuum Clark County  
FTE's Projections**

<b>FTE Type</b>	<b>2020 (partial year)</b>	<b>2021 (Year 1)</b>	<b>2022 (Year 2)</b>	<b>2023 (Year 3)</b>
Administrator	1.00	1.00	1.00	1.00
Clinical Director	1.00	1.00	1.00	1.00
Clinical Manager	0.00	0.00	0.50	1.00
RN	2.00	3.80	4.60	6.00
Team Coordinator	0.00	0.00	1.00	1.00
HHA	2.00	3.80	4.60	6.00
MSW	0.80	1.50	1.84	2.40
Chaplain	0.80	1.50	1.84	2.40
Music Therapist	0.40	0.50	0.92	1.00
Intake	1.00	1.00	1.00	1.20
Office Manager	0.00	1.00	1.00	1.00
Marketing	1.00	2.00	2.00	1.00
Volunteer Coordinator	1.00	1.00	1.00	2.00
Bereavement Coordinator	0.00	0.00	0.50	1.00
<b>Total FTEs</b>	<b>11.00</b>	<b>18.10</b>	<b>22.80</b>	<b>28.00</b>

In addition to the table above, Continuum clarified that the medical director, physical, occupational, and speech therapists are all under contract and not included in the table.

Focusing on staffing ratios, Continuum provided the following table (recreated below) and statements. [Source; Application, pdf26]

**Department's Table 19**  
**Proposed Staff to Patient ADC Ratio**

<b>Type of Staff</b>	<b>Staff to Patient Ratio</b>
Skilled Nursing (RN)	1:10
Medical Social Worker	1:25
Hospice Aide	1:10
Chaplain	1:25
Volunteer Coordinator	1:100

*“Continuum is committed to being accessible and available to our patients, 24-hours per day, 7 days per week, and to meeting the comprehensive and unique needs of each patient and their family. The staffing ratios identified in Table 9 above, ensure that our care is both high quality and responsive.”*

Continuum provided the following statements regarding the recruitment and retention of necessary staff. [Source; Application, pdf27-28]

*“Continuum Clark is confident that we will be able to attract a sufficient number of qualified applicants to staff our hospice operations. We will recruit, employ and develop a diverse staff of clinicians and caregivers with skill levels appropriate to the functions they will perform. And, we will utilize various forms of recruitment techniques including the standard mechanisms of print and internet advertising and will post open positions on the Internet on various job boards (e.g. indeed.com). We will additionally use agencies and contacts with professional schools to communicate about our agency and open positions. If there are any positions that we are challenged to fill, we will use the services of a professional recruiter.*

*All potential staff are extensively vetted as to character and competence using the DiSC Profile, a leading personal assessment tool used to improve work productivity, teamwork and communication. The DiSC model provides a common language that people can use to better understand themselves and adapt their behaviors with others. The DiSC tool not only helps ensure we are hiring a high quality, efficient and competent workforce of character, it also helps with staff satisfaction and retention by increasing staff and providers’ self-knowledge, improving working relationship, facilitating better teamwork and teaching productive conflict.*

*New staff are provided with training and orientation and work under direct supervision during their initial period of employment. The length of direct supervision is related to their existing level of experience and the judgment of their supervisors.*

*As a means of employing and supporting citizens of high character, Continuum will focus on employing members of our National Guard and Reserve. Another of our Members’ agencies has been recognized by the Department of Defense and honored with a Patriotic Employer award for these efforts. The award recognizes sustained support (minimum 3 years) of the Guard and Reserve.*

*Continuum will offer competitive compensation packages (including 401K plans with generous matches), paid time off, a wide selection of health insurance options, dental insurance, vision insurance, life insurance, and excellent work/life balance. Continuum will also offer excellent inservice training and professional development opportunities with the main objective to enable and incentivize staff to work together to benefit patients and their families.*

*Volunteers will also be a critical part of the hospice team. Volunteer recruitment will commence immediately upon receipt of our State license and will include the following:*

- We will post on VolunteerMatch.org and Craigslist.org for volunteers interested in making friendly visits to patients to provide companionship and socialization, as well as volunteers who are able to provide art therapy, pet therapy, massage, hair cutting and styling, designing and delivery of flower bouquets, making lap blankets, teddy bears, etc. Presentations will be made to community service organizations regarding Continuum and the volunteer program.*
- We will connect with local colleges and university websites that connect students to volunteer opportunities, particularly for pre-med students, nursing programs, chaplaincy programs, and social work programs.*
- We will reach out to local high school career counselors for student internship opportunities for administrative office volunteering.*
- In the larger assisted living facilities, volunteer opportunities will be provided to the independent-living residents.*

*All applicants that apply will be thoroughly screened, undergo a full background check (using a vendor named SappHire Check), and will receive a personal interview. Once selected, volunteer orientation and training will occur as soon as the volunteer is able to schedule.”*

Within its screening responses, Continuum also stated the below as related to the recruitment and retention of staff. [Source: Screening Response pdf14]

*“Upon award of the CN, Continuum will begin recruiting staff. The first staff to be recruited will be the administrator and the clinical director. These two positions are expected to be filled within two to three months following CN approval; their effective employment date will be at the time of the licensure survey. In addition, four months prior to opening, patient care and office support staff will be recruited; with their effective employment date at the time of the licensure survey. In years two and three, we will continue to recruit and hire direct services staff to increase staffing levels proportionate to patients served.”*

#### Public Comment

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care  
*The staffing issue is very important. There are staffing shortages in the area that must be contended with. In general, Bristol, Continuum, Heart of Hospice, and Seasons do not address this issue.*

- The significance of this issue is related to the projected ADC of a new program. As discussed above, there are differences in the ADCs projected by each of the applicants. For example, Continuum and Heart of Hospice have forecasted ADC figures that exceed the unmet ADC need of 45 in 2020 for Clark County as projected in the Department's hospice need methodology. A higher ADC means that more staff will have to be recruited. As noted above, Providence Hospice has projected a reasonable ADC of 36.7 in its third year of operation.*
- The significance of staffing shortages is also related to the number of new FTEs that will be required for a new program. Continuum's proposed program requires the greatest number of new FTEs: 28 FTEs. Heart of Hospice's program will require 21 incremental FTEs. Seasons' program will require 21 new FTEs. Bristol's program will require 14 new FTEs. In contrast, Providence Hospice's Clark County program will require the lowest number of new FTEs:*

6.8 incremental FTEs. This is due to the fact that it is an existing provider and thus can share allocated FTEs.

#### Rebuttal

None

#### Department Evaluation

As a current hospice provider in other states, Continuum has an understanding of the appropriate staffing necessary to establish a health care agency. As shown in the FTE table earlier, 11 FTEs are needed in partial year one, which increases to 28 FTEs by the end of year three. Continuum Clark also identified the projected staffing ratios. The ratios are reasonable and consistent with data provided in past hospice applications reviewed and approved by the program. Providence provided some comments regarding concerns with the number of FTEs needed, but it is presented comparatively. There is no information to suggest Continuum Clark is incapable of meeting their staffing goals.

Continuum Clark provided an executed Medical Director Service Agreement for its prospective medical director. The agreement identifies all roles and responsibilities and all costs associated with medical director services. Continuum Clark intends to use the strategies it has successfully used in the past for recruitment and retention of staff to the agency. The strategies identified by Continuum Clark are consistent with those of other applicants reviewed and approved by the department. The pro forma also identifies all costs associated with the services.

The department concludes Continuum Clark has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

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

WAC 246-310 does not contain specific WAC 246-310-230(2) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's ability to establish and maintain appropriate relationships.

#### Providence Hospice

Providence provided the following information in response to this sub-criterion:

*“Providence Hospice has deep roots in the community and has been providing hospice services for more than three decades. Consequently, Providence Hospice has well established existing ancillary and support services. The existing ancillary and support services include but are not limited to the following:*

- ***Occupational Therapy, Physical Therapy, and Speech Therapy:*** Providence Hospice has an agreement with Braun Therapy Staffing to make available occupational therapy, physical therapy, and speech therapy.
- ***Massage Therapy:*** Providence Hospice has an agreement with Marion Wolf Dixon, LMT to provide massage therapy to Providence Hospice patients.



- **Music Therapy:** Providence Hospice has an agreement with SacredFlight to provide music therapy to Providence Hospice patients.

*The relationships demonstrate Providence Hospice has the capabilities to meet the service demands for the project. Once the project is approved, Providence Hospice will work to make any necessary adjustments or amendments to the agreements in order to provide the full spectrum of hospice services in Clark County. In cases where the expansion of ancillary services into Clark County is not possible with the existing provider, Providence Hospice will develop new relationships to meet the needs of hospice patients in Clark County.*” [source: Application pdf48]

*“As an established provider in the community, Providence Hospice works closely with local hospitals, physicians, and other providers to ensure continuity of care while avoiding fragmentation of care. Providence Hospice will leverage its existing relationships, both inside and outside of Clark County, and wherever necessary build additional relationships as needed to ensure a full spectrum of care. In cases where Providence Hospice has an existing relationship that does not include Clark County, where applicable Providence Hospice will amend those contracts or agreements to include Clark County.*

*Current relationships include but are not limited to the following:*

- **Providence Hospitals:** Providence Hospice has an agreement with Providence Health & Services – Oregon to make available inpatient services to hospice patients.
- **Respite Care:** Providence Hospice has an agreement with Marquis Companies to provide respite care services to hospice patients.
- **Long Term Care facilities:** Providence Hospice has an agreement with Prestige Care, Inc. to provide nursing facility services to hospice patients. Prestige Care also has additional relationships with nursing facilities in Clark County.
- **Pharmacy Benefit Manager:** Providence Hospice has an agreement with OnePoint Patient Care to provide Pharmacy Benefit Manager services. OnePoint has offices located in Vancouver, Clark County.
- **Home Medical Equipment and Specialty Pharmacy Services:** Providence Hospice has an agreement with Providence Health & Services – Oregon to provide Home Medical Equipment and Specialty Pharmacy Services.
- **Oncology Cancer Center:** Providence Hospice has strong working relationships with Providence Cancer Center Oncology & Hematology Clinics based in Portland.
- **Primary Care Clinics:** Providence Hospice has strong working relationships with Providence Medical Group (“PMG”) primary care clinics in Clark County. PMG has a total of four primary care clinics in Clark County, with the first clinic opening in 2009.” [source: Application pdf48-49]

#### Public Comment

None

#### Rebuttal Comment

None

### **Department Evaluation**

Providence Hospice is currently a Medicare and Medicaid hospice provider in Oregon and Washington State. This project proposes to establish a new service in Clark County. The proposed hospice agency would be located in Portland, just across the Washington-Oregon border. Information provided in the application demonstrates that the hospice agency would continue to have access to all ancillary and support services used.

Information reviewed in the application demonstrates that Providence Hospice has the experience and expertise to maintain appropriate ancillary and support relationships for their hospice agency's operations in Clark County. Based on the information, the department concludes **this sub criterion is met.**

### **Seasons Hospice**

Seasons Hospice provided the following statement related to the proposed hospice agency ancillary and support services. [Source: Season's Application, p72, Exhibit 12]

*"Seasons Clark County uses employees to deliver services, and contract personnel to supplement the skills that may not be routinely available among the employees when the plan of care requires such services. Most often, these contract services include physical, respiratory, speech, and occupational therapists. A patient may also require acupuncture, massage, or other palliative treatments for which a licensed professional provides.*

*Because ancillary personnel serve under contracts, they augment the plan of care by adding some additional services specified in the plan of care. At all times, Seasons employees are in control of the delivery of care, and retain control, thus assuring that the contracted personnel can meet the service demand. Contract employees are also discussed in previously mentioned policies, appearing in Exhibit 12.*

*Some hospices consider music therapy and dieticians as ancillary services but Seasons identifies them as core team members; they are included in the interdisciplinary group."*

Season's also provided copies of the following policies that outline the details and procedures with the services.

- Standards of Practice
- Contracted Services
- Financial Management

### **Public Comment**

**Cassandra Vargas, Executive Director, Fort Vancouver Post Acute**

*Should Seasons Hospice be awarded the license here in Clark County I would be interested in contracting with them for GIP in our building. Our facility currently has 65+ beds and has an average census of 40-45 every month. Our facility is designed with private rooms and bathrooms providing comfort and privacy that would be ideal for hospice patients. The most important thing to me and my staff is that our patients are provided the absolute best care possible. This means that patients who become terminal can avoid transfer which can often be the result in a hastened death or increased discomfort and pain.*

### Rebuttal Comment

None

### Department Evaluation

Seasons Hospice is not currently a Medicare and Medicaid hospice provider in Washington State. The Seasons organization does operate hospice agencies in a number of other states. This project proposes to establish a new service in Vancouver, within Clark County. Information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all ancillary and support services proposed to be used by Seasons Hospice.

Information reviewed in the application demonstrates that Seasons Hospice has the experience and expertise to establish appropriate ancillary and support relationships for a new hospice agency. Based on the information, the department concludes **this sub criterion is met.**

### Heart of Hospice

Heart of Hospice provided the following statement related to the proposed hospice agency ancillary and support services. [Source: Heart of Hospice Application, p28; Attachments 15-19]

*“Given our current operation we are contracted with:*

- 1. Skyline Hospital in White Salmon Washington to provide ancillary and support services.*
- 2. Mid-Columbia Medical Center (MCMC) in The Dalles.*
- 3. Providence Hood River Memorial Hospital.*
- 4. NORCO who provides our Durable Medical Equipment (DME).*
- 5. OPTUM who provides pharmacy oversight, and a Prescription Drug Card.*
- 6. Columbia Gorge Physical Therapy Services & Occupational Therapy Services.*
- 7. Visiting Health Services Home Care Services*

*As you can see we are prepared to be a community partner and work with other Health Care providers to bring the mission of Hospice to the community. Once the CN is awarded we will extend our contracted obligations with additional local providers in order to meet the patient's needs”.*

Heart of Hospice also provided copies of the following agreements that outline the details and procedures with the services.

- NORCO Business Agreement: (Durable Medical Equipment).
- HospiScript (OPTUM) Pharmacy Services Agreement.
- Visiting Health Services (PT, OT, ST) Contract.
- Columbia Gorge Physical Therapy Contract.
- Skyline Hospital Contract.
- Mid-Columbia Medical Center Contract.
- Providence Hood River Memorial Hospital Contract.

### Public Comment

None

### Rebuttal Comment

None

### **Department Evaluation**

Heart of Hospice is currently a Medicare and Medicaid hospice provider in Washington State. This project proposes to establish a new service in Clark County. The proposed hospice agency would be located in Gresham, adjacent to the county. Information provided in the application demonstrates that the proposed hospice agency would likely have access to all ancillary and support services used by Heart of Hospice.

Information reviewed in the application demonstrates that Heart of Hospice has the experience and expertise to establish appropriate ancillary and support relationships for a new hospice operation extending into an adjacent county. Based on the information, the department concludes **this sub criterion is met.**

### **Continuum Clark**

In response to this sub-criterion, Continuum provided the following information. [Source: Application, pdf31]

*“Continuum Clark will directly provide the majority of ancillary and support services needed. Continuum Clark will solicit the following ancillary and support services and will finalize vendor selection after CN approval.*

- *Inpatient Care*
- *PT/OT/ST*
- *X-Ray*
- *Pharmacy*
- *Durable Medical Equipment*
- *Medical Supplies*
- *Laboratory*
- *Dietary/Nutritionist*
- *Ambulance*
- *Biowaste removal*
- *Specialty therapies”*

Continuum provided a copy of the executed Medical Director Service Agreement between Dino Ramzi, M.D. and Continuum Care of Clark LLC. The agreement outlines roles and responsibilities for each. The agreement is effective for one year, with automatic annual renewals in perpetuity (evergreen clause). [Source: Application, Exhibit 2 and Screening response, pdf19 and Attachment 6]

### **Public Comment**

None

### **Rebuttal Comment**

None

### **Department Evaluation**

Continuum is currently approved to serve as a Medicare and Medicaid hospice provider in Washington State in Snohomish County, but has only been in operation since early November 2019. However, its affiliates operate hospice agencies in several other states. This project proposes to

establish a new agency to serve patients in Clark County. The proposed hospice agency would be located in Vancouver, within Clark County.

Continuum provided a list of many ancillary and support agreements it would use for the new hospice agency. Included is an executed Medical Director Agreement and Addendum. Information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all hospice ancillary and support services proposed to be used by the agency.

Based on the information reviewed in the application, Continuum demonstrates that it has the experience and expertise to establish appropriate ancillary and support relationships for the new hospice services in Clark County, the department concludes that **this sub-criterion is met**.

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

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

As part of this review, the department must also conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.<sup>4</sup> To accomplish this task, the department reviews the quality of care compliance history for all Washington State and out-of-state healthcare facilities owned, operated, or managed by an applicant, its parent company, or its subsidiaries.

### **Providence Hospice**

In response to this criteria, Providence reported no history of adverse actions.

Providence also provided the policy associated with their Quality Assessment and Improvement Program. [Source: Application Exhibit 27]

### **Public Comment**

None

### **Rebuttal Comment**

None

### **Department Evaluation**

#### **Washington State Survey Data**

The eight Providence hospitals currently operating include Providence Holy Family Hospital, Providence St Joseph's Hospital, Providence Mount Carmel Hospital, Providence Centralia Hospital, Providence Sacred Heart Medical Center and Children's Hospital, Providence St Mary Medical Center, Providence St Peter Hospital, and Providence Regional Medical Center Everett. Swedish Health Services and Western Health Connect also operate under the Providence umbrella – their

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<sup>4</sup> WAC 246-310-230(5).

Washington State hospitals include Swedish Edmonds, Swedish First Hill, Swedish Issaquah, Swedish Cherry Hill, and Kadlec Regional Medical Center.

All of the hospitals listed above are accredited. The Providence hospitals and Kadlec Regional Medical Center are accredited by the Joint Commission. The Swedish hospitals are accredited by Det Norske Veritas (DNV). [source: Joint Commission website, DNV website, ILRS]

The department also reviewed the survey deficiency history for years 2016 through 2018 for all Providence and Providence-affiliated hospitals located in Washington State. Of the Washington State hospitals, three had deficiencies in one of the three years. All deficiencies were corrected with no outstanding compliance issues.<sup>5</sup>

In addition to the hospitals above, department also reviewed the compliance history for the two ambulatory surgical facilities and 13 in-home service agency licenses, including home health, hospice and a hospice care center. All of these facilities are operational. Using its own internal database, the survey data showed that more than 40 surveys have been conducted and completed by Washington State surveyors since year 2016. All surveys resulted in no significant non-compliance issues. [source: ILRS survey data and Department of Health Office of Health Systems Oversight]

#### CMS Survey Data

Using the Center for Medicare and Medicaid Services Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the historical survey information for the operational Providence hospice agencies. A Providence Hospice QCOR review shows that the 12 existing agencies have been surveyed 18 times since 2016. In each instance, no deficiencies were found.

Providence provided the name and professional license number for the proposed medical director, Dr. Ruth Medak. Dr. Medak is currently licensed in the state of Oregon. Using data from the Oregon Medical board. The department found Dr. Medak is compliant with state licensure with no restrictions on her license. Using data from the Medical Quality Assurance Commission, the department found that Dr. Medak applied for, and received a license to practice in the state of Washington. However, her license expired shortly thereafter in August 2019. The process to renew an expired license is outlined in WAC 246-12-050.<sup>6</sup> If this project is approved, Dr. Medak must be appropriately credentialed to practice in the State of Washington, and a condition related to this requirement would be applied to Providence's approval.

With Providence's agreement to the condition identified above, and given the compliance history of the facilities it owns or operates, the department concludes there is reasonable assurance the proposed hospice agency would be operated in conformance with applicable state and federal licensing and certification requirements. Based on the information reviewed, the department concludes **this sub criterion is met.**

#### Seasons Hospice

In response to this sub-criterion, Seasons Hospice States, "*Seasons Clark County (the reference for the applicant, Seasons Hospice & Palliative Care of Clark County, LLC) has no history and no principles in Washington. The entity is a newly created limited liability company formed for the*

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<sup>5</sup> The three hospitals were Holy Family Hospital in Spokane County, Providence Regional Medical Center-Everett in Snohomish County, and Providence St. Peter in Thurston County.

<sup>6</sup> This process is applicable for licenses that have been expired for three years or fewer.

*purpose of obtaining a certificate of need for a hospice entity that will operate in the state, serving residents of Clark County. Refer to the documents appearing in Exhibit 1 Seasons Hospice & Palliative Care has a thriving program in Portland, Oregon where patients frequently cross state lines to access care. Because of their relationship with hospitals and their inpatient services at Oregon Health & Science University Hospital, they are often asked to serve Clark County, WA for continuity of care purposes.” [Source: Season’s Application, p 73]*

Seasons Hospice also provided copies of the Quality Assessment/Performance Improvement policies to be used at the hospice agency. [Source: Season’s Application, Exhibit 13]

The policies included are:

- Quality Assessment & Performance Improvement
- Utilization Review
- Sentinel Events
- Program Evaluation:

#### Public Comment

Sarah Cameron, Chief Strategy and Planning, Providence Saint Joseph Home and Community Care  
*With the exception of one applicant, Providence Hospice and the other applicants have provided the Department with the assurances required under subcriterion 3. The exception is Seasons Clark. Seasons Clark has taken the position that, due to the holding company organizational structure employed by "the Seasons Hospice group," licensing and certification "actions against out-of-state Seasons operations are not applicable in this case" because "each site is its own separate legal entity with each having a single owner, none in common." Thus, according to Seasons Clark, it "has no operations out of state, so there are no relevant out-of-state actions to include. "Seasons Clark therefore refuses to provide any survey information or documentation for any of the hospices that are owned and/or operated by "the Seasons Hospice group" or managed by Seasons Management.*

*This position is certainly novel (as well as unprecedented), but it is also completely inappropriate. The refusal of Seasons Clark (and "the Seasons Hospice group" and Seasons Management) to provide survey information and documentation for hospices owned and/or operated by "the Seasons Hospice group" or managed by Seasons Management is, in and of itself, grounds for denial of the Seasons Clark application.*

*As discussed above with respect to the financial feasibility criteria, "the Seasons Hospice group" is a "family-owned and operated" entity that consists of a nationwide network of related "hospice program affiliates "that are operated in a coordinated fashion, with Seasons Management at the heart of the network. There does in fact appear to be a common owner of all the Seasons legal entities: the "family" referred to in the Seasons Clark application. "The Seasons Hospice group" has adopted the holding company business model for business reasons. However, that business model cannot be used as a basis for refusing to provide information and documentation that is essential to the Department's evaluation of whether the Seasons Clark application satisfies the structure and process of care CN review criteria. Again, this refusal is grounds for denial of the Seasons Clark application.*

#### Rebuttal Comment

Seasons Hospice did not submit rebuttal to address this topics presented in public comment.

## **Department Evaluation**

As stated in the applicant description section of this evaluation, Season's is not a current provider of health care services in Washington State.

### **CMS Survey Data**

Using the Center for Medicare and Medicaid Services Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the historical survey information for all available Season's affiliated facilities. A QCOR review shows that since 2016, four Season's facilities (one each in Connecticut and Wisconsin, two in California) had surveys resulting in actions.

**Department's Table 20**  
**Seasons Hospice Facilities**

State	Facility/Type	Times surveyed since 2016	Citations Issued <sup>7</sup>
CT	Seasons Hospice & Palliative Care of Connecticut	1	Condition, Standard
WI	Seasons Hospice Palliative Care	3	Condition, Standard

The 2018 complaint survey of the Connecticut facility resulted in a series of condition and standard level citations that were corrected by the follow-up visit<sup>8</sup>. Similarly, the facility in Wisconsin received a complaint survey in 2017 which also led to a follow-up to correct both condition and standard level citations. The Wisconsin facility was surveyed again in 2019 and no deficiencies were found.

In California, the San Diego facility had a complaint survey that resulted in both condition and standard level citations that were corrected. The facility was surveyed two more times since that time and did not reveal any deficiencies. The San Jose agency also had a complaint survey in 2016 leading to two standard citations. Since that time, the agency has been surveyed two more times and have not been issued any additional citations.

Without rebuttal comments to consider in response to comment, the department must rely upon the information available through the QCOR search of all Season's facilities that have been surveyed. As stated above, three facilities did receive condition level citations resulting from complaint surveys in 2016 (CA), 2017 (WI), and 2018 (CT). In each instance, only one follow-up was performed and no citations have been recorded in the subsequent surveys performed.

It is unusual that an applicant would not provide additional information in response to screening. Providence identifies that this alone should be grounds for denial of the application. However, the department was able to validate out-of-state compliance information from CMS.

Season's provided the name and professional license number for the proposed medical director, Dr. Christopher Morris. Using data from the Medical Quality Assurance Commission, the department

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<sup>7</sup> Surveys of Skilled Nursing Facilities score deficiencies by a point system designated by letters A-L and scaled by severity and scope, A=0 pts, L=150 pts

<sup>8</sup> There are two different types of citations that CMS can issue. The more serious, known as "condition-level" mean that a healthcare facility is not in substantial compliance with Medicare's Conditions of Participation. A "standard-level" deficiency means that the healthcare facility may be out of compliance with one aspect of the regulations, but is considered less severe than condition-level.



found that Dr. Morris is compliant with state licensure and has no enforcement actions on their license.

In the application, Season's provide the names of the key management personnel necessary for the hospice agency as well as organizational personnel. [source: Season's Application, pp14-16]

Given the compliance history available for the facilities it owns or operates, the department concludes there is reasonable assurance the proposed hospice agency would be operated in conformance with applicable state and federal licensing and certification requirements. Based on the information reviewed, the department concludes **this sub criterion is met.**

### **Heart of Hospice**

Heart of Hospice contends, "*Heart of Hospice is in perfect standing with both Washington Law and all Federal Law. We have never had any history of any of the above. You will find attached our most recent Washington Hospice Survey conducted October 2- October 4, 2017. This survey found that Heart of Hospice was 100% in compliance with WAC 246-335 for the category of HOSPICE. The Department survey staff found Heart of Hospice to be in compliance*". [source: Heart of Hospice Application, pdf29]

Heart of Hospice also provided the Quality Assessment /Performance Improvement policies to be used at the hospice agency. [Source: Heart of Hospice Application, Attachment 23, 31]

The policies included are:

- QAPI -Benchmarking
- QAPI - Performance Improvement Projects
- Quality Assessment and Performance Improvement Program

### **Public Comment**

None

### **Rebuttal Comment**

None

### **Department Evaluation**

As stated in the applicant description section of this evaluation, Heart of Hospice is a current provider in Washington State with hospice agencies operating in Skamania and Klickitat counties. The Department of Health licenses acute care hospitals, home health, and hospice agencies.

The Department of Health's Office of Health Systems Oversight (OHSO) conducted surveys for the facilities owned or operated by Heart of Hospice. Using its own internal database, the department reviewed the historical survey data for the healthcare facilities associated with Heart of Hospice. The survey data is summarized by in the following table. [Source: DOH Office of Health System Oversight]

**Department's Table 21**  
**Heart of Hospice Facilities**

Site Address/County	License #	Type of Survey	Year of State Survey
Heart of Hospice Hood River, OR	IHS.FS.00000185	Ongoing Routine	12/5/2009
		Ongoing Routine	12/12/2012
		Ongoing Routine	3/13/2015
		Ongoing Routine	10/4/2017

Information provided by the Department of Health internal database show that the applicant's facilities are substantially compliant. For survey deficiencies identified, Heart of Hospice provided plan of corrections that were accepted. OHSO has not taken action against any of the facilities licenses. [Source: ILRS]

#### CMS Survey Data

Using the Center for Medicare and Medicaid Services Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the historical survey information for Heart of Hospice. Heart of Hospice QCOR review shows that it was last surveyed in 2018. This survey showed one standard-level deficiency<sup>9</sup> that was corrected; no follow up survey was performed. One other complaint survey was performed in 2016 in which there were no deficiencies found.

Heart of Hospice provided the name and professional license number for the proposed medical director, Dr. Stephen McLennon. Using data from the Medical Quality Assurance Commission, the department found that Dr. McLennon is compliant with state licensure and has no enforcement actions on the license.

In the application, Heart of Hospice provide the names of the key staff necessary for the hospice agency as well as organizational personnel. [source: Heart of Hospice Application, pp4 & 80]

Given the compliance history of the facilities it owns or operates, the department concludes there is reasonable assurance the proposed hospice agency would be operated in conformance with applicable state and federal licensing and certification requirements. Based on the information reviewed, the department concludes **this sub criterion is met.**

#### Continuum Clark

In response to this criteria, Continuum Clark stated, *"Neither Continuum Clark, its Members or its leadership team have any history with respect to the actions noted in the above questions."* [source: Application pdf33]

The question referred to above speaks to compliance history.

#### Public Comment

None

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<sup>9</sup> There are two different types of citations that CMS can issue. The more serious, known as "condition-level" mean that a healthcare facility is not in substantial compliance with Medicare's Conditions of Participation. A "standard-level" deficiency means that the healthcare facility may be out of compliance with one aspect of the regulations, but is considered less severe than condition-level.

## Rebuttal Comment

None

## Department Evaluation

### Washington State Healthcare Facilities

As Continuum stated in the application, they currently do not operate in Washington State. This was true at the time of the application, however they were recently approved for and initiated services in Snohomish County. As of yet, no compliance history exists.

### Out of State Facilities

Continuum operates a total of three hospice agencies in the following two states: California and Rhode Island. Continuum operates under the Continuum name, or a variation of the name.

Using the Center for Medicare and Medicaid Services Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the historical survey information for Continuum and any of the Continuum subsidiaries in both states. Since 2015 all Continuum hospice facilities were surveyed in both states.

**Department's Table 22**  
**Continuum's Facilities by State**

State	# of Facilities
California	2
Rhode Island	1

Focusing on years 2015 through 2019, no facilities were noted to have condition level deficiencies that required follow up visits.

Continuum provided the name and professional license number for the proposed medical director, Dino Ramzi, M.D. using data from the Medical Quality Assurance Commission, the department found that Dr. Ramzi is compliant with state licensure and has no enforcement actions on the license. [Source: Department of Health Integrated Licensing and Regulatory System database]

Given that Continuum proposes a new agency, other staff have not been identified. If this project is approved, the department would attach a condition requiring Continuum to provide the name and professional license number of its hospice agency staff prior to providing services.

In review of this sub-criterion, the department considered the total compliance history of Continuum and the facilities it owns and operates. The department also considered the compliance history of the proposed medical director that would be associated with the agency. The department concludes that Continuum has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that Continuum's establishment of a new Medicare and Medicaid certified hospice agency in Washington State would not cause a negative effect on the compliance history of Continuum. Based on the information, the department concludes that **this sub-criterion is met.**

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

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

### **Providence Hospice**

In response to this criteria, Providence provided the following information:

*"As an established provider in the community, Providence Hospice works closely with local hospitals, physicians, and other providers to ensure continuity of care while avoiding fragmentation of care. Providence Hospice will leverage its existing relationships, both inside and outside of Clark County, and wherever necessary build additional relationships as needed to ensure a full spectrum of care. In cases where Providence Hospice has an existing relationship that does not include Clark County, where applicable Providence Hospice will amend those contracts or agreements to include Clark County."*

*"Avoiding fragmentation to care delivery is a key reason why Providence is requesting Certificate of Need approval. Providence offers exceptional inpatient and specialty care in the metro Portland service area, such that many Clark County residents seek specialty care in Portland with Providence. As these residents return to their homes in Clark County, Providence aims to maintain continuity of care ensuring availability of Providence primary care and ambulatory care services and, as care needs change, a seamless transition to home-based and hospice services."*

*Not only does Providence Hospice have strong existing relationships in the community, we recently rolled out the Epic Electronic Medical Record in our Hospice and Home Health services, which is a very valuable tool to help decrease the risk of fragmentation, improve the quality and timeliness of communication between caregivers, and enhance the overall level of clinical excellence offered."*  
[source: Application, pdf48-49]

### **Public Comment**

#### **Representative Monica Stonier, 49th Legislative District**

*"Providence Health & Services is a trusted health care provider in both our state and in Oregon. They have served both states since the 1800's and have provided health insurance to many teachers in Clark County for many years. Many people in our community utilize Providence health care, and it only makes sense to allow them to extend their Hospice care to Clark County as well, so that there is continuity of care for our residents at the end of their lives."*

*I urge you to approve the Providence Hospice application, so that Clark county residents can be served close to home in a time when they are most in need."*

Krista Farnham, Chief Executive, Providence Portland Medical Center

*“Providence Hospice has been an integral part of the care delivery system in the Pacific Northwest since 1982. The program provides comprehensive and compassionate physical, emotional, and spiritual care to people nearing the end of their lives, including support for families and friends. Providence Hospice is well-known in the community for going above and beyond required hospice care.*

*I understand the hospice certificate of need application for Clark County is competitive with several for-profit applicants vying to enter this growing community. I am confident that Providence Hospice is best positioned to earn this privilege due to its commitment to partnership, ability to quickly adjust existing resources and expertise, and enduring trust among providers in the Pacific Northwest.”*

Providence Medical Group, Mill Plain

*Providence Hospice has been an integral part of the care delivery system in the Pacific Northwest since 1982, providing comprehensive and compassionate physical, emotional, and spiritual care to people nearing the end of their lives, including support for families and friends, and we are well-known in the community for going above and beyond the required hospice care.*

*We, the caring and dedicated staff of Providence Medical Group Mill Plain feel that Providence Hospice would be the best candidate to serve Clark County for several reasons: We are a nonprofit organization that has become a trusted name in our community. We have four local clinics that are ready and able to support our hospice patients. Providence clinics take pride in our mission, and the values of compassion, respect, justice, excellence and stewardship. We have an amazing staff that truly lives by our mission every day with the patients we serve. Additionally, Providence already has a hospice agency in Portland which would serve as a great support for Clark County Hospice.*

Mark Mantei, Chief Executive Officer, The Vancouver Clinic

*I am writing today to express my organization's support of the Providence Hospice application (#19-44) to extend its operations into Clark County, WA.*

*The Vancouver Clinic Is an independent 350 clinician multi-specialty group practice serving nearly 200,000 residents of SW Washington. We have embraced a care model which emphasizes patient engagement, adding value through cost effective, high quality offerings, and specific to this application, delivering on a promise to honor our patient's wishes in their final days. We have established a palliative care department which is available to all of our patients and in home hospice care is a vital offering to our patients.*

*As we examine the demographics and improve our patient's understanding of options, we see that the need for additional in-home hospice capacity is growing. Having a partner who is known to deliver high quality hospice care is very important to the clinicians of Vancouver Clinic.*

Rebuttal Comment

None

Department Evaluation

Providence currently operates a Medicare and Medicaid hospice agency in the adjacent counties. Details in the application demonstrate that the basic infrastructure has been planned for and a location secured. Further, Providence demonstrated a reasonable patient base for the new hospice agency.

With the approval of Providence's proposed project, residents in Clark County would have access to hospice services. Therefore, the department concludes that approval of this project will promote continuity in the provision of healthcare and not result in an unwarranted fragmentation of Medicare and Medicaid certified hospice services in the county. **This sub-criterion is met.**

### **Seasons Hospice**

Seasons Hospice provided the following statements related to this sub criterion.

*"The application requires a certificate of need in order to implement a hospice program. Persons who receive a physician-determined terminal prognosis may qualify for hospice for end-of-life care. Some individuals also may elect home health agency care.*

*Under the hospice benefit and program of care, the hospice's interdisciplinary team coordinates a range of palliative care and provides patient and family support for end-of-life care. The patient's attending physician participates with the hospice medical director and the interdisciplinary team, of which the patient and family belong, to identify the services that will maintain comfort for the patient based on his or her terminal diagnosis.*

*Seasons Clark County's plan for general inpatient care requires contracts with nursing homes to serve as the short-term placement of the patient to stabilize the patient and control symptoms, including medicinal management, so that the patient attains a level of comfort and returns home. Nursing homes also provide the family with respite care, caring for the patient for a brief stay, so that the family caregiver has a break from daily care of the patient.*

*Seasons Clark County intends to work with nursing homes and assisted living facilities that are residences of patients enrolled in the hospice program. These facility residences also have staff that provide services to those who reside within them. Seasons Clark County's training program for nursing home and assisted living facilities' employees explains the roles and responsibilities, the accountability for care, and defines the roles of the facility staff and that of the hospice staff. The result in cooperation and avoidance of duplication while ensuring care for the hospice patients.*

*In the proposal, another specialty population subgroup are the homeless. Seasons Clark County's commitment to this group requires cooperation and coordination with agencies and advocates that serve the homeless, as well as hospitals and emergency departments that also may encounter the homeless. Promotional materials and direct outreach to hospitals, fire departments, police departments and advocacy groups about the program acts as a coordination hub for assuring that homeless persons do not die alone. The homeless program provides housing vouchers and other means to provide a qualifying home with caregiver so that hospice services can be provided to them.*

*Seasons Clark County's Inclusive Initiative develops diversity councils to identify impediments for those groups to hospice services, and to create pathways to remove them. Volunteers with hospice employees staffing the councils work cooperatively within and across the broader communities within the county to provide appropriate and sensitive materials that address those identified factors that can be overcome. Ways of outreach, such as community meetings, church visits, special programs, revised or newly developed educational materials, expand how minority groups can reach out to hospice. One important lesson learned from Seasons Hospice & Palliative Care affiliates in other*

*states is to diversify the workforce so that the workforce's diversity reflects the broader community's makeup.*

*Hospitals are often the place where case identification occurs for end-of-life prognosis. The hospice social workers share information with hospital discharge planners and patient advocates about the program and services, and explain that Seasons Clark County's staff will make assessment visits 24 hours a day, seven days a week. The ability to interact with the patient and family and provide assessments with care and compassion relieves the hospital of longer stays.*

*Seasons Clark County targets community physicians to provide CEUs and other information about hospice, informing them of the benefits the hospice provides and the services. Information regarding how to open communication about palliative care and end-of-life care equips the community physicians with the material to engage in productive communication with the patient and family. Seasons Clark County's assessment team or other personnel offer the community physicians to pursue palliative care discussions and planning for end-of-life care. (The medical director's contract appears in Exhibit 3.)". [source: Season's Application, pdf72-74]*

#### Public Comment

Paulette Keller, RN, BSN, MEd, Columbia Ridge Senior Living

*This letter of support is offered on behalf of Seasons Hospice & Palliative Care in their pursuit of licensure here in Clark County, WA.*

*I've worked as a RN in this Assisted Living Facility for the past couple of years. During that time, we've made referrals to hospice providers and have a good working relationship with one of the two major providers currently serving our county. As a medical professional, I believe it's important for patients and their families to have access to the highest quality care available. Having more providers in our county to meet the growing needs of our community would benefit all those in need of end-of-life care.*

*After hearing about some of the specialized programs and services Seasons Hospice & Palliative Care has to offer, I believe they'd make a great option for patients. Their commitment to the "We Honor Veterans" program, their "No One Dies Alone" initiative, and the work of the Seasons Hospice Foundation all support their mission of "Honoring Life ~ Offering Hope." Should Seasons Hospice & Palliative Care be licensed here in Clark County, we would consider referring patients to their services.*

Jenn Leitch, BSN, RN, CCM, CGS, Nurse Manager, OHSU

*I have been working in health care for 19 years and have served as the manager at OHSU for 4 years. In my time working here I have seen many benefits to hospice care and the importance of continuity of care for those who receive care coming from Clark County. We have seen many people cross state lines to receive high levels of care in our facilities, and struggle to identify resources for the community of Clark County. Some of those patients who suffer from terminal illness become admitted to hospice while in our facilities or surrounding facilities. When these patients are discharged home they will not have the continuity of care, which is an important part of end-of-life transition.*

*Currently there are only two hospice providers in Clark County and there is a great need to raise the bar in hospice care. Seasons Hospice provides has a mission and vision to honor life and offer hope with programs such as No One Dies Alone and Last Wish. The care they provide gives every person*

*an opportunity to improve their quality of life with the time they have left. They offer Music Therapy, Namaste Care and also Leaving a Legacy, which allows each patient to leave something behind to their loved ones and have a say in how they are remembered. This person-centered care is how I would want my loved ones to be cared for. I have seen how they care for patients here at OHSU and it would be beneficial to have them on each side of the state line. Please accept this letter of support for Seasons Hospice & Palliative Care in their efforts to serve those in the Clark County area.*

**Dr. Erik Sasovetz, DO, Associate Care Professionals Northwest, LLC**

*I have been a physician for 11 years with a background in geriatric medicine working specifically in Clark County and the Portland area. During my time working as a PCP I gave many hospice referrals and would continue to follow my patients throughout their time in end-of-life care. One of my concerns working between the state line is the continuity of care with all of my patients whom I serve. I would like to see the patients that live in Clark County receive the same care and attention at home as they do in Portland. If Seasons Hospice is awarded the license this would benefit those patients who come to Portland, where Seasons currently has an office and provides care. Seasons hospice has an extensive amount of specialty programs that looks to treat the patient as a whole and believes in honoring them by increasing the quality of life with the time that they have left.*

*I have a strong interest in hospice care and the opportunities to raise the bar through the care provided as well as the efficiency and communication between all team members and providers. Another concern I have through my experience working with hospice teams is the lack of technology that could be beneficial in medical care. I was pleased to hear that Seasons Hospice uses a national pharmacy called Enclara as well as eFax which can improve the delay between receiving orders and getting patients the medication they need for comfort care. These orders can be received and sent through a mobile application. This would be extremely helpful in following my patients that have now transitioned into end-of-life.*

**Sarah Bowen, PN, Health Services Director, Clearwater Springs Assisted Living**

*Seasons has attentive staff that truly care for the patients they serve along with providing excellent communication to the family and patients. After seeing their services I would trust them with our residents at Clearwater. I know they have several special programs such as music therapy which provides one-on-one care plans devoted to anticipatory grief support and life processing.*

*I believe in end-of-life care and that every person deserves to be given a chance to live their final days out with dignity and love. Seasons Hospice would be a great addition to the providers that already serve Vancouver. Please accept my letter of support to Seasons Hospice & Palliative Care.*

**Jaime Bellisle, RN, Director of Nursing, Fort Vancouver Post Acute**

*I have been in healthcare for over 15 years and have worked as the Director of Nursing for over a year at Fort Vancouver Post Acute. The biggest issue that we have with hospice care is the amount of time it takes to admit a hospice patient, as well as the communication and education that could be available to our staff but is not provided. In my time working as the DON I have seen my patients transition from aggressive treatment to end-of-life care and have seen the failures that have occurred because of inability to transition quickly to hospice. I had a patient specifically with an infectious wound on her foot that went to the bone. This patient was eligible for hospice services but did not want to amputate because she knew that her time was limited and wanted to live out her last days in comfort and peace. The patient did not want to leave our building but because there was a delay in our current hospice provider admission, she had to be discharged home which caused her great*



*discomfort and lack of continuity of care. These are the reasons that we could benefit greatly from a GIP contract with Seasons Hospice, who could provide the continuity of care we need for our patients at Fort Vancouver. Seasons Hospice could also provide education and increased communication with our staff on how to care for a patient in end-of-life comfort care. I worked in a memory care unit for over 10 years and I understand the importance of understanding and implementing comfort care. Seasons Hospice would provide their expertise in hospice care to our staff and create a partnership that could benefit both our staff and our patients.*

Rebuttal Comment

None

Department Evaluation

Seasons Hospice does not currently operate a Medicare and Medicaid hospice agency in the state and will be establishing a location in Vancouver if this application is approved. Details in the application demonstrate that the basic infrastructure has been planned for and a location secured. Further, Seasons Hospice demonstrated a reasonable patient base for the new hospice agency.

In the financial feasibility section of this evaluation, the department concluded that it could not determine whether the new agency's immediate and long-range capital and operating costs are reasonable. This resulted in a failure of the application under WAC 246-310-220(1).

Based on the conclusions reached in WAC 246-310-220(1) above, the department concludes that approval of this project may result in an unwarranted fragmentation of Medicare and Medicaid certified hospice services in the county. **This sub-criterion is not met.**

Heart of Hospice

*In response to this criteria, Heart of Hospice states, "This project greatly improves continuity and avoids fragmentation. Clark County residents currently do not have access 100% to a Medicare and Medicaid hospice program. The approval of this project will allow for us to serve the residents of Clark throughout the entire county. We are seeking approval in order to serve the entire county not only the high-density patient populations. Our history has proven that we are able to meet patients and family's needs regardless of the geographic location. We currently serve patients in remote areas (off the grid) and also in the city. Our ethics prove that regardless of individuals social economic or geographic location our team is 100% dedicated to their quality of care. Patients and families who are terminal ill should have options and access to Quality Hospice Care. Most of the individuals who are being faced with end of life need immediate access to Hospice. Frequently, we have found that individuals who do not have choice or access and die without hospice could have died with comfort knowing that Hospice was by their side. This approval will allow the individuals throughout Clark County to know that Heart of Hospice is available to them when they are ready and they are able to start receiving hospice the moment they contact our office. Throughout this application we have shown our commitment to our communities. Our history shows we are able to serve large counties and reach the patient where ever they call home. We are prepared to go the distance to change the life of one patient and family at a time." [source: Application, p28-29]*

Public Comment

None

## Rebuttal Comment

None

## Department Evaluation

Given that Heart of Hospice currently operates a Medicare and Medicaid hospice agency in the state, documentation in the application demonstrates that the basic infrastructure is already place for the hospice agency. Further, Heart of Hospice demonstrated a reasonable patient base for the new hospice agency.

With the approval of Heart of Hospice's proposed project, residents in Clark County would have access to hospice services. Therefore, the department concludes that approval of this project will promote continuity in the provision of healthcare and not result in an unwarranted fragmentation of Medicare and Medicaid certified hospice services in the county. **This sub-criterion is met.**

## Continuum Clark

Continuum provided the following information under this sub-criterion. [Source: Application, pdf32]

*"Continuum Clark proposes to work closely with local physicians, hospitals, and other providers in Clark County and neighboring Oregon (recognizing a significant number of Clark County residents receive services across the border in Oregon) to ensure patients' comprehensive medical, social, and spiritual needs are met, but no agreements are in place at this time. In addition to these direct care providers/referring agencies, specific providers that Continuum Clark will develop working relationships with include:*

- 1. Clark County Area Agency on Aging and Multnomah County Aging & Disability Services,*
- 2. Home Care Association of Washington and the National Association for Home Care,*
- 3. DSHS, Aging and Disability Services,*
- 4. Home Health and home care agencies,*
- 5. VA and the Clark County Veterans Assistance Center and Multnomah County Veterans Services,*
- 6. HMOs and other payers, and*
- 7. Primary care and Specialty Providers.*

*Continuum Clark will develop transfer agreements with local hospitals and nursing homes in Washington and Oregon. Informal cooperative agreements-but not formal written agreements, are also planned with ambulance, the Fire Department and the Coroner's office."*

## Public Comment

Larry Varela, RN, MS, Hospice Director, Kaiser Permanente Medical Center

*We have had the privilege of working closely with Continuum Care Hospice in Northern California for a number of years. While Kaiser operates its own hospice and palliative care programs, Continuum is our partner and we work closely with them. Specifically, Continuum provides support when we are at capacity or in the markets that Kaiser does not operate a hospice program. Continuum has demonstrated expertise in the field and a shared vision with Kaiser in regards to patient access, care and quality. For each of these reasons, I offer my full support and encourage approval.*

## Rebuttal Comment

None

### **Department Evaluation**

Given that Continuum does not currently operate a hospice agency in Clark County, approval of this project would require Continuum to establish healthcare relationships with existing healthcare providers in the county. Documentation provided in this application demonstrates that Continuum has the ability and expertise to establish necessary relationships.

The hospice services identified in the application are:

- Pain and symptom management,
- Social, psychosocial and spiritual needs,
- Use of necessary medications, medical supplies, and equipment,
- Advice and support for family caregivers,
- Specialized service needs,
- Use of short-term inpatient care when necessary,
- Respite for family caregivers, and
- Bereavement support for family and friends.

With the approval of Continuum's proposed project, residents in Clark County would have additional access to hospice services. Therefore, the department concludes that approval of this project will promote continuity in the provision of healthcare and not result in an unwarranted fragmentation of Medicare and Medicaid certified hospice services in the county. Based on the information, the department concludes that **this sub-criterion is met.**

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

### **Department Evaluation**

#### **Providence Hospice**

This sub-criterion is addressed in sub-section (3) above and **is met for** Providence Hospice.

#### **Seasons Hospice**

This sub-criterion is addressed in sub-section (3) above and **is not met for** Seasons Hospice.

#### **Heart of Hospice**

This sub-criterion is addressed in sub-section (3) above and **is met for** Heart of Hospice.

#### **Continuum Clark**

This sub-criterion is addressed in sub-section (3) above and **is met for** Continuum Clark.

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

### **Providence Hospice**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Providence Hospice project **met** the applicable cost containment criteria in WAC 246-310-240.

### **Seasons Hospice**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Seasons Hospice project **did not meet** the applicable cost containment criteria in WAC 246-310-240.

### **Heart of Hospice**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Heart of Hospice project **did not meet** the applicable cost containment criteria in WAC 246-310-240.

### **Continuum Clark**

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Continuum Clark project **did not meet** the applicable cost containment criteria in WAC 246-310-240.

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

To determine if a proposed project is the best alternative, in terms of cost, efficiency, or effectiveness, the department takes a multi-step approach. First, the department determines if the application has met the other criteria of WAC 246-310-210 thru 230. If the project has failed to meet one or more of these criteria then the project cannot be considered to be the best alternative in terms of cost, efficiency, or effectiveness as a result the application would fail this sub-criterion.

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

WAC 246-310-290(10) provides the following direction for review this sub-criterion of applications for hospice agencies. It states:

“In addition to demonstrating numeric need under subsection (7) of this section, applicants must meet the following certificate of need requirements:

- (a) Determination of need under WAC 246-310-210;
- (b) Determination of financial feasibility under WAC 246-310-220;
- (c) Criteria for structure and process of care under WAC 246-310-230; and
- (d) Determination of cost containment under WAC 246-310-240.”

If there are multiple applications, the department’s assessment is to apply any service or facility superiority criteria is in WAC 246-310-290(11) provides the superiority criteria used to compare competing projects and make the determination between two or more approvable projects, which is the best alternative.

## **STEP ONE**

### **Providence Hospice**

For this project, Providence Hospice met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department continues its evaluation of the proposed project in step two.

### **Seasons Hospice**

For this project, Seasons Hospice did not meet the applicable review criteria under WAC 246-310-220, and 230. Therefore, the department will not consider this applicant in this section.

### **Heart of Hospice**

For this project, Heart of Hospice met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department continues its evaluation of the proposed project in step two.

### **Continuum Clark**

For this project, Continuum Clark met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department continues its evaluation of the proposed project in step two.

## **STEP TWO**

### **Providence Hospice**

Providence provided the following description of their alternatives analysis:

*“Providence Hospice is requesting CN approval to operate a Medicare certified and Medicaid eligible hospice agency in Clark County. The hospice agency will be based out of Providence Hospice’s Portland office in Washington County, Oregon. Operating a new agency will help address the unmet need for hospice care in Clark County.*

*As part of its due diligence, and in deciding to submit this application, Providence Hospice explored the following alternatives: (1) status quo: “do nothing or postpone action,” (2) the requested project: seek CN approval for a hospice agency, (3) acquire an existing hospice agency in Clark County, or (4) partner and create a joint venture and seek CN approval for a hospice agency.” [source: Application pdf53]*

### **Public Comment**

None

### **Rebuttal Comment**

None

### **Department’s Evaluation**

The numeric methodology demonstrated need for one agency in Clark County. The applicant provided information to demonstrate its project would meet all review criterion to establish Medicare and Medicaid hospice services in the county. As a result, the options rejected by the applicant are appropriate. The department did not identify any superior alternatives in terms of cost, efficiency, or effectiveness that is available or practicable for the applicant.

Since there are no construction costs necessary to establish hospice services in Clark County, the department acknowledges that hospice services can be provided with very little financial impact to the applicant or the community.

The applicant also provided comprehensive rationale regarding the staff efficiency and appropriateness of hospice care for patients who request it. Further, the information provided by the applicant related to system impacts and hospice care is accurate and rational.

The department concludes approval of Providence's application can be considered an available alternative for Clark County. **This sub-criterion is met.**

### **Heart of Hospice**

Heart of Hospice provided the following description of their alternatives analysis:

*"Heart of Hospice has prepared for this application because of the need the State of Washington has identified. Our mission at Heart of Hospice is to make sure those in need of hospice receive it. We are not in a position of purchasing any of the current Clark County Providers. We are capable of adding Clark County to our operation and meeting the un-met need as identified by the State of Washington. This opportunity will allow Heart of Hospice to reach its GOAL of SERVICE. We are financially stable' debt free, and can support Clark county. We have no other alternatives then applying and being granted this CN."* [source: Application pdf30]

### **Public Comment**

None

### **Rebuttal Comment**

None

### **Department's Evaluation**

The numeric methodology demonstrated need for one agency in Clark County. The applicant provided information to demonstrate its project would meet all review criterion to establish Medicare and Medicaid hospice services in the county. As a result, the "no project" option rejected by the applicant is appropriate. The department did not identify any superior alternatives in terms of cost, efficiency, or effectiveness that is available or practicable for the applicant.

Since there are no construction costs necessary to establish hospice services in Clark County, the department acknowledges that hospice services can be provided with very little financial impact to the applicant or the community.

The applicant also provided comprehensive rationale regarding the staff efficiency and appropriateness of hospice care for patients who request it. Further, the information provided by the applicant related to system impacts and hospice care is accurate and rational.

The department concludes approval of Heart of Hospice's application can be considered an available alternative for Clark County. **This sub-criterion is met.**

### **Continuum Clark**

Continuum provided the following description of their alternatives analysis:

*“The Members of Continuum Clark have been evaluating hospice need and access issues in Washington and neighboring states for at least the past three years, and actively participated in the rulemaking that was undertaken in Washington during the 2015-2017 timeframe. In line with the Members’ long-range business plan, and the desire to address the demonstrated unmet needs, it was decided to pursue an agency in Clark County.*

*As mentioned earlier, the Members of Continuum Clark have begun the process of establishing an agency in Multnomah County in Oregon. More than 20% of all Clark County residents are hospitalized in Oregon, most typically in Portland. The ability to work with Portland providers and support their patients—regardless of whether they reside in Clark County or in Oregon will benefit patients, providers and payers. Two contiguous service areas will also allow Continuum Clark to achieve some efficiencies and share staff, experience and resources.*

*Finally, Continuum Clark is well aware of the presence of a large HMO in the County. Our Members have strong and positive experience in working collegially and in direct support of HMOs in Northern California, including those with their own hospice agencies.*

*For each of these reasons, we elected to pursue an application in Clark at this time.” [source: Application pdf34]*

Public Comment

None

Rebuttal Comment

None

Department’s Evaluation

The numeric methodology demonstrated need for one agency in Clark County. The applicant provided information to demonstrate its project would meet all review criterion to establish Medicare and Medicaid hospice services in the county. As a result, the “no project” option rejected by the applicant is appropriate. The department did not identify any superior alternatives in terms of cost, efficiency, or effectiveness that is available or practicable for the applicant.

Since there are no construction costs necessary to establish hospice services in Clark County, the department acknowledges that hospice services can be provided with very little financial impact to the applicant or the community.

The applicant also provided comprehensive rationale regarding the staff efficiency and appropriateness of hospice care for patients who request it. Further, the information provided by the applicant related to system impacts and hospice care is accurate and rational.

The department concludes approval of Continuum’s application can be considered an available alternative for Clark County. **This sub-criterion is met.**

### **STEP 3**

#### **WAC 246-310-290(11) Superiority Evaluation**

As previously stated in the evaluation, the numeric methodology projects need for one additional hospice agency in Clark County. Of the four applications reviewed, three qualify for approval. WAC 246-310-290(11) identifies the criteria and measures use to compare the three applications.

The department requested that all applicants provide documentation to support approval of their agency assuming a superiority review would be required. In response to this request, Continuum suggested the department may have the latitude to approve more than one agency due to the delay in releasing this decision under WAC 246-310-290(12). WAC 246-310-290(12) does not apply – it outlines how the department may approve an agency absent numeric need. This is not the case in Clark County, there is only need for one additional agency.

This section of this evaluation will restate the criteria in the rule, identify the data used to compare the three projects, and include a table showing the scoring of each applicant. All three remaining applicants provided information to support why their project should be considered the best available alternative. Their full comments are available in the application record. The document showing the superiority review is attached as Appendix B to this evaluation. Source data used for this superiority evaluation is each applicant's project materials and publically available data compiled by CMS available from the CMS website at: <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Hospice-Quality-Reporting/Hospice-CAHPS%C2%AE.html>

#### **(i) Improved service to the planning area:**

This measure requires the department to evaluate which, if any, of the projects would represent improved service to the planning area. The department used publicly available data from CMS to compare historical performance at agencies owned/operated by the applicants to the performance of the existing providers in the planning area. Each applicant provided a listing of all hospice agencies they own and operate nationwide – the averages of the scores received by all of these agencies were applied.

Two datasets were used. One, entitled “Provider CAHPS Hospice Survey Data” includes survey responses in which patients and families reported on good communication, pain and symptom management, training assistance, timely help, respectful behavior, and over all ranking of the agency. The other, entitled “Provider Data” includes measures regarding the agency's performance in screening and treating for different conditions, for offering treatment preferences, for addressing the patient's beliefs and values, and for providing visits when death is imminent. The department used eight measures from each report for a total of sixteen. If an applicant's historical performance outscored the existing providers in the planning area on more than half of the measures, they are eligible to receive a point.

Of those 16 measures, Providence scored higher in 8 of the 16 areas, Heart of Hospice scored higher in 7 of the 16 areas, and Continuum scored higher in 5 of the 16 areas. Since no applicant exceeded the performance in the planning area, no points were awarded.

**Department's Superiority Review Cumulative Table 23-A**

<b>246-310-290(11)</b>	<b>Providence</b>	<b>Heart of Hospice</b>	<b>Continuum</b>
<b>(i)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Point Total</b>	<b>0</b>	<b>0</b>	<b>0</b>



(ii) Specific populations including, but not limited to, pediatrics;

This measure requires the department to evaluate which, if any, of the projects would serve specific populations. Any applicant that proposes to serve specific populations is eligible to receive a point.

All three applicants provided information regarding specific populations they intend to serve. [Source: Providence Application pdf27, 148, Heart of Hospice Application pdf7, and Continuum, Application, pdf13] Each applicant is awarded a point.

**Department's Superiority Review Cumulative Table 23-B**

<b>246-310-290(11)</b>	<b>Providence</b>	<b>Heart of Hospice</b>	<b>Continuum</b>
(i) Points from above	0	0	0
(ii)	1	1	1
<b>Point Total</b>	<b>1</b>	<b>1</b>	<b>1</b>

(iii) Minimum impact on existing programs;

This measure requires the department to evaluate how the applicants would impact existing programs in the planning area. Any applicant that proposes to exceed the unserved patient volumes from the need methodology would not be eligible to receive a point. Applicants that do not propose to impact existing programs would be eligible to receive a point.

Providence's year three (2022) projected number of admissions is 220. Heart of Hospice's year three (2022) admissions is 300. Continuum's year three (2023) projected number of admissions is 360. Clark County's projected number of patients is 437 for 2022 and 522 for 2023. Each applicant is awarded a point.

**Department's Superiority Review Cumulative Table 23-C**

<b>246-310-290(11)</b>	<b>Providence</b>	<b>Heart of Hospice</b>	<b>Continuum</b>
(i) Points from above	0	0	0
(ii) Points from above	1	1	1
(iii)	1	1	1
<b>Point Total</b>	<b>2</b>	<b>2</b>	<b>2</b>

(iv) Greatest breadth and depth of hospice services;

This measure requires the department to evaluate which applicant(s) would offer the greatest breadth and depth of services. All of the applicants provided documentation that they would provide a number of services beyond those required by CMS for hospice. The department will not opine on the value of one service over another for the purposes of scoring. Any applicant that proposes to provide services beyond those required by CMS is eligible to receive a point. For these three projects, each applicant is awarded a point.

**Department's Superiority Review Cumulative Table 23-D**

<b>246-310-290(11)</b>	<b>Providence</b>	<b>Heart of Hospice</b>	<b>Continuum</b>
(i) Points from above	0	0	0
(ii) Points from above	1	1	1
(iii) Points from above	1	1	1
(iv)	1	1	1
<b>Point Total</b>	<b>3</b>	<b>3</b>	<b>3</b>

*(v) Published and publicly available quality data.*

This measure requires the department to evaluate published and publicly available quality data. The department used publicly available data from CMS to compare historical performance at agencies owned/operated by the applicants. Each applicant provided a listing of all hospice agencies they own and operate nationwide – the averages of the scores received by all of these agencies were used. Two datasets were used. One, entitled “Provide CAHPS Hospice Survey Data” includes survey responses in which patients and families reported on good communication, pain and symptom management, training assistance, timely help, respectful behavior, and over all ranking of the agency. The other, entitled “Provider Data” includes measures regarding the agency’s performance in screening and treating for different conditions, for offering treatment preferences, for addressing the patient’s beliefs and values, and for providing visits when death is imminent. The department used eight measures from each report for a total of sixteen measures. Each of these measures has a score out of 100. The total scores were summed for each applicant. Only the highest scoring applicant will receive a point.

Providence’s total score is 1,421.08; Heart of Hospice’s total score is 1,379.80; Continuum’s total score is 1,395.60. Providence’s score is the highest and receives a point.

**Department's Superiority Review Cumulative Table 23-E**

<b>246-310-290(11)</b>	<b>Providence</b>	<b>Heart of Hospice</b>	<b>Continuum</b>
(i) Points from above	0	0	0
(ii) Points from above	1	1	1
(iii) Points from above	1	1	1
(iv) Points from above	1	1	1
(v)	1	0	0
<b>Point Total</b>	<b>4</b>	<b>3</b>	<b>3</b>

As shown in the table directly above, Providence was awarded four points, while the other applicants were awarded three. Based on this superiority review using objective measures, the department concludes that Providence is the best available alternative for Clark County.

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

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

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

**Providence Hospice**

This application does not involve construction, therefore this sub-criterion does not apply.

**Heart of Hospice**

This application does not involve construction, therefore this sub-criterion does not apply.

### **Continuum Clark**

This application does not involve construction, therefore this sub-criterion does not apply.

- (3) *The project will involve appropriate improvements or innovations in the financing and delivery of health services which foster cost containment and which promote quality assurance and cost effectiveness.*

### **Providence Hospice**

The Providence application provided the following statement in response to this sub-criterion.

*“The requested project responds to a clear, demonstrated quantitative need in the Clark County Planning Area. The proposed agency will allow Providence Hospice to redeploy employees already based in Clark County to serve patients who are in need of hospice service, thereby enhancing employee productivity by keeping drive times to a minimum. Furthermore, as an integrated health care delivery system, coordinating care transitions between internal Providence caregivers (i.e. from Providence physicians based in Clark County or from Providence hospitals in Oregon for patients returning home to Clark County) will streamline communication channels and expedite access to care. As a not-for-profit entity, any savings or margin Providence Hospice makes can be allocated back towards patient care.*

*Hospice promotes efficiency as it shifts care from expensive hospital settings to lower cost, home-based settings. For patients who choose hospice, they forgo more expensive curative treatments and seek the best possible care experience focused on personalized goals, pain and symptom alleviation, and comfort through end of life. Based on Medicare claims data, Providence conducted an analysis of the cost-effectiveness of hospice care and estimated a savings of nearly \$99 million across Washington State if all Medicare beneficiaries who died in 2017 without hospice instead benefited from five weeks of hospice.” [source: Application, pdf58]*

### **Public Comment**

Senator Ann Rivers, 18th Legislative District

*I'm writing to offer my support for the Clark County Hospice application that Providence Health & Services has submitted. As the State Senator for Washington's 18th legislative district, I have seen and heard first hand from our citizens that there is a need for more Hospice care in our community.*

*I also support the fact that expanding Providence Hospice to Clark County is a cost-effective proposition, as additional capital costs are not needed, so individuals can get services quickly, and new jobs will be available in our County.*

### **Rebuttal**

None

### **Department Evaluation**

Providence Hospice provided sound and reasonable rationale for adding Medicare and Medicaid certified hospice services in Clark County. If approved, the proposed facility has the potential to improve delivery of necessary hospice services to Clark County. **This sub-criterion is met.**

### **Heart of Hospice**

The Heart of Hospice application provided the following statement in response to this sub-criterion.

*“The focus of our staff is patient care. We believe Medicare intended for us to be with our patients and provide the care we are trained to provide. As you are aware Medicare Pays all hospices based on a per diem rate. We do not receive any further funding for any additional care we provide. The idea of providing more visits with our patients makes us a stronger program. Our responsibility is to not only be the best steward of the Medicare trust fund but also to the patients we serve. We also believe that our marketing approach is to provide the best hospice care and in return we will have a profound impact on the communities we serve. Our staff of medical professionals can easily retain a job anywhere with the current medical shortage. I am proud that each member of our team wants to be with our hospice as they are truly able to provide the highest level of care based on need not finance. The medical professionals who choose to work in Hospice have a great desire to impact the families they serve. Our programs focus is to give the staff the opportunity to do just that. In return the staff productivity increases. According the CMS 2016 hospice Data our team provided more hours of care per patient during their last 7 days of life than any of the current providers in Clark County. Hospice clinicians are about patient care, and we foster that culture.”* [source: Application, pdf31]

### **Public Comment**

None

### **Rebuttal Comment**

None

### **Department Evaluation**

Heart of Hospice provided sound and reasonable rationale for adding Medicare and Medicaid certified hospice services in Clark County. If approved, the proposed facility has the potential to improve delivery of necessary hospice services to Clark County. **This sub-criterion is met.**

### **Continuum Clark**

The Continuum application provided the following statement in response to this sub-criterion.

*“Hospice care is the embodiment of efficiency. Patients that choose to enroll in hospice largely forego curative treatment and opt for comfort care and symptom management, which are significantly lower cost options. A study published in the March 2013 Health Affairs found that hospice enrollment saves money for Medicare and improves care quality for Medicare beneficiaries. Researchers at the Department of Geriatrics and Palliative Medicine at the Icahn School of Medicine at Mt. Sinai, looked at the most common hospice enrollment periods: 1 to 7 days, 8 to 14 days, 15 to 30 days, and 53 to 105 days. Within all enrollment periods studied, hospice patients had significantly lower rates of hospital and intensive care use, hospital readmissions, and in-hospital death when compared to the matched non-hospice patients. The study found savings to Medicare for both cancer patients and non-cancer patients. It also found that savings grow as the period of hospice enrollment lengthens.*

*In terms of staffing, hospice fosters efficiency by allocating scarce RN and other resources to those most in need. For example, instead of a patient requiring a 1:1 ratio in the ICU, the patient is at home with nursing resources to provide comfort care.”* [source: Application pdf35]

Public Comment

None

Rebuttal Comment

None

**Department Evaluation**

Continuum Clark provided sound and reasonable rationale for adding Medicare and Medicaid certified hospice services in Clark County. If approved, the proposed facility has the potential to improve delivery of necessary hospice services to Clark County. **This sub-criterion is met.**