



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

September 11, 2020

Jamie Brown, Vice President of Home Services
EmpRes Healthcare/Eden Health
4601 NE 77th Avenue, Suite #300
Vancouver, WA 98662

Sent via email: jbrown3@eden-health.com

RE: CN Application #20-05

Dear Ms. Brown:

We have completed review of the Certificate of Need application submitted by Eden Home Health of Clark County, LLC. The application proposes to establish Medicare and Medicaid-certified home health services in Clark County, within Washington State. Attached is a written evaluation of the application.

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

Project Description

This Certificate of Need approves EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC to establish a Medicare and Medicaid-certified home health agency in Vancouver to serve the residents of Clark County, Washington. Home health services provided directly by the new agency include: skilled nursing, physical therapy, occupational therapy, speech therapy, certified home health aide services, medical social work services, and telemedicine.

Conditions:

1. Approval of the project description as stated above. EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC shall finance the project using the financing as described in the application.

3. EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC will maintain Medicare and Medicaid certification regardless of ownership.
4. Prior to providing Medicare and Medicaid certified home health services in Clark County, EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC will provide a listing of key staff to the Certificate of Need Program. The listing of key staff shall include each staff person's name and professional license number.
5. Prior to providing Medicare and Medicaid certified home health services in Clark County, EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC will provide the Certificate of Need Program with an updated copy of the charity care policy which is on Eden or EmpRes letterhead.
6. Prior to providing Medicare and Medicaid home health services in Clark County, EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC shall provide the Certificate of Need Program with a copy of the signed and executed medical director agreement. The executed agreement shall be consistent with the draft agreement provided to the department on April 24, 2020.
7. Prior to providing Medicare and Medicaid certified home health services in Clark County, EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC shall provide the Certificate of Need Program with a copy of the signed and executed lease agreement. The executed agreement shall be consistent with the draft agreement provided in the application.
8. EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC shall provide the Certificate of Need Program with a copy of the forms it is sending the fiscal intermediary, National Government Services.
9. The service area for this Medicare and Medicaid-certified home health agency is Clark County. EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC must provide home health services to the entire county for which this Certificate of Need is granted.

Approved Costs:

The approved capital expenditure for the establishment of the Clark County home health agency is \$38,000.

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

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

Jamie Brown, Vice President of Home Services
EmpRes Healthcare/Eden Health
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Send your written response to the Certificate of Need Program, at one of the following addresses.

Mailing Address:

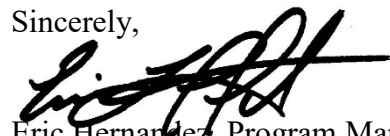
Department of Health
Certificate of Need Program
Mail Stop 47852
Olympia, WA 98504-7852

Physical Address:

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

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

Sincerely,



Eric Hernandez, Program Manager
Certificate of Need
Office of Community Health Systems

Attachment

EVALUATION DATED SEPTEMBER 11, 2020 FOR A CERTIFICATE OF NEED APPLICATION SUBMITTED BY EMPRES HEALTHCARE GROUP, INC. DBA EDEN HOME HEALTH OF CLARK COUNTY, LLC PROPOSING TO EXPAND MEDICARE AND MEDICAID-CERTIFIED HOME HEALTH SERVICES TO THE RESIDENTS OF CLARK COUNTY.

APPLICANT DESCRIPTION

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC is a for-profit Washington Limited Liability Company. EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC is part of a family of companies owned by EmpRes Healthcare Group, Inc. This parent company is 100% employee owned, and operates 78 rehabilitation facilities. They provide management and consulting services to rehabilitation and post-acute care centers, assisted and independent living communities, and home health, hospice, and home care agencies throughout Arizona, California, Idaho, Montana, Nevada, Oregon, South Dakota, Washington, and Wyoming. [Source: EmpRes' website and Application, pp1 and 3]

In 2014 EmpRes Healthcare Group, Inc. established its home health care division through the acquisition of Ammon, an Idaho home health agency called Amedisys Home Health. This division operates under the dba Eden Home Health. In 2014 the Eden Home Health division acquired Option Care Enterprises, a Medicare-certified home health agency formerly operated by Walgreen's Infusion Services in Whatcom, Skagit, Island, and Snohomish Counties. Upon acquisition of Option Care Enterprises, Eden Home Health began instituting its management and clinical improvement protocols in Whatcom County where 70% of the acquired agency's patients resided at that time. Currently, Eden Home Health agencies provide skilled nursing, rehabilitation therapies, medical social services and certified home health aide services to homebound patients throughout the Whatcom, Skagit, Snohomish, Island, and King counties. [Source: Application, p3]

For this application, EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC is the applicant and will be referenced in this evaluation as "Eden." If a Certificate of Need is issued for this project, the department recognizes that the in-home service license could be issued to Eden Home Health of Clark County, LLC.

PROJECT DESCRIPTION

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden is proposing to establish an agency that will provide Medicare and Medicaid-certified home health services to the residents of Clark County. Eden currently operates a post-acute care center in Vancouver. This project proposes to operate a Medicare and Medicaid-certified home health agency out of this location, 8401 NE 8th Way, Vancouver, Washington [98664] within Clark County. [Source: EmpRes' website and February 26, 2020, screening response, pp1-2]

Services to be provided in Clark County include the full range of care defined by the Medicare home health conditions of participation. Including skilled nursing care, rehabilitation therapies, medical social work, and home health aide services. [Source: Application, p3]

Given that Eden already has offices located in Clark County, although providing different services, it expects no delays to expand Medicare and Medicaid-certified home health services to the residents Clark County. If approved, Eden would begin providing Medicare and Medicaid-certified home health services

for Clark County residents by December 31, 2020. [Source: February 28, 2020, screening response, p2 and April 24, 2020, screening response, p1]

The estimated capital expenditure for the project is \$38,000. Since this submission proposes to set up a new office in an existing facility the costs are for movable office equipment. [Source: February 28, 2020, screening response, p14]

APPLICABILITY OF CERTIFICATE OF NEED LAW

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

EVALUATION CRITERIA

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

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.

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

TYPE OF REVIEW

This application was submitted on October 22, 2019. On December 20, 2019 Providence Health & Services-Oregon dba Providence Home Health (Providence) also submitted an application proposing to establish a Medicare and Medicaid-certified home health agency in Clark County. Since both applicants proposed projects in the Clark County planning area, they were reviewed concurrently under the regular timeline outlined in WAC 246-310-160.

On August 4, 2020, the department determined critical information was omitted within the Eden application that would result in a delay of the release of a combined decision. As a result, the department bifurcated the two applications and continued with the evaluation for the Providence project. The following timeline includes both applications, shows the bifurcation, pivotal unresolved issue (PUI) timeline, and completion date for both projects.

PIVOTAL UNRESOLVED ISSUE (PUI) PROCESS AND CLARIFICATION

During the review of this project, it was apparent that financial information in the applicant's pro forma balance sheets was missing. The department had two options at this point in the review: denial of the proposed project; or declare a PUI and obtain the additional information. The prudent and responsible decision of declaring a PUI on this project is the process used.

On August 6, 2020, the department notified Eden that additional information is required before proceeding with the evaluation. And that the additional information could only be obtained through the PUI process consistent with Washington Administrative Code (WAC) 246-310-090(1)(a)(iii).

On August 11, 2020 Eden provided revised pro forma balance sheets consistent with the PUI. The PUI process allows for both public comment and rebuttal that focuses on the PUI information. During this review, no public comments were submitted during the PUI review.

APPLICATION CHRONOLOGY

Action	Eden	Providence
Letter of Intent Received	July 23, 2019	October 23, 2019
Application Received	October 22, 2019	December 20, 2019
Department's pre-review activities <ul style="list-style-type: none"> • DOH 1st Screening Letter Sent • Applicant's Responses Received 	November 12, 2019 February 27, 2020	January 14, 2020 February 28, 2020
<ul style="list-style-type: none"> • DOH 2st Screening Letter Sent • Applicant's Responses Received 	March 20, 2020 April 24, 2020	March 20, 2020 April 8, 2020
Beginning of Review	May 6, 2020	
Public Hearing Conducted	None Requested or Conducted	
Public Comments Deadline	June 10, 2020	
Rebuttal Comments Deadline	June 24, 2020	
Bifurcation of Applications	August 4, 2020	
Department's Anticipated Decision for Providence		August 10, 2020
Department's Actual Decision for Providence		August 7, 2020
Pivotal Unresolved Issue Declared	August 12, 2020	
PUI Documents Deadline	August 14, 2020	
PUI Documents Request Deadline for the Public	August 14, 2020	
PUI Documents Public Comment Deadline	August 21, 2020	
PUI Documents Rebuttal Deadline	August 28, 2020	
Department's Anticipated Decision Date for Eden	September 14, 2020	
Department's Actual Decision Date for Eden	September 11, 2020	

AFFECTED PERSONS

Affected persons are defined under WAC 246-310-010(2). In order to qualify as an affected person, someone must first qualify as an “interested person,” defined under WAC 246-310-010(34). Under concurrent review, each applicant is an affected person for the other application. Even though the Providence decision has already been released, Providence continues to qualify as affected person for the Eden project.

SOURCE INFORMATION REVIEWED

- Eden’s Certificate of Need application received October 22, 2019
- Eden’s first screening response received February 27, 2020
- Eden’s second screening response received April 24, 2020
- Eden’s PUI information received August 11, 2020
- 1987 Washington State Health Plan
- Office of Financial Management Population Data 2017
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Licensing and/or survey data provided by the Department of Health’s Office of Health Systems Oversight
- Licensing data provided by the Medical Quality Assurance Commission, Nursing Quality Assurance Commission, and Health Systems Quality Assurance Office of Customer Service
- Eden’s website: <https://www.empres.com/>
- CMS QCOR Compliance website: https://qcor.cms.gov/index_new.jsp

- Washington Secretary of State corporation data

CONCLUSIONS

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

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

Project Description

This Certificate of Need approves EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC to establish a Medicare and Medicaid-certified home health agency in Vancouver to serve the residents of Clark County, Washington. Home health services provided directly by the new agency include: skilled nursing, physical therapy, occupational therapy, speech therapy, certified home health aide services, medical social work services, and telemedicine.

Conditions:

1. Approval of the project description as stated above. EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC shall finance the project using the financing as described in the application.
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9. The service area for this Medicare and Medicaid-certified home health agency is Clark County. EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC must provide home health services to the entire county for which this Certificate of Need is granted.

Approved Costs:

The approved capital expenditure for the establishment of the Clark County home health agency is \$38,000.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC project **met** the applicable need criteria in WAC 246-310-210.

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

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

Home Health Numeric Methodology-1987 Washington State Health Plan (SHP)

The SHP methodology is a five-step process, outlined generally below, that projects the number of home health visits in a planning area. [Source: SHP, pB-35]

Step one: Project the population of the planning area, broken down by age cohort

Age Cohort
0-64
65-79
80+

Step two: Project the number of home health patients

This is done by multiplying each projected population age cohort by their corresponding use rate.

Age Cohort	Use Rate
0-64	0.005
65-79	0.044
80+	0.183

Step three: Project number of patient visits

This is done by multiplying each age cohorts’ number of patients by their corresponding number of visits.

Age Cohort	Use Rate	Visits
0-64	0.005	10
65-79	0.044	14
80+	0.183	21

Step four: Determine the projected home health agencies need

This is done by dividing the total projected number of visits by 10,000, which is considered the “target minimum operating volume for a home health agency.” The resulting number represents the maximum projected number of agencies needed in a planning area. The SHP states fractions are rounded down to the nearest whole number.

Step five: Subtract the existing number of home health agencies in a planning area

The fifth and final step in the numeric methodology is to subtract the existing number of home health agencies in a planning area from the projected number of agencies needed. This results in the net number of agencies needed for the planning area.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden provided a numeric methodology based on the five steps identified in the SHP. A summary of the numeric methodology provided by Eden is shown in the following table. [Source: Application, pp20-28]

**Department's Table 1
Eden Numeric Need Methodology for Year 2022**

Estimated home health agency gross need	14.06
Subtract # of Medicare and Medicaid home health agencies	(9)
Net need for Medicare and Medicaid home health agencies	5.06
Total net need	5

As shown in the table above, Eden estimated a net need for five home health agencies by the end of projection year 2022.

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The SHP methodology is a five-step process that projects the number of home health visits in a planning area. This section outlines these steps and applies them to Clark County. [Source: SHP, pB-35]

Step one: Project the population of the planning area, broken down by age cohort

**Department's Table 2
Numeric Need Methodology for Clark County
Step One – Project Planning Area Population by Age Cohort**

Age Cohort	2020	2021	2022
0-64	417,273	421,901	426,529
65-79	64,681	67,002	69,323
80+	17,444	18,684	19,924

[Source: OFM "Projections of the Population by Age and Sex for Growth Management, 2017 GMA Projections - Medium Series"]

Step two: Project the number of home health patients

This is done by multiplying each projected population age cohort by their corresponding use rate.

Department's Table 3
Numeric Need Methodology for Clark County
Step Two – Projected Number of Home Health Patients

Age Cohort	Use Rate	2020	2021	2022
0-64	0.005	2,086	2,110	2,133
65-79	0.044	2,846	2,948	3,050
80+	0.183	3,192	3,419	3,646

Step three: Project number of patient visits

This is done by multiplying each age cohorts' number of patients by their corresponding number of visits.

Department's Table 4
Numeric Need Methodology for Clark County
Step Three – Projected Number of Home Health Visits

Age Cohort	Use Rate	Visits	2020	2021	2022
0-64	0.005	10	20,864	21,095	21,326
65-79	0.044	14	39,843	41,273	42,703
80+	0.183	21	67,037	71,803	76,568
Totals			127,744	134,171	140,597

Step four: Determine the projected home health agencies needed

This is done by dividing the total projected number of visits by 10,000, which is considered the "target minimum operating volume for a home health agency". The resulting number represents the maximum projected number of agencies needed in a planning area. The SHP states fractions are rounded down to the nearest whole number.

Department's Table 5
Numeric Need Methodology for Clark County
Step Four – Projected Number of Home Health Agencies Needed

Age Cohort	Use Rate	Visits	2020	2021	2022
0-64	0.005	10	20,864	21,095	21,326
65-79	0.044	14	39,843	41,273	42,703
80+	0.183	21	67,037	71,803	76,568
Totals			127,744	134,171	140,597
Target Minimum Operating Volume			10,000	10,000	10,000
Number of Agencies			12.77	13.42	14.06
Number of Agencies Needed			12	13	14

Step five: Subtract the existing number of home health agencies in a planning area

The fifth and final step in the numeric methodology is to subtract the existing number of home health agencies in a planning area from the projected number of agencies needed. This results in the net number of agencies needed for the planning area. The following analysis of which agencies are sufficiently available and accessible will be used in order to determine which will be counted in the supply.

The department started with a listing of licensed in-home services agencies, which had 1,043 licenses.

Next, the department eliminated any licenses that had a status of: closed, denied licensure, expired, revoked, or suspended. This left 489 in-home services licenses with a status of active or pending.

Then, any agencies that did not list home health as an agency category or that was not serving Clark County was eliminated, leaving 39 licenses. Then, applied the definition in the 1987 Washington State Health Plan for a home health agency which states, “*Home health agency means an entity coordinating or providing the organized delivery of home health services. Home health services means the provision of nursing services along with at least one other therapeutic service or with a supervised home health aide service to ill or disabled persons in their residences on a part-time or intermittent basis, as approved by a physician.*” [Source: SHP, pB-34] This factor resulted in elimination of 11 licenses based on the service categories listed on each agency’s license, leaving 28 home health agencies.

Of the remaining 28 agencies, eight will not be counted in the supply because of information either in the department’s internal database¹, the agency’s most recent two annual CN utilization surveys, or the home health agency’s public website identify that the agency does not fit the 1987 SHP definition of a home health agency. These agencies are listed in the following table with some notes identifying the rationale behind its exclusion.

**Department’s Table 6
Services’ Analysis for Clark County
Determining the Existing Supply**

Agency Name	WA DOH License Number	Rationale for Exclusion
Avail Home Health	IHS.FS.00000231	Based on the most recent (2018) response to CN survey, in 2017 Avail Home Health stated that “ <i>Avail does not provide visits.</i> ” And had 23 admissions in 2017 for “ <i>All counties</i> ”, with 28 counties listed. [Source: CN survey, 2018]
Beam for Seniors - Capital Place	IHS.FS.60674651	This agency did not respond to the last several CN surveys. And based on the website provided with the IHS license application, there is no mention of home health services or any services available or accessible to persons outside of its retirement community. [Source: Beam’s website, 2020]
Chesterfield Health Services	IHS.FS.00000252	This agency did not respond to the last several CN surveys. And based on its website, although there are nursing services offered, therapy services are “ <i>arranged</i> ”. Thus, this agency does not fit the 1987 SHP definition of a home health agency. [Source: Chesterfield Health’s website, 2020]
Divine Home Health Care Inc.	IHS.FS.60803573	This agency did not respond to the last several CN surveys. And based on its website, there are no therapy services offered. Thus, this agency does not fit the 1987 SHP definition of a home health agency. [Source: Divine’s website, 2020]

¹ Integrated Licensing and Regulatory System (ILRS).

Agency Name	WA DOH License Number	Rationale for Exclusion
Guardian Home Care	IHS.FS.60266397	This agency did not respond to the last several CN surveys. And based on the website provided with the IHS license application, there are no nursing or therapy services offered. Thus, this agency does not fit the 1987 SHP definition of a home health agency. [Source: Amada's website, 2020]
Rehab Without Walls	IHS.FS.60263077	This agency did not respond to the last several CN surveys. And based on its website, there are no nursing services offered. Thus, this agency does not fit the 1987 SHP definition of a home health agency. [Source: Rehab Without Walls' website, 2020]
Ro Health	IHS.FS.60610351	This agency did not respond to the last several CN surveys. And based on the website provided with the IHS license application, its services focus on patients that are medically complex. Thus, this agency does not fit the 1987 SHP definition of a home health agency. [Source: Amada's website, 2020]
Vancouver Comfort Keepers	IHS.FS.60450910	This agency did not respond to the last several CN surveys. And based on the website associated with the email provided with the IHS license application, the only services provided are ones associated with home care. Thus, this agency does not fit the 1987 SHP definition of a home health agency. [Source: Comfort Keeper's website, 2020]

Of the remaining 20 licenses the below seven are determined not available and accessible to the entire population of the Clark County planning area. And thus will be excluded from the supply. The rationale for excluding these seven agencies is shown in the table below.

**Department's Table 7
Availability and Accessibility for Clark County
Determining the Existing Supply**

Agency Name	WA DOH License Number	Rationale for Exclusion
Ashley House	IHS.FS.00000227	Services only available to children, teens, and young adults. [Source: Ashley House website, Our Services, 2020]
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Services only available to members of the health maintenance organization. [Source: Kaiser's website, main page, 2020]
Maxim Healthcare Services	IHS.FS.00000375	This agency did not respond to the last several CN surveys. And based on its website, only its Portland-based office with a separate license, serves Clark County. Thus, this agency is not considered available and accessible to the residents of Clark County. [Source: Maxim's website, 2020]

Agency Name	WA DOH License Number	Rationale for Exclusion
Nuclear Care Partners LLC	IHS.FS.60670421	Services only available to former atomic workers. [Source: Nuclear Care Partners' website, Service Area Washington, 2020]
Popes Kids Place	IHS.FS.60083889	Services only available to medically fragile children and young adults. [Source: Pope's Place's website, main page, 2020]
Seattle Children's Hospital Home Care Services	IHS.FS.00000097	Services only available to children from infancy through young adulthood. [Source: Seattle Children's website, 2020]
United Energy Workers Healthcare, Corp	IHS.FS.60593988	Services only available to persons who qualify for the energy employees' occupational illness compensation program or the responsible energy code alliance benefits. [Source: United Energy Workers Healthcare's website, About Us, 2020 and CN's 2019 Survey]

Exclusion of the seven agencies listed above results in 13 remaining agencies. In 2018 and 2019, the department sent utilization surveys to all home health agencies that were licensed. The survey requested historical admissions and visits for the preceding years (2017 and 2018 respectively). The following list of agencies returned surveys for data in either or both year 2017 and 2018 which evidence either none or very limited service to Clark County residents, the need methodology assumes each agency counted is providing 10,000 patient visits annually. These agencies are determined not available and accessible to the entire population of the Clark County planning area. And thus will be excluded from the supply.

**Department's Table 8
Availability and Accessibility for Clark County
Determining the Existing Supply**

Agency Name	WA DOH License Number	Survey Information
Critical Nurse Staffing LLC	IHS.FS.60852239	In 2017 zero Clark County admits In 2018 zero Clark County admits [Source: CN surveys, 2018 and 2019]
Interim Healthcare of Spokane, Inc	IHS.FS.00000345	In 2017 zero Clark County admits No 2018 data provided [Source: CN survey, 2018]
Right At Home	IHS.FS.00000096	In 2017 did not serve Clark, only King and Pierce No 2018 data provided [Source: CN survey, 2018]
Total Care	IHS.FS.00000452	In 2017 seven admits for Clark, Cowlitz, and Skamania counties combined No 2018 data provided [Source: CN survey, 2018]
Vancouver Home Healthcare Agency LLC	IHS.FS.60660459	In 2017 one Clark County admits In 2018 zero Clark County admits [Source: CN surveys, 2018 and 2019]

Exclusion of the five agencies in the preceding table, results in a total of eight agencies for Clark County. The following table shows the remaining eight licenses, all of which represent the existing supply of home health agencies serving the residents of Clark County.

**Department's Table 9
The Existing Supply for Clark County**

Agency Name	WA DOH License Number	Analysis
Aveanna Healthcare	IHS.FS.00000422	CN approved Although this agency at first glance appears to only serve pediatric patients, a thorough review of its website shows home health nursing and therapy services for adults is also available.
Community Home Health and Hospice	IHS.FS.00000262	CN approved Survey data: In 2017 1,443 Clark admits
Healthy Living at Home - Vancouver LLC	IHS.FS.60814521	CN approved Survey data: In 2017 zero Clark admits, new agency In 2018 zero Clark admits
Kindred at Home	IHS.FS.00000300	CN approved
Maxim Healthcare Services	IHS.FS.60282684	Although this agency did not respond to the last several CN surveys. Information on their DOH license and website appear to qualify it to be counted in the existing supply.
PeaceHealth Hospice and PeaceHealth Homecare	IHS.FS.60331226	CN approved
Providence Home Health	IHS.FS.60108399	Newly CN approved Survey data: In 2017, 150 Clark admits In 2018, 264 Clark admits
Touchmark at Fairway Village, LLC HH and HC	IHS.FS.00000454	CN approved

The next table includes a row with the number of existing agencies (eight) that are counted in the supply.

**Department's Table 10
 Numeric Need Methodology for Clark County
 Step Five – Subtract the Existing Supply**

Age Cohort	Use Rate	Visits	2020	2021	2022
0-64	0.005	10	20,864	21,095	21,326
65-79	0.044	14	39,843	41,273	42,703
80+	0.183	21	67,037	71,803	76,568
Totals			127,744	134,171	140,597
Target Minimum Operating Volume			10,000	10,000	10,000
Number of Agencies			12.77	13.42	14.06
Number of Gross Agencies Needed			12	13	14
Number of Existing Agencies			8	8	8
Net Agencies Needed			4	5	6

Eden submitted its application in October of 2019. And based its application on experience in an adjacent county and projected to year 2023.

Eden anticipates providing Medicare and Medicaid-certified home health services in Clark County by the end of year 2020. Taking this operational timeline into consideration, time spent for this review, and the completed utilization data, for the department methodology base year is 2019; projected year is 2022.

The following table is a summary of the factors used in the department's numeric home health methodology for Clark County.

**Department's Table 11
 Department's Numeric Methodology Assumptions and Data**

Assumption	Data Used
Planning Area	Clark County
Population Estimates and Forecasts	Age Group: 0 – 85+ OFM Population Data released year 2017, medium series: Current Year 2019 – 489,882 Projected Year 2022 – 515,776
Utilization by Age Cohort	Age 0-64 = 0.005 Age 65 – 79 = 0.044 Age 80+ = 0.183
Number of Visits by Age Cohort	Age 0-64 = 10 visits Age 65 – 79 = 14 visits Age 80+ = 21 visits
Existing Number of Providers	Eight providers based on the preceding analysis

A summary of the department's numeric methodology is presented in the following table. The methodology and supporting data is provided in Appendix A attached to this evaluation.

**Department's Table 12
Summary of Department of Health
Clark County Home Health Need Projection**

	2019	2020	2021	2022	2023
Total Number of Patient Visits	123,278	127,744	134,171	140,597	147,023
Divided by 10,000	12.33	12.77	13.42	14.06	14.70
Rounded Down	12	12	13	14	14
Existing Number of Agencies	8	8	8	8	8
Net Need	4	4	5	6	6

As shown in the preceding table, need for an additional four home health providers is projected in current year 2020, which increases to six in projection year 2022. Based solely on the numeric methodology, need for additional home health agencies is demonstrated.

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

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden provided the following statement related to this sub-criteria.

“Existing services are not available and accessible for the following reasons:

- *Need – there is a current need for 3 home health agencies in 2020 and 5 agencies by 2022 per the SHP analysis provided in Table 9 and assuming no additional agencies are added from the state-licensed list analyzed in Table 11-A.*
- *CHARS data shows hospital referrals to home health for Clark County inpatients are only 44% of the average rate for all Washington inpatients.*
- *Eden surveyed 10 skilled nursing facilities by telephone in Clark County with 8 nursing homes responding. 4 nursing homes indicated that they had difficulty placing patients in Clark County.*
- *Eden will fully participate in CMS and LTSS quality initiatives that will improve continuity of care and reduce overall healthcare costs which will stimulate demand for home health services.*

In addition, with Medicaid expansion under the Affordable Care Act (ACA), the Clark County residents without health insurance into health insurance plans who previously did not have health insurance declined from 15% of the population to 5% of the population from 2013 – 2015 and most of those patients are Medicaid patients. Medicaid will only pay for home health services in CMS certified home health agencies although it is studying new approaches under legislative direction.”
[Source: Application, p41]

Public Comment

None

Rebuttal Comments

None

Department Evaluation

Eden is proposing its agency would be located in space within an assisted living facility it operates, located in Vancouver. Eden anticipates referrals from hospitals and several skilled nursing facilities it surveyed. Eden also notes that Medicaid coverage has expanded in recent years and suggests that the need for home health services will continue to grow. If its application is approved, Eden would be required to be available to all residents of the county.

Typically the department reviews the number of home health visits by agencies counted in the supply against the projected number of visits to further assess availability and accessibility. Historical visits information is only available to the department through its use of annual surveys. Since there was a very limited number of completed surveys returned in recent years, even by CN-approved agencies, the department did not conduct this analysis for this project. Rather, the department takes into consideration the complete lack of public comments that oppose the addition of a new provider to the county.

The department concludes that the numeric methodology supports need for additional home health agencies in Clark County. The numeric methodology and preceding analysis demonstrate that the applicant could be approved. Eden provided a reasonable rationale for its project. Based on the information above, the department concludes that Eden demonstrated need for its proposed project, and **meets this sub-criterion.**

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

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

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

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

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

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

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden provided copies of the following policies currently used at all of its Washington State home health agencies, and that would be used for the new Clark County agency. [Source: Application, Exhibit K; February 26, 2020, screening response, pp18-19, and Attachment 4; and April 24, 2020, screening response, p2]

- Intake Policy – updated March 2018
- Admissions Policy – updated March 2018
- Transfer and Discharge Policies and Procedures – updated November 2017
- Unplanned Discharge Policy – updated January 2018
- Discharge for Cause Policy – updated October 2018
- Charity Care Policy

Eden also provided the following statements related to this sub-criterion.

“The Intake Policy specifies that the Eden Home Health of Clark County, LLC is a home health agency designed for treating adults. Patients who are ae under the age of 18 are admitted on an exception basis.” [Source: February 26, 2020, screening response, p18]

“Eden Home Health of Clark County, LLC is not an existing agency. Our admissions and charity care policy and commitment to obtaining a Medicaid contract document that we will accept all patients in need who we are qualified to treat, regardless of race, religion, disability, sex, or income. We have submitted draft admission and charity care and nondiscrimination policies that will be reviewed and approved by the Department. Copies of these draft polices are included in Attachment K A: Admission Information and 8 B: Charity Care Policy and 8C: Charity Care Notice and Charity Care Income Schedule.” [Source: Application, p41]

Eden currently provides home health services to the residents of several Washington State counties and submitted its projected sources of revenue (which includes Medicare and Medicaid) by payer for its proposed home health agency in Clark County. Below is the projected payer mix for the Clark County agency. [Source: February 26, 2020, screening response, p15]

Department’s Table 13
Eden Home Health’s Projected Payer Mix

Revenue Source	Clark County
Medicare	75.49%
Medicaid	3.35%
Commercial/Other	19.27%
Charity Care	1.89%
Total	100.0%

Eden also provided the following statement related to its projections. [Source: Application, p46]
“The percentages are not expected to change over time.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Eden has been providing home health services to the residents of several Washington State counties through existing agencies. Healthcare services have been available to low-income, racial and ethnic minorities, handicapped and other underserved groups.

The Intake Policy and Admissions Policy describes the process and criteria Eden uses to admit a patient to its home health agencies. The Admissions Policy includes language to ensure all patients would be admitted for treatment without discrimination. The policy states: “*The admission policies apply to all patients admitted to the Agency without regard to race, color, creed, national origin, age, sex, religion, handicap, ancestry, marital, veteran status, sexual orientation and/or payment source.*”

Eden anticipates its Clark County agency’s Medicare revenues to be 75.49% of total revenues; Medicaid 3.35% of total revenues; and commercial, other, and charity care to be 21.16% of total revenues. Eden also provided pro forma financial statements that show each of these revenues are anticipated in projections. Eden does not expect these amounts to change over time.

Eden also provided a copy of a charity care policy that will be used at all Washington State home health agencies as part of its internal and ongoing updating of policies. The policy will be used at the proposed Clark County agency. The policy provides the circumstances that a patient may qualify for charity care and where to access information about appealing a charity care determination. Although this policy refers to Eden Home Health, there is no identifying logo or header to identify it as Eden’s policy. The department considers this a draft policy. The pro forma financial statements provided by Eden also include a charity care as a deduction of revenue.

After reviewing the information provided, the department concludes that a condition is necessary to ensure the agency’s draft charity care policy is implemented at the new agency. The department concludes that the Eden project, with written agreement to the condition in the conclusion section of this evaluation, **meets this sub-criterion.**

- (3) *The applicant has substantiated any of the following special needs and circumstances the proposed project is to serve.*
- (a) *The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their services or resources, or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas.*
 - (b) *The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.*
 - (c) *The special needs and circumstances of osteopathic hospitals and non-allopathic services.*
- (4) *The project will not have an adverse effect on health professional schools and training programs. The assessment of the conformance of a project with this criterion shall include consideration of:*
- (a) *The effect of the means proposed for the delivery of health services on the clinical needs of health professional training programs in the area in which the services are to be provided.*

- (b) *If proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools serving the area will have access to the services for training purposes.*
- (5) *The project is needed to meet the special needs and circumstances of enrolled members or reasonably anticipated new members of a health maintenance organization or proposed health maintenance organization and the services proposed are not available from nonhealth maintenance organization providers or other health maintenance organizations in a reasonable and cost-effective manner consistent with the basic method of operation of the health maintenance organization or proposed health maintenance organization.*

Department Evaluation

The criteria under WAC 246-310-210(3), (4), and (5) do not apply to this application.

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC 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.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden's project to offer Clark County residents Medicare and Medicaid-certified home health services includes operating out of an office in Vancouver, within Clark County. Eden provided the assumptions used to determine the projected number of patients and visits for the proposed Clark County agency. These assumptions are restated below.

Assumption: *By year three, patient referrals through the EmpRes Care Transitions Program to Eden Home Health of Clark County LLC will reach 50% of all such referrals.* [Source: Application, p35]

Assumption: *In addition to referrals from EmpRes Care Transitions Program, another portion of referrals will come from a broader referral base of physician practices and hospitals.* [Source: Application, p36]

The survey information in response to question 8 includes the following totals from interviewing existing nursing home and hospital emergency room providers who responded to our survey interview requests Additional information from the 2017 CHARS Clark County home health referrals (Table 14) and from the Trella Health marketing data on direct hospital referrals at discharge and within 30 days of discharge. The data is then summarized in Exhibit 4:

Nursing Homes -19 referrals per month or 228 referrals per year (2019 Interviews)

Hospital E.R.-17 referrals per month or 204 referrals per year (2019 Interview)

Inpatient Hospital Discharge Referrals -- 100 annual referrals calculated by dividing 1,017 discharges by an estimated 10 CoN and state certified agencies {9 existing and Eden Home Health of Clark County}

Physician Referrals - Physician Referrals Within 30 Days of Discharge - 130 (5 % market share of approximately 2,600 net patients initially increasing to 10% of market share of approximately 2,600 patients by 2023.

Growth in Referrals Due to Population Increase - 8.4 patients per month or 100 patients annually

As previously discussed in the application and the response to Question 12, the population age cohort 80 and older is forecast to grow at an annual rate of 14.2% while the population age cohort 65 through 79 is growing at an annual rate of 7.1 % from 2020 through 2023, the projection period. Population growth is expected to increase the overall volume of home health visits by 15.1 % over that period.

The summary of market research shows that the Eden Home Health of Clark County, LLC has a patient base sufficient to meet its volume projections through breakeven in 2022. In 2023 the market research assumptions result in unduplicated patients exceeding the existing market assumptions. To meet new unduplicated home health agency pro forma assumptions in 2023 will require higher market share penetration rates for nursing home referrals, hospital inpatient referrals, and physician referrals or increases in referrals by the various sources.

As noted in the response to Question 15, direct home health referrals for hospital inpatients runs at only 44% of the statewide average (potential so there is an obvious area for growth in home health referrals (1,294 patients {1,017 direct hospital referrals divided by (0.44)}) that would benefit patients so it is unlikely that increases market penetration rates in 2023 would have any adverse effect on existing providers.

Additional Assumptions:

Nursing Home: No annual increase in patients or market share

Hospital E.R: No annual increase in patients or market share

Hospital Inpatient: No annual increase in patients or market share

MD W/130 Days: Market share increasing from 5% to 10% of 260 referrals

Population Growth: Based on SHP methodology from 2020 – 2023”

[Source: February 26, 2020, screening response, pp11-12]

Based on these assumptions, Eden provided the following projections for utilization of the home health agency. [Source: February 26, 2020, screening response, pp11-13]

Applicant’s Table

Exhibit 4				
Market Research-based Support of Pro Forma Volume Assumptions				
	2020	2021	2022	2023
Unduplicated Patients (Pro Forma)	20	270	695	1,075
Source of Patients				
Nursing Home	228	228	228	228
Hospital E.R.	204	204	204	204
Inpatient Hospital	100	100	100	100
MD (w / i 30 days of Hospital Discharge)	130	156	195	260
Population Growth	100	115	132	152
Total	762	803	859	944
% of Current Market Potential	3%	34%	81%	114%

Eden provided the assumptions used to determine the financial feasibility for the proposed Clark County operations. These assumptions are restated below.

“The King County profile data is included because EmpRes relies on the operating characteristics of its SNFs and its home health agency in Western Washington to generate operating assumptions for the proposed home health agency in Clark County.” [Source: Application, p10]

“The employee benefits are estimated at 25% of wages and salaries for each discipline.” [Source: Application, p48]

“The pro forma line item Physician (Medical Director) is based on the expected hours of consultation (quarterly) required to maintain the integrity of the home health agency policies. In general, the pro forma Operating Statement preparation is consistent with accounting requirements and refers to the expected financial expenses that exclude unusual or nonrecurring transactions. The contract itself provides for the Medical Director to account for these nonrecurring or unusual services which are then reimbursed and or if they occur. Any such nonrecurring or unusual expenses are immaterial to the overall operation of the agency or the costs of the Medical Director services and do not rise to the level of requiring an additional contingency amount.” [Source: February 26, 2020, screening response, pp19-20]

“The partial year lease amount is for a 5-month period. Patient services that will be provided in the 2020 partial year of operation are expected to cover a 4-month period in 2020.” [Source: February 26, 2020, screening response, p20]

Based on these assumptions, Eden provided its projected revenue, expenses, and net income for the Clark County agency for projection years 2020 through 2023. Projections are summarized in the following table. [Source: February 26, 2020, screening response, Attachment 3]

**Department’s Table 14
Eden’s Clark County Projected Revenues and Expenses Summary
Years 2020 through 2023**

	CY 2020 (Partial Year)	CY 2021	CY 2022	CY 2023
Net Revenue	\$0	\$680,274	\$1,751,076	\$2,708,498
Total Expenses	\$167,062	\$941,084	\$1,731,652	\$2,374,636
Net Profit / (Loss)	(\$167,062)	(\$260,810)	\$19,424	\$333,862

Eden also provided the projected cash flow pro forma for years 2020 through 2023 for its proposed agency in Clark County. [Source: February 26, 2020, screening response, Attachment 3]

Applicant's Table

Eden Home Health of Clark County, LLC Proforma Cash Flow				
	2020	2021	2022	2023
Cash Flows from operating activities				
Net Income	(170,356)	(268,716)	11,520	325,958
Adjustments to reconcile net income to cash provided by Operations				
Accumulated Depreciation & Amortization	3,294	7,905	7,905	7,905
Accounts Receivable	(0)	(113,379)	(178,467)	(159,570)
Prepaid Expenses	-	-	-	-
Accounts Payable	16,220	10,231	18,504	11,222
Payroll Related Expenses	8,855	18,455	25,692	22,972
Current Portion L.T. Debt				
Line of Credit & Short Term Debt			-	-
Total Adjustments	<u>28,369</u>	<u>(76,789)</u>	<u>(126,366)</u>	<u>(117,472)</u>
Net Cash provided by Operations	<u>(141,987)</u>	<u>(345,505)</u>	<u>(114,846)</u>	<u>208,486</u>
Cash Flows from investing activities Used For:				
Capital equipment and furniture	(19,800)	-	-	-
Sale of Fixed Assets				
Intangibles & other assets				
Net cash used in investing	<u>(19,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from financing activities				
Proceeds From:				
Note Payable increase				
Capital Contributions	200,000	350,000	75,000	-
Used For:				
Note Payable Repayment	-	-	-	-
Note Payable Shareholder				
Less: Current Portion of LTD				
Dividends	-	-	-	-
Net cash used in financing	<u>200,000</u>	<u>350,000</u>	<u>75,000</u>	<u>-</u>
Net increase <decrease> in cash	<u>38,213</u>	<u>4,495</u>	<u>(39,846)</u>	<u>208,486</u>
Summary				
Cash Balance at End of Period	38,213	42,708	2,862	211,348
Cash Balance at Beg of Period	-	38,213	42,708	2,862
Net Increase <Decrease> in Cash	<u>38,213</u>	<u>4,495</u>	<u>(39,846)</u>	<u>208,486</u>

Eden additionally submitted the projected balance sheets for the Clark County agency. The following table summarizes years 2020 through 2023. [Source: August 11, 2020, PUI response]

Department's Table 15
Eden's Clark County Balance Sheets' Summary
Years 2020 through 2023

ASSETS	2020	2021	2022	2023
Current Assets	\$20,013	\$137,887	\$276,508	\$644,564
Property & Equipment	\$34,706	\$26,802	\$18,897	\$10,992
Other Assets	\$0	\$0	\$0	\$0
Total Assets	\$54,719	\$164,689	\$295,405	\$655,556
LIABILITIES	2020	2021	2022	2023
Current Liabilities	\$25,075	\$53,760	\$97,956	\$132,150
Long Term Liabilities	\$0	\$0	\$0	\$0
Total Capital	\$29,644	\$110,928	\$197,448	\$523,406
Total Liabilities & Capital	\$54,719	\$164,688	\$295,404	\$655,556

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. The department first reviewed the assumptions used by Eden to determine the projected number of patients and visits by discipline for the Clark County agency. Eden completed market research by interviewing and surveying the existing health services network in Clark County. Using this information in combination with population growth data, Eden assumed its potential referral rates, and projected its market share. Eden also used its operational experience of western Washington skilled nursing facilities and home health agencies to inform projection assumptions. Eden anticipates approximately 19 visits per unduplicated patient for Clark County services. The department concludes that Eden'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, which allowed the department to evaluate the financial viability of the proposal.

Eden based its anticipated revenue and expenses for its Clark County agency on the assumptions referenced earlier. Eden also used its operational experience of western Washington skilled nursing facilities and home health agencies as a basis for the anticipated revenue, expenses, and payer mix. From its experience, Eden expects a conservative start up, which results in a net loss for Clark County for its first full year. Subsequent years (years 2022 and 2023) show a growing net profit.

The home health agency would lease space from an existing assisted living facility it owns and operates in Vancouver, Washington. Eden provided copies of an unsigned lease and a single-line drawing of the office space to be used within the larger facility. The office site is 8401 NE 8th Way, Vancouver, 98664. Eden also accounted for the lease expense in its projected revenue and expense

statements as a line item “Lease Agreement”. The anticipated rent amounts match those in the draft lease agreement. [Source: Application, attachments F and G, and February 26, 2020 screening response, Attachment 3]

Eden provided a draft agreement for the Medical Director, Darren Swenson, MD. The medical director agreement identifies the roles and responsibilities of both the home health agency and its medical director, and the projected revenue and expense statements identify all costs associated with this agreement as a line item “Physician (Medical Director)”. [Source: February 26, 2020 screening response, Attachment 3 and April 24, 2020 screening response p2 and Attachment B]

The department also reviewed the projected balance sheets for Eden’s Clark County proposal. As previously stated, the purpose of the balance sheet is to review the financial status of the home health agency at a specific point in time. The balance sheet shows what the home health agency owns (assets) and how much it owes (liabilities), as well as the amount invested in the business (equity).

Table 15 summarizes the projected balance sheets provided by the applicant. Projected balance sheets provided in the review shows the agency is expecting to balance assets and liabilities through the projection period.

After reviewing the information provided, the department concludes that several conditions are necessary to ensure the agency’s draft lease agreement and draft medical director agreement are executed as outlined in the application materials. The department concludes that the Eden project, with written agreement to the conditions in the conclusion section of this evaluation, **meets this sub-criterion.**

(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.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden projects an estimated capital expenditure of \$38,000 for the establishment of Clark County agency. The expense is for movable office equipment and Eden provided the below statement on these costs. There are no construction costs required for this project.

“This capital expenditure for this project is limited to small equipment purchases – lap top computers, phone equipment. These costs were based upon Eden Home Health experience in establishing a home health agency in Arizona as well as our experience in Washington State.” [Source: Application, p23]

“As shown below in the response to question 17, there are no construction costs, fixed equipment additions, architect and engineering costs or sales tax associated with these cost elements. While \$38,000 represents a significant capital expenditure, it is small in comparison to the minimum capital expenditure allowed without amendment for all CoN projects which is \$50,000.” [Source: February 26, 2020 screening response, p14]

Eden provided the following information related to the capital costs and its impact to costs and charges. [Source: Application, pp43-44]

“In terms of operating costs, home health is a cost-effective adjunct for implementing the Affordable Care Act (ACA). The ACA is focused on improving quality while lowering costs. To do this, there is increasing emphasis on providing services that 1) reduce hospital readmissions and emergency department use and 2) provide coordinated care delivery. The expansion of home health services in Clark County is expected to support the ACA by reducing re-hospitalizations and coordinating care as well as providing additional patient choice in care providers.

CMS has Implemented the Home Health Quality Initiative in Home Health Services

Home health is a covered service under the Part a Medicare benefit. It consists of part time, medically necessary skilled care (nursing, physical therapy, occupational therapy, and speech-language therapy) that is ordered by a physician. In 2010, there were over 10,800 Medicare certified home health agencies throughout the United States. In 2010, 3,446,057 beneficiaries were served, and 122,578,603 visits made.

Home Health Quality Goals

Quality health care for people with Medicare is a high priority for the Department of Health and Human Services, and the Centers for Medicare & Medicaid Services (CMS).

CMS has adopted the mission of The Institute of Medicine (IOM) which has defined quality as having the following properties or domains:

- ***Effectiveness*** *Relates to providing care processes and achieving outcomes as supported by scientific evidence.*
- ***Efficiency*** *Relates to maximizing the quality of a comparable unit of health care delivered or unit of health benefit achieved for a given unit of health care resources used.*
- ***Equity*** *Relates to providing health care of equal quality to those who may differ in personal characteristics other than their clinical condition or preferences for care.*
- ***Patient Centeredness*** *Relates to meeting patients' needs and preferences and providing education and support.*
- ***Safety*** *Relates to actual or potential bodily harm.*
- ***Timeliness*** *Relates to obtaining needed care while minimizing delays.*

CMS has now implemented a multi-phased innovation initiative, the Bundled Payments for Care Improvement (BCPI). BPCI affords the opportunity to devote resources to integrating our post-acute network to provide episodic value-based care to achieve triple-aim goals – better satisfaction, better outcomes. All Washington State home health agencies participate in this risk-based model that is designed to improve care relative to triple-aim goals (e.g., better satisfaction, better outcomes, lower cost). Eden Home Health, LLC will participate in this initiative.”

Eden provided the following statement on anticipated charges per visit. [Source: Application, p47]

“Overall charges per visit by therapy are provided below and are based on the overall Medicare charges for the following:”

Additionally, Eden provided the following table showing charges per visit, for projection years 2021 through 2023. [Source: Application, p48]

Applicant's Table

	2021		2022		2023	
	Direct Costs	Calculated Charges	Direct Costs	Calculated Charges	Direct Costs	Calculated Charges
Skilled Nursing	\$60	\$182	\$60	\$182	\$60	\$182
Physical Therapy	\$82	\$182	\$82	\$182	\$82	\$182
Speech Therapy	\$82	\$182	\$82	\$182	\$82	\$182
Occupational Therapy	\$92	\$182	\$92	\$182	\$92	\$182
Social Work	\$100	\$182	\$100	\$182	\$100	\$182
Home Health Aide	\$32	\$182	\$32	\$182	\$32	\$182

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Given that the only equipment needed for the proposed agency is small moveable equipment and that no construction is needed, the relatively low estimated capital expenditure is reasonable. Eden provided a projected payer mix for this project that is based on its western Washington operational experience, see the following table.

**Department's Table 16
Projected Payer Mix Comparison**

Source	Eden
Medicare	75.5%
Medicaid	3.4%
Other	21.2%

This anticipated payer mix is in line with similar projects reviewed by the department in the past. Eden made the case that although there is a modest expected capital expenditure, the cost savings in providing a needed service will quickly pay for the investment. This is expected due to the impact of an effective home health agency on reduction in hospital readmissions, emergency room visits, and coordinated care delivery. The department does not expect an unreasonable impact on costs and charges for healthcare services in Clark County as a result of this project. Eden's project **meets this sub-criterion.**

(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.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden provided the following statements related to this sub-criterion.

“On receipt of the Washington Certificate of Need, the members of Eden Home Health of Clark County, LLC will fund the working capital account of Eden Home Health of Clark County, LLC at a level sufficient to support the start-up cash flow requirements of the expansion into Clark County. Please see Attachment M for a letter of commitment from the CFO.

The historical cash flow issues of new or expanding home health services agencies have been considerably resolved due to Medicare's policy of providing 60% of each patient episode charge at the beginning of service.” [Source: Application, pp45-46]

Since financing involves unnecessary interest expense, Eden Home Health of Clark County, LLC has elected to fund the establishment of the agency with available cash.” [Source: Application, p46]

“A majority of Eden Home Health of Clark County, LLC's patients will be Medicare enrollees. For home health services, Medicare pays 60% of the established rate at the beginning of service to each patient. For this reason, managing cash flow and covering costs of operation while waiting for Medicare reimbursement is not a substantial issue. The signed CFO letter of commitment is being submitted under separate cover to be included as Attachment M.” [Source: Application, p49]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Eden provided a reasonable explanation of its estimated capital costs. Eden has no construction costs for the establishment of services in Clark County, but does have some estimated capital costs related to small moveable equipment.

Eden intends to fund its project using existing cash reserves. Eden provided a letter of financial commitment signed by its parent company's Chief Executive Officer, Brent Weil. The letter is dated October 21, 2019 and commits *“the necessary working capital to finance the establishment and operation of the proposed Medicare-certified home health agency in Clark County.”* [Source: Application, Attachment M]

After reviewing the estimated capital costs and the financial statements provided, the department concludes that a condition is necessary to ensure the project would be financed as described in the

application. The department concludes that the Eden project, with written agreement to the condition in the conclusion section of this evaluation, **meets this sub-criterion.**

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC 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 area would allow for the required coverage.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden currently operates a post-acute care center in Vancouver within Clark County. With this project Eden would operate a Medicare and Medicaid-certified home health agency based out of its offices within Clark County. Eden provided a table showing its proposed staffing. This information is summarized in the following table. [Source: Application, p50]

**Department’s Table 17
Eden’s Proposed
FTEs for Years 2020 - 2023**

Staff	2020	2021	2022	2023
Physician (Medical Director – contracted)	1.00	1.00	1.00	1.00
Clinical Supervisor	0.00	1.00	1.00	1.00
Registered Nurse	0.29	1.59	4.09	6.33
Physical Therapist	0.26	1.46	3.75	5.80
Occupational Therapist	0.08	0.45	1.16	1.80
Speech Therapist	0.02	0.10	0.27	0.42
Medical Social Worker	0.03	0.18	0.46	0.71
Home Health Aide	0.04	0.21	0.54	0.84
Administrator	0.33	0.33	0.36	0.50
Office Manager	1.00	1.00	1.00	1.00
Team Assistant	0.00	1.00	1.00	1.00
Community Outreach	0.00	0.04	1.00	1.00
Total	3.05	8.36	15.63	21.40

Eden also provided a breakdown of anticipated ratios for key staffing areas. [Source: Application, p51]

Department's Table 18
Eden's Proposed Staffing Ratios
Staff to Visit by Year

Type of Staff	2020	2021	2022	2023
Registered Nurse	0.29	1.59	4.09	6.33
Physical Therapist	0.26	1.46	3.75	5.80
Occupational Therapist	0.08	0.45	1.16	1.80
Speech Therapist	0.03	0.18	0.46	0.71
Medical Social Worker	0.02	0.10	0.27	0.42
Home Health Aide	0.04	0.21	0.54	0.84

Eden provided the following statement as to how these staffing ratios compare to other staffing standards. [Source: Application, p52]

“Eden Home Health of Clark County, LLC used its existing home health agency experience in Washington State and benchmarks its staffing ratios with other home health agencies on a regional and national basis using the Strategic Healthcare Partners, LLC analytics consulting firm.”

Eden provided the following additional statements related to this sub-criterion.

“As a large multi-state organization, EmpRes and Eden have employees and visibility and contacts across numerous job markets. Specific to Clark County, EmpRes operates a skilled nursing homes and a retirement facilities within Clark County as well as operating facilities throughout the Portland metropolitan area and Southwest Washington. In addition EmpRes and Eden maintain corporate offices within Clark County. Thus, Eden has a thorough knowledge of the service area Staff mobility between markets supports recruitment and retention efforts.

- *As an employee-owned organization, EmpRes and Eden experience lower turnover rates than many other health care providers.*
- *The EmpRes commitment to Employees/Residents reflected in the company name is also reflected in management efforts to prioritize employees and residents as core to any success.”*
 [Source: Application, p52]

“As noted in the application, EmpRes Healthcare Group, Inc. with its extensive inventory of operating skilled nursing homes and other facilities throughout Southwest Washington and in the Portland metropolitan area has the advantage of having staff resources available to address short term, unanticipated barriers to recruiting staff. In addition, as noted in the application, Eden Home Health of Clark County has Virtual Care Technology that can assist staff in effectively and safely managing and caring for patients under all staffing conditions. Eden's use of the Care Transitions model of care facilitates continuity of care as patients move from the acute care to managing chronic conditions in the community. The Virtual Care Technology is particularly suited for focusing on high-risk patients. These improvements in continuity of care reduce rehospitalizations.

Home Health in general reduces the demand for hospital-based nursing staff by reducing hospital length of stay and reducing readmissions to acute care hospitals. Fortunately, in Clark County the current robust home hospice services will be supplemented by the recently approved Providence home hospice agency. Hospice services have been proven to reduce the demand for inpatient hospital services and the nursing and other ancillary staff needed to support hospital inpatients.

The addition of Eden Home Health of Clark County, an employee owned agency, along with the Providence home hospice agency provides additional career opportunities for licensed healthcare providers that should result in expanding the labor force available.

Finally, EmpRes has experience in recruiting within the Portland and Clark County labor market that should facilitate the availability of staff for both Eden Home Health and for other healthcare providers.” [Source: February 26, 2020, screening response, p17]

Eden provided the following information related to their medical director.

“Attachment B provides a draft of the medical director agreement [sic] the draft of the medical director agreement as described in the question.

The name of the Medical Director is:

Darren Swenson, M.D.

WA State Credential Number = MD60793398

NPI = 1942274170

The entity with whom the agreement is contracted is Swenson Healthcare, PLLC. Dr. Darren Swenson is the Chief Executive Officer and Dr. Swenson, M.D. will sign the contract. Swenson Healthcare, PLLC is Dr. Swenson’s medical practice:

Swenson Healthcare, PLLC

1201 Pacific Ave Ste 1950, Tacoma, WA 98402”

[Source: April 24, 2020, screening response, p2]

“The pro forma line item Physician (Medical Director) is based on the expected hours of consultation (quarterly) required to maintain the integrity of the home health agency policies. Section 2.3 of the draft contract specifies the duties of the medical director. Generally, these duties that can be performed by phone, written reporting, or video conferencing by the Medical Director. Swenson Healthcare physicians and providers, as the premier clinical practice group solely dedicated to post-acute medical care, stand 100% committed to the delivery of high quality care to patients in skilled nursing facilities, nursing homes and other sites of care for patients discharged from hospitals throughout the Pacific Northwest; and provides similar services to a number of EmpRes skilled nursing facilities, serving as the medical director of those facilities.” [Source: April 24, 2020, screening response, pp2-3]

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Eden is currently licensed by the Washington State Department of Health to provide home health services in Whatcom, Skagit, Snohomish, Island, and King Counties. As a current home health provider, Eden has an understanding of the appropriate staffing necessary to establish Medicare and Medicaid home health services in Clark County. Eden provided the number of anticipated FTEs to serve Clark County. Eden expects to add by year three a total of 18.4 FTEs, for a total of 21.4 FTEs by the end of year three. Although this is a significant number of staff to recruit, Eden has a broad existing network in the planning area, and has proven its success in recruitment and retention. Eden claims the success is partly credited to the low turnover since it is employee-owned.

Eden also identified a projected staffing ratio that is based on its existing Washington State home health operations and experience. These ratios are reasonable and consistent with data provided in past home health applications reviewed by the program.

Eden identified a prospective medical director and provided a draft medical director agreement. Eden intends to use its existing, large, multi-state network for recruitment and retention of staff. The strategies identified by Eden are consistent with those of other applicants reviewed and approved by the department. Additionally, the pro forma identifies all costs associated with this staffing plan.

Information provided in the application demonstrates that Eden is an established provider of home health services. Based on the above information, the department concludes that Eden 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.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden provided the following statement related to this sub-criterion. [Source: Application, p53, and Attachment P]

“EmpRes operates Fort Vancouver Post Acute, a 92-bed Medicare skilled nursing home as well as facilities throughout the Portland metropolitan area and Southwest Washington. Eden Home Health of Clark County, LLC will build upon these existing relationships to meet the demands for ancillary and support services for the new agency.

Eden Home Health will utilize several vendors to support the home health agency which are included in Attachment P.”

Following is Eden’s Attachment P, referenced above.

Applicant's Vendor Listing

Appendix P: Eden Home Health Vendor Listing

1. Medical Supplies – Medline
2. Quality and Outcomes Vendor – Strategic Healthcare Partners (SHP)
3. HHCAHPS – Strategic Healthcare Partners (SHP)
4. Electronic Health Record – Homecare Homebase
5. Clearing House – Zirmed
6. Telephone/Internet Services – Verizon Wireless and Comcast
7. Shredding – Iron Mountain
8. Answering Service (after-hours) – TeleMed
9. Virtual Care Technology/Telehealth – Healthcare Recovery Services (HRS)
10. Coding – Coding Department
11. Learning Management System – Fazzi Academy
12. Online Patient Education – Krames
13. Shipping/Postage – FedEx
14. Payroll System – Kronos
15. Hazardous Waste Disposal – Stericycle
16. Interpretation – Language Line Services
17. Recruiting – Indeed, Social Media Platforms (Facebook, LinkedIn, etc.)
18. Applicant Tracking System – Newton
19. Background Checks – Assure Hire
20. OIG Searches – Certiphino Screening
21. Office Supplies/Promotional Products – Office Depot

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Eden is currently providing Medicare and Medicaid-certified home health services in Washington State. And proposes to serve Medicare and Medicaid patients residing in Clark County from its offices in Vancouver, within Clark County. Eden also has existing relationships with the necessary vendors to provide Medicare and Medicaid-certified home health services. It also proposes to build on these existing relationships. Based on the information reviewed in the application, the department concludes Eden **meets this sub-criterion**.

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

WAC 246-310 does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2)(a)(i). There are known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare 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.² 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.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

In response to this sub criterion, Eden responded “No” when asked if the applicant has any history of state or federal judgements, convictions, certification, or license revocation of the applicant. [Source: Application, p54]

Eden provided the following information related to the background experience and qualifications of the applicant. [Source: Application, pp54-55]

“The Eden Health family of agencies operates eight home health, agencies in five states including the following:

- *EmpRes Home Health of Bellingham, LLC (Washington)*
- *Eden Home Health of King County, LLC (Washington)*
- *Quality Health Care Corporation (Nevada)*
- *Eden Home Health of Idaho Falls, LLC (Idaho)*
- *Eden Home Health of Sandpoint, LLC (Idaho)*
- *Eden Home Health of Elk Grove, LLC (California)*
- *Eden Home Health of Safford, LLC (Arizona)*
- *Eden Home Health of Sierra Vista, LLC (Arizona)*

Each Eden Health agency employs competent and qualified staff, paired with organized and responsive management. Additionally, senior level leadership is provided by the agency’s management company, EmpRes Healthcare Management, LLC, located in Vancouver Washington.

Each Eden home health agency has developed an excellent reputation within their respective communities and has built strong relationships with their referral sources and healthcare partners. Eden Home Health of Clark County, LLC d/b/a Eden Home Health (“Eden Home Health”) will establish its agency office at its existing skilled nursing home facility location. Clark County is home to a skilled nursing facility and a retirement facility and has a number of additional facilities throughout Southwest Washington and the Portland metropolitan area. All these entities are affiliates under common ownership with Eden Home Health and which are also managed by EmpRes Healthcare Management, LLC.

The Eden Health family of agencies expanded its provision of home health services into two new locations in the last three years: Idaho Falls, Idaho in 2014 and Elk Grove, California in 2016 and is currently establishing its new agency in Seattle, Washington. In the short time that these agencies have been operating, they have successfully managed a steady increase in patients served. Each agency at present has over 90 patients on service.

- *In April 2017, the Idaho Falls agency was awarded a Certificate of Accreditation from Accreditation Commission for Health Care (ACHC) after passing the accreditation survey.*
- *The Elk Grove agency passed their state survey with no deficiencies in December 2016.”*

² WAC 246-310-230(5).

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Washington State Healthcare Facilities

Eden Home Health of Clark County, LLC is one of fifteen privately owned in-home corporations that operate under the ‘Eden’ or ‘EmpRes’ name in Washington State. All fifteen corporations are active with the Washington State Secretary of State office.

The department reviewed the survey deficiency history for year 2017 through current for all Eden and Eden-affiliated in-home services agency licenses located in Washington State. Using its internal database the department found that five surveys have been conducted and completed by Washington State surveyors since year 2017. All surveys resulted in no significant non-compliance issues. [Source: ILRS survey data and Department of Health Office of Health Systems Oversight]

CMS Survey Data

Using the Center for Medicare and Medicaid Services Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the historical survey information for all operational Eden and Eden-affiliated in-home services agencies and nursing homes. The department’s QCOR review shows that its existing agencies and facilities have been surveyed 1,542 times since 2017. The following table summarizes the department’s findings.

**Department’s Table 19
Eden and Eden Affiliates’ In-Home Services
Federal Survey Summary Record
2017 to Current**

Service Type	State	# of Agencies / Facilities	Standard Surveys	Complaint Surveys	Deficiency Information
Home Health	Arizona	2	3	0	No deficiencies
	California	1	2	1	10 standard deficiencies
	Idaho	2	1	0	14 standard deficiencies
	Nevada	1	1	0	No deficiencies
	Washington	4**	4	0	2 standard deficiencies
Hospice	Arizona	2*	1	0	No deficiencies
Totals			12	1	26 standard

* One of the Arizona hospice agencies is no longer operational.

** Two of the Washington home health agencies do not have any surveys reported on the CMS website yet as they are too new.

Since 2017, none of the home health agencies surveyed resulted in condition level findings; and all standard deficiencies were resolved through a plan or correction or follow-up survey. The one hospice agency that was surveyed in Arizona had no deficiencies in either of its surveys.

Review of Eden’s nursing homes’ record show a notable total number of immediate jeopardy findings since 2017. However, nursing homes are surveyed using a unique scale, which rates deficiencies on severity and scope of harm. This is in part due, to the fact that in-home services agencies function very differently than a nursing home. And the in-home services’ survey findings

are a far better metric to assess how the proposed Clark agency might perform if approved. Additionally, of the 1,529 surveys of 54 Eden nursing homes, a minority of facilities that had immediate jeopardy findings.

Eden provided the name and professional license number for its proposed medical director, Darren Swenson, M.D. Using data from the Washington State Medical Quality Assurance Commission the department confirmed that Dr. Swenson has an active license with no enforcement action in Washington State. Since this is a new agency, additional staff have not yet been identified.

Given the compliance history of the facilities Eden owns and operates, as well as that of the agency's proposed medical director, there is reasonable assurance the home health agency expansion would be operated in conformance with applicable state and federal licensing and certification requirements. However, a condition is necessary to ensure the agency's commitment to qualified staff is met. The department concludes that the Eden project, with written agreement to the condition in the conclusion section of this evaluation, **meets this sub-criterion.**

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

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

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden provided the following statements related to this sub criterion.

“The EmpRes Healthcare family of companies is organized as an Employee Stock Ownership Plan and as such is a 100% employee-owned organization. The company operates 78 separate entities in 9 states. The Eden Home Health division, was established to provide clinical integration and continuity of care for residents and patients as they progress through the postacute care process. The Eden Home Health division now includes 8 home health in 5 states including EmpRes Home Health of Bellingham, LLC, d/b/a Eden Home Health located in Bellingham Washington which serves Whatcom, Skagit, Snohomish and Island counties and Eden Home Health of King County, LLC which serves King County.” [Source: Application, p5]

“When entering a new market, Eden [sic] local team focuses on relationships with institutions that refer large numbers of their current patients to home health agencies. Especially with skilled nursing facilities under the same ownership, Eden staff is key to implementing the Transitions program that is an evidence-based, 30-day program offered to patients who meet certain criteria and is provided at no cost to the patient.

Participating patients are tracked for re-hospitalization for 60 days from the day of discharge. The goals of the Care Transitions program are to improve patient outcomes, reduce avoidable readmissions as well as reduce health care costs by training or ‘coaching’ as well as encouraging patients to be more involved in their health care.

Eden Home Health partners with LG technologies for its tele-health/virtual care technology platform. With this technology, Eden can obtain vitals for blood pressure, body weight and oxygen saturation are measured daily and monitored at the Eden Home Health office on working business days. Vitals that are outside physician specified parameters are reviewed by a nurse and a subsequent intervention such as a nursing visit and MD notification occurs. In other markets, Eden Home Health has been able to partner with local physicians for video visits to be completed in the patient's home.” [Source: Application, pp53-4]

Additionally, Eden's admissions, transfer and discharge policies have procedures to ensure that Eden patients' care is sustained and well informed.

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Information provided in Eden's application demonstrates that it has the basic infrastructure in place to establish Medicare and Medicaid-certified home health services for Clark County residents.

For this sub-criterion, the department must also consider the outcome of the financial feasibility section of this review. If a project is denied under WAC 246-310-220(1), (2), or (3), then the project must also be denied under this sub-criterion. This result is based on the department's reasoning that if a project is not deemed financially feasible, the project has the potential to cause unwarranted fragmentation of services in the planning area if approved. Based on the information provided and conclusions in earlier parts of this evaluation, the Eden project **meets this sub-criterion**.

(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.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

This sub-criterion is addressed in sub-section (3) above and is **met**.

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC project **met** 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.

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria contained throughout WAC 246-310 related to the specific project type. The adopted superiority criteria are objective measures used to compare competing projects and make the determination between two or more approvable projects which is the best alternative. If WAC 246-310 does not contain any service or facility type superiority criteria as directed by WAC 246-310-200(2) (a)(i), then the department would look to WAC 246-310-240(2)(a)(ii) and (b) for criteria to make the assessment of the competing proposals. If there are no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b), then using its experience and expertise, the department would assess the competing projects and determine which project should be approved.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Step One

For this project, Eden met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves to step two below.

Step Two

Before submitting this application, Eden considered the following three options. The options and Eden's rationale for rejecting two of the three is below. [Source: Application, pp56-57]

“The alternatives to the proposed project that Eden Home Health of Clark County considered include:

- 1. Postponing action*
- 2. Purchasing an existing Clark County agency*
- 3. Establishing a new agency*

Eden Home Health of Clark County's decision-making criteria:

- Response to community need including synergy with Transitions program.*
- Availability*

- *Quality of care*

Alternative 1. Postpone Service Development: *Eden Home Health has relied on existing healthcare providers for our patients and residents requiring home health services. This alternative is no longer in the best interests of our patients and residents. The need analysis using the 1987 methodology documents a substantial existing need for an additional 3 agencies which will increase to 5 agencies by 2022.*

Our surveys of other skilled nursing home facilities and a review of CMS data did uncover systemic delays in placing patients which is consistent with the delay in initiation treatment as shown in Table 8.

Our research also indicated that home health agencies should play a more dominant role in addressing healthcare disparity so that health disparity measured by lifespan and disease burden can be controlled.

Finally, our review of the ongoing requirements of the DSHS LTSS aging initiative and the CMS – Washington State Medicare-Medicaid Financial Alignment Initiative demonstration project requires substantial increases in in-home resources including home health. Our home health agency solution is efficient in that capital costs and operating costs are minimized by being able to use a portion of our existing skilled nursing home as a separate home health agency office.

Summary: *Overall, waiting and thereby postponing action was rejected as a reasonable alternative given the substantial evidence of additional agency need at this time. Eden Home Health of Clark County sees the immediate need to improve timeliness of response to institution referral requests and patient clinical requirements.*

Eden Home Health therefore rejected the Alternative 1 – postponing service development.

Alternative 2: Purchasing an existing Clark County agency: *Purchasing an existing agency would allow Eden Home Health of Clark County to more rapidly address identified community need. However even if an agency were available for purchase it would come at the added expense of not adding choice for residents within Clark County and it would not provide the clear need for additional agencies as identified in the home health agency quantitative analysis. With the growing concern regarding health disparity in life span and chronic illness, Clark County like other communities should add additional home resources because Washington State evidence-based conclusion document that adding home services such as home health markedly improves outcomes for all patients.*

Summary: *Eden Home Health rejected this alternative.*

Alternative 3: Establishing a new home health agency in Clark County:

Establishing a new home health agency is consistent with the evidence-based need for 3 – 5 new agencies from 2020 through 2022. CMS data shows that current agencies are stressed with the delay in initiation of treatment running at higher levels than for the State as well as national levels for several agencies even though referrals from hospitals to home health are at levels 42% lower than the statewide average in 2017. Finally, the State Medicaid Demonstration project has documented that new, increased in-home services markedly improves patient outcomes and

reduces costs. Eden has demonstrated that its innovative approaches are consistent with the findings in the demonstration project and improve outreach services.

Summary: Adding a new home health agency would provide further choices and would allow Eden's innovative approaches to tele-health and Care Transitions to be tested in the Clark service area to help reduce the current health disparity within the County. Eden Home Health of Clark County, LLC selected this alternative.

Step Three

This step is applicable only when there are two or more approvable projects. Since the Eden application was bifurcated from the Providence Health & Services-Oregon application, it is not being reviewed with any other applicant. Therefore, this step does not apply to this review.

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The department concluded in the need section of this evaluation that Clark County could accommodate another home health agency. Eden provided a discussion of options considered, including postponing the application submission and purchasing an existing agency. Since the estimated capital costs to establish the Clark County home health agency are relatively small, the services can be provided with little financial impact to the applicant or the community. Eden's rejection of options other than the one proposed in this application is appropriate. The department did not identify any alternative that was a superior alternative in terms of cost, efficiency, or effectiveness that is available or practicable. **This sub-criterion is met.**

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

- (a) The costs, scope, and methods of construction and energy conservation are reasonable;*
- (b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.*

Department Evaluation

This proposal does not involve construction, thus this sub-criterion does not apply to this project.

(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.

EmpRes Healthcare Group, Inc. dba Eden Home Health of Clark County, LLC

Eden provided the following statement related to this sub criterion. [Source: Application, pp58-59]

“Support systems from corporate offices in Vancouver WA

Eden has developed strong central support systems for administrative and clinical functions. Among those are infrastructure and systems located in Vancouver that do not have to be recreated in each local agency office. Eden's company-wide use of tele-health adds improved patient monitoring and

tailoring of home health visits to each patient's current clinical needs. Those administrative support services provided by EmpRes Healthcare Vancouver Service Office are:

- *Legal Services*
- *Payer Contracting*
- *Benefits Administration*
- *Human Resources*
- *Payroll Processing*
- *Finance/General Ledger/Accounting/Cash Reconciliation*
- *Accounts Payable*
- *Billing/Accounts Receivable*
- *Authorizations for all payers except traditional Medicare*
- *Technical Support/Services*
- *Electronic Health Record Support/Services*
- *Publications (marketing resources, policies and procedures, etc.)*

Supporting timely access to care

The proposed development of a Medicare-certified home health agency in Clark County will increase the availability of Medicare home health services in the planning area. Home health services are a critical component of cost savings strategies for Clark County's acute and post-acute hospital and skilled nursing providers. When in-home services are not sufficiently available, inpatient providers have difficulty discharging patients on a timely basis. When a patient's condition allows discharge, it is not only wasteful of money but also of staff time to maintain the patient in the inpatient setting. Our survey work indicates that Clark County is already facing shortages. To address the health disparity issues that could lead to higher chronic illness burden in Clark County requires a significant increase in home health and other rehabilitation strategies to be successful.

Reducing re-hospitalization and ER visits

Furthermore, when a patient recovering from an illness or injury that requires acute care is discharged to the home setting, there is an increased risk of re-injury as the patient adjusts back to the home environment with compromised function. Sufficient in-home services and support can prevent this re-injury and reduce the risk of unnecessary re-admission to the acute setting and the resulting waste of medical care dollars. In addition, if a patient is discharged without adequate home health support in place, there is an increased risk of unnecessary emergency room visits and the additional morbidity and waste of financial resources that result.

Supporting the DSHS LTSS Aging Services Initiatives and the CMS – Washington State Medicare-Medicaid Financial Alignment Initiative Demonstration Project

This application has documented a significant shortage of home health resources in Clark County to support the 20-year effort of DSHS LTSS aging initiatives into the future to improve the health of aging senior citizens while managing rising healthcare costs. More importantly, Clark County represents a priority county for addressing the high-risk Medicare-Medicaid target population that is being served through the CMS – Washington State Medicare-Medicaid Financial Alignment Initiative. Adding home health to the EmpRes post-acute network to work with Fort Vancouver Post Acute , Skilled Nursing Facility will give the community another strategy to improve on the triple aim goals. Eden Home Health, LLC fully expects this project to promote continuity in care delivery, support independent living and support the needs of home health patients and their families who now have difficulties in obtaining successful referrals for home health services. In addition, adding home health to our services promotes timely discharge for hospital patients. This reduces hospital readmissions and l length of stay, a key focus of health care reform initiatives.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Eden provided sound and reasonable rationale for expanding Medicare and Medicaid-certified home health services into Clark County. If approved, this project has the potential to improve delivery of necessary in-home services to Clark County residents. **This sub-criterion is met.**

APPENDIX A

1987 State Health Plan Methodology - Home Health

County: Clark

2019	Age Cohort *	County Population *	SHP Formula *	Number of Visits *	=	Projected Number of Visits
	0-64	411,278	0.005	10		20,564
	65-79	61,780	0.044	14		38,056
	80+	16,825	0.183	21		64,658
	TOTAL:					123,278
	Number of Expected Visits per Agency:					10,000
	Projected Number of Needed Agencies:					12.33

2020	Age Cohort *	County Population *	SHP Formula *	Number of Visits *	=	Projected Number of Visits
	0-64	417,273	0.005	10		20,864
	65-79	64,681	0.044	14		39,843
	80+	17,444	0.183	21		67,037
	TOTAL:					127,744
	Number of Expected Visits per Agency:					10,000
	Projected Number of Needed Agencies:					12.77

2021	Age Cohort *	County Population *	SHP Formula *	Number of Visits *	=	Projected Number of Visits
	0-64	421,901	0.005	10		21,095
	65-79	67,002	0.044	14		41,273
	80+	18,684	0.183	21		71,803
	TOTAL:					134,171
	Number of Expected Visits per Agency:					10,000
	Projected Number of Needed Agencies:					13.42

2022	Age Cohort *	County Population *	SHP Formula *	Number of Visits *	=	Projected Number of Visits
	0-64	426,529	0.005	10		21,326
	65-79	69,323	0.044	14		42,703
	80+	19,924	0.183	21		76,568
	TOTAL:					140,597
	Number of Expected Visits per Agency:					10,000
	Projected Number of Needed Agencies:					14.06

2023	Age Cohort *	County Population *	SHP Formula *	Number of Visits *	=	Projected Number of Visits
	0-64	431,158	0.005	10		21,558
	65-79	71,643	0.044	14		44,132
	80+	21,164	0.183	21		81,333
	TOTAL:					147,023
	Number of Expected Visits per Agency:					10,000
	Projected Number of Needed Agencies:					14.70

County: Clark

source: OFM "Projections of the Population by Age and Sex for Growth Management, 2017 GMA Projections - Medium Series"

Age	2010	2015	2020	2025	2030	2035	2040
Total	425,363	451,820	499,398	540,343	576,880	611,968	643,551
0-4	29,429	27,739	30,533	33,103	34,761	35,650	36,127
5-9	31,139	30,868	31,519	33,536	35,893	37,658	38,428
10-14	32,840	32,499	35,160	34,407	36,117	38,642	40,349
15-19	30,021	30,601	33,427	34,913	33,692	35,300	37,696
20-24	24,383	27,866	29,225	30,261	31,356	30,166	31,464
25-29	26,418	26,506	31,238	33,929	34,997	36,040	34,525
30-34	28,467	29,241	34,195	36,676	38,856	39,878	40,714
35-39	29,691	29,668	32,992	37,465	39,689	41,950	42,824
40-44	29,997	30,306	32,610	35,021	39,243	41,660	43,912
45-49	31,452	30,703	32,559	33,988	36,152	40,459	42,957
50-54	30,440	31,812	31,909	33,408	34,584	36,821	41,110
55-59	28,119	31,102	32,202	32,122	33,444	34,621	36,796
60-64	24,257	28,385	29,704	31,585	31,419	32,799	33,993
65-69	16,888	23,646	27,118	29,251	31,028	30,993	32,355
70-74	11,194	16,129	22,762	26,006	28,023	29,918	29,970
75-79	7,916	10,400	14,801	21,028	24,005	26,046	28,061
80-84	6,304	6,948	8,845	12,781	18,300	20,995	23,035
85+	6,408	7,401	8,599	10,863	15,321	22,372	29,235

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0-64	376,653	378,782	380,910	383,039	385,167	387,296	393,291	399,287	405,282	411,278	417,273	421,901	426,529	431,158	435,786	440,414
65-79	35,998	38,834	41,669	44,505	47,340	50,176	53,077	55,978	58,879	61,780	64,681	67,002	69,323	71,643	73,964	76,285
80+	12,712	13,039	13,366	13,694	14,021	14,348	14,967	15,587	16,206	16,825	17,444	18,684	19,924	21,164	22,404	23,644
Total	425,363	430,654	435,946	441,237	446,529	451,820	461,336	470,851	480,367	489,882	499,398	507,587	515,776	523,965	532,154	540,343