STATE OF WASHINGTON

DEPARTMENT OF HEALTH

Olympia, Washington 98504

April 19, 2021

Thomas A. Kruse, Senior Vice President and Chief Strategy Officer
CHI Franciscan
Via email: ThomasKruse@chifranciscan.org

RE: Certificate of Need Application #21-16

Dear Mr. Kruse:

We have completed review of the Certificate of Need application submitted by CHI Franciscan Health proposing to add 26 acute care beds to St. Anne Hospital located in King County. Enclosed is a written evaluation of the application.

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

Project Description:
This evaluation approves the addition of 26 general medical/surgical acute care beds to St. Anne Hospital in a single phase. At project completion, St. Anne Hospital will be operating a total of 159 acute care beds, consisting of 5 Level II Special Care Nursery (NICU) bassinets and 154 general acute care beds.

Conditions:

1. St. Anne Hospital agrees with the project description as stated above. St. Anne Hospital 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. St. Anne Hospital will use reasonable efforts to provide charity care consistent with the regional average or the amount identified in the application – whichever is higher. The regional charity care average from 2017-2019 was 1.05% of gross revenue and 2.34% of adjusted revenue. St. Anne Hospital will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires that these records be available upon request.

3. St. Anne Hospital agrees that the hospital will maintain Medicare and Medicaid certification, regardless of facility ownership.

Approved Costs:
There is not capital expenditure associated with this project.

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

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

Send your written response to the Certificate of Need Program at this e-mail address: fslcon@doh.wa.gov.

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

Enclosure

EVALUATION DATED APRIL 19, 2021, FOR THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY CHI FRANCISCAN HEALTH SYSTEM PROPOSING TO ADD 26 ACUTE CARE BEDS TO HIGHLINE MEDICAL CENTER DBA ST ANNE HOSPITAL LOCATED WITHIN THE WEST KING COUNTY PLANNING AREA

APPLICANT DESCRIPTION

CHI Franciscan Highline Medical Center dba St Anne Hospital[1], is a Washington nonprofit corporation, made of its sole corporate member CHI Franciscan Health System (CHI). No person or individual holds any interest in St Anne Hospital. CHI Franciscan Health System is a part of Common Spirit Health, a new entity formed by the merger of Catholic Health Initiatives and Dignity Health in February of 2019. Common Spirit Health is the largest not-for-profit health care system in the United States, with health facilities in 21 states. Common Spirit Health, however, does not directly own or manage any facilities in Washington State. [Sources: Application, p1 and Common Spirit Health's website, About Us]

Below is a list of the licensed healthcare facilities owned and or operated by CHI. [Sources: Application, Exhibit 1 and DOH Office of Health System Oversight]

Hospital
St Joseph Medical Center
St Clare Hospital
St Francis Hospital
Enumclaw Regional Hospital Association dba St Elizabeth Hospital
St Anthony Hospital
Highline Medical Center dba St Anne Hospital
Harrison Medical Center dba St Michael Hospital
CHI Franciscan Rehabilitation Hospital

Ambulatory Surgical Facility
Gig Harbor Same Day Surgery

In Home Services
Franciscan Hospice Care Center
Franciscan Hospice

Shortly prior to this application process the doing business as name of the facility was changed from Highline Medical Center to St Anne Hospital. Throughout the review process and this evaluation, the facility is referenced as either "Highline" and "St Anne" depending on the time period being discussed.

PROJECT DESCRIPTION

This project focuses on Highline Medical Center dba St Anne Hospital located in King County. The hospital referenced in this evaluation as St Anne Hospital is licensed for a total of 133 acute care beds and located at 16251 Sylvester Road Southwest in Burien [98166]. The hospital provides a variety of healthcare services to the residents of King County and surrounding communities. The following table shows St Anne Hospital's 133 beds broken down by service. [Source: DOH hospital licensing files]

[1] In the application materials, public comment, and rebuttal comments, the hospital is alternately referred to as "St. Anne Hospital," "St. Anne's Hospital," "St. Anne Medical Center," "St. Anne's Medical Center," "St. Anne," and "St. Anne's." Based on the applicant description section of the application, we shall refer to the hospital as either "St. Anne Hospital" or "St. Anne" in this evaluation.

Department's Table 1
St Anne Hospital
Configuration of Licensed Acute Care Beds

Services Provided	Total Beds
General Medical Surgical	128
Level II Intermediate Care Nursery Beds	5
Total	**133**

As of the writing of this evaluation, St Anne Hospital is a Medicare and Medicaid provider and holds a three-year accreditation from the Joint Commission[2]. [Source: DOH hospital licensing files]

CHI submitted this application proposing to add additional acute care beds at St Anne Hospital. The applicant provided the following description of the proposed services. [Source: Application, p5]

"*Highline operated as a 159-bed hospital (154 acute med/surg and 5 Level II nursery) until Regional Hospital for Respiratory and Complex Care (Regional) relocated to its 5th floor Cedar Unit and occupied a 26-bed unit in 2014. Prior to relocating, Regional filed a CN application to relocate 40 beds, in two phases, from the Riverton Campus of Highline to the Burien campus. The Regional beds were to be relocated in two phases, with Phase 1, being 26 beds that were to be housed in newer, private rooms located on the 5th floor of Highline's Burien campus. Almost simultaneously, St. Anne also applied seeking CN approval to build a new tower on its Burien campus. Among other services, the new Tower would have allowed for Phase 2 of the Regional project to be undertaken (14 beds) and it would have allowed Highline to recapture the 26 beds that were being lost due to Regional relocation. That CN was approved and was issued on October 27, 2014. A condition placed on the CN required that the patient tower project be commenced by October 2016. Because that did not happen, Highline relinquished the CN.*

"Since that time, and in response to changing eligibility criteria and reimbursement, CHI Franciscan, the owners of Regional Hospital elected to cease operations of that hospital. The hospital ceased operation in January of 2020. St. Anne has begun re-using the 5th floor space (and timely notified Licensing that we did) but removed beds from elsewhere in the hospital so as not to exceed 128 licensed medical/surgical beds.

"This CN application simply seeks to have the 26 beds returned to the license. The project can be completed within days of CN approval. There is no capital expenditure."

If approved, CHI states that the additional beds would be available in April 2021. [Source: Application, p7]

[2] The Joint Commission is an independent, not-for-profit organization that accredits and certifies more than 22,000 health care organizations and programs in the United States. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards. [Source: Joint Commission website, April 2, 2021]

APPLICABILITY OF CERTIFICATE OF NEED LAW

This application is subject to review as the change in bed capacity of a health care facility under the provisions of Revised Code of Washington (RCW) 70.38.105(4)(e) and Washington Administrative Code (WAC) 246-310-020(1)(c).

EVALUATION CRITERIA

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

"Criteria contained in this section and in WAC 246-310-210, 246-310-220, 246-310-230, and 246-310-240 shall be used by the department in making the required determinations.

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

(i) The consistency of the proposed project with service or facility standards contained in this chapter;

(ii) In the event the standards contained in this chapter do not address in sufficient detail for a required determination the services or facilities for health services proposed, the department may consider standards not in conflict with those standards in accordance with subsection (2)(b) of this section; and

(iii) The relationship of the proposed project to the long-range plan (if any) of the person proposing the project."

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

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

(i) Nationally recognized standards from professional organizations;

(ii) Standards developed by professional organizations in Washington State;

(iii) Federal Medicare and Medicaid certification requirements;

(iv) State licensing requirements;

(v) Applicable standards developed by other individuals, groups, or organizations with recognized expertise related to a proposed undertaking; and

(vi) The written findings and recommendations of individuals, groups, or organizations with recognized expertise related to a proposed undertaking, with whom the department consults during the review of an application."

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

TYPE OF REVIEW

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

APPLICATION CHRONOLOGY

Action	CHI Franciscan
Letter of Intent Submitted	April 22, 2020
Application Submitted	October 22, 2020

Action	CHI Franciscan
Department's pre-review activities DOH 1st Screening Letter Applicant's Responses Received Supplemental Responses Received	 November 16, 2020 December 10, 2020 January 4, 2021
Beginning of Review	December 23, 2020
End of Public Comment/No Public Hearing Conducted Public comments accepted through end of public comment	January 27, 2021
Rebuttal Comments Received	February 10, 2021
Department's Anticipated Decision Date	March 29, 2021[3]
Department's Actual Decision Date	April 19, 2021

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).

For this project, the following individuals requested affected person status:

Dennis Barnes

Dennis Barnes submitted a request for interested and affected person status for this application. Mr. Barnes is a resident of Lake Forest Park, zip code 98155. Mr. Barnes asserts that Lake Forest Park is within the geographic area served by CHI Franciscan and that he uses health care facilities in the region. Mr. Barnes's zip code is in the North King hospital planning area, and patient origin data provided by St. Anne shows no discharges from 98155, however Mr. Barnes's assertion that he uses health care facilities in the region has been neither substantiated nor disproved. As a result, Mr. Barnes may qualify as an affected person for this project.

Conn McQuinn

Conn McQuinn submitted a request for interested and affected person status for this application. Mr. McQuinn is a resident of Burien, zip code 98166. Mr. McQuinn asserts that Burien is within the geographic area served by CHI Franciscan and that he uses health care facilities in the region. Mr. McQuinn's zip code is in the Southwest King hospital planning area. As a result, Mr. McQuinn qualifies as an affected person for this project.

Susan Young

Susan Young submitted a request for interested and affected person status for this application. Ms. Young is a resident of Bremerton, zip code 98337. Ms. Young asserts that Bremerton is within the geographic area served by CHI Franciscan and that she uses health care facilities in the region. Ms. Young's zip code is in the Kitsap County hospital planning area, and patient origin data provided by St. Anne shows no discharges from 98337, however Ms. Young's assertion that she uses health care facilities in the region has been neither substantiated nor disproved. As a result, Ms. Young may qualify as an affected person for this project.

[3] The decision date published in the beginning of review notice for this project was March 27, 2021, however that date was a Saturday. The next business day was Monday, March 29, 2021

Carollynn Zimmers, DVM

Carollynn Zimmers submitted a request for interested and affected person status for this application. Dr. Zimmers is a resident of Poulsbo, zip code 98370. Dr Zimmers asserts that Poulsbo is within the geographic area served by CHI Franciscan and that she uses health care facilities in the region. Dr. Zimmers's zip code is in the Kitsap County hospital planning area, and patient origin data provided by St. Anne shows no discharges from 98370, however Dr. Zimmers's assertion that she uses health care facilities in the region has been neither substantiated nor disproved. As a result, Dr. Zimmers may qualify as an affected person for this project.

Mr. Barnes, Mr. McQuinn, and Dr. Zimmers provided very similar opposing comment. Where appropriate in this review, the similar comment will be attributed to Mr. Barnes or "Barnes, et al" for the sake of brevity and because Mr. Barnes is first in alphabetical order. No disrespect toward Mr. McQuinn or Dr. Zimmers is intended.

SOURCE INFORMATION REVIEWED

- CHI Franciscan's Certificate of Need application received October 22, 2020
- CHI Franciscan's first screening responses received December, 2020
- CHI Franciscan's supplemental screening responses received January 4, 2021
- Public comments received on or before January 27, 2021
- Rebuttal comments received on or before February 20, 2021
- OFM Population Projections – medium series for 2017
- Claritas zip-code level population projections, 2019 and 2021 projection files
- Department of Health's Hospital and Patient Data Systems' Comprehensive Hospital Abstract Reporting System data for years 2010 through 2019
- Hospital Finance and Charity Care Program's (HFCCP) Financial Review
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Compliance history for CHI Franciscan obtained from the Washington State Department of Health – Office of Health Systems and Oversight
- DOH Provider Credential Search website: www.doh.wa.gov/pcs
- CHI Franciscan website at https://www.chifranciscan.org/
- Common Spirit Health's website: https://commonspirit.org/

CONCLUSION

For the reasons stated in this evaluation, the application submitted by CHI Franciscan proposing to add 26 general acute care beds to St. Anne Hospital in Burien, within King County is consistent with the applicable criteria of the Certificate of Need Program, provided CHI Franciscan agrees to the following in its entirety.

Project Description:

This evaluation approves the addition of 26 general medical/surgical acute care beds to St. Anne Hospital in a single phase

Services Provided	Total Beds-Current	Total Beds-Following Completion
General Acute Care	128	154
PPS Exempt Psych	0	0
PPS Exempt Rehab	0	0
NICU Level II	5	5
NICU Level III	0	0
NICU Level IV	0	0
Specialized Pediatric	0	0
Skilled Nursing	0	0
Swing Beds	0	0
Total	**133**	**159**

Conditions:

1. St. Anne Hospital agrees with the project description as stated above. St. Anne Hospital 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. St. Anne Hospital will use reasonable efforts to provide charity care consistent with the regional average or the amount identified in the application – whichever is higher. The regional charity care average from 2017-2019 was 1.05% of gross revenue and 2.34% of adjusted revenue. St. Anne Hospital will maintain records of charity care applications received and the dollar amount of charity care discounts granted. The department requires that these records be available upon request.

3. St. Anne Hospital agrees that the hospital will maintain Medicare and Medicaid certification, regardless of facility ownership.

Approved Costs:

There is no capital expenditure associated with this project.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

Based on the source information reviewed, the department determines that CHI Franciscan, Highline Medical Center dba St Anne Hospital **meets** 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 an acute care bed forecasting method. The determination of numeric need for acute care hospital beds is performed using the Hospital Bed Need Forecasting method contained in the 1987 Washington State Health Plan (SHP). Though the SHP was "sunset" in 1989, the department has concluded that this methodology remains a reliable tool for predicting baseline need for acute care beds.[4]

The 1987 methodology is a twelve-step process of information gathering and mathematical computation. This forecasting method is designed to evaluate need for additional capacity in general, rather than identify need for a specific project.

CHI Franciscan Highline Medical Center dba St Anne Hospital

This project proposes to add 26 acute care beds to St. Anne Hospital located in Burien, within King County. CHI provided an acute care bed methodology based on historical CHARS[5] data for years 2009 through 2018. Below are the assumptions and factors used in the numeric methodology. [source: Application pp32-36, Exhibit 4]

- Hospital Planning Area – HSA #1, Southwest King hospital planning area
- CHARS Data – Historical years 2009 through 2018[6]
- Projected Population – Based on Office of Financial Management medium series data for county and statewide figures. For each data source, historical and projected intercensal and postcensal estimates were calculated.
- Planning Horizon – CHI Franciscan provided data through 2027, identifying a 10-year planning horizon following the base year. The base year is 2018; year ten is 2027.
- Excluded MDCs[7] and DRGs[8]
  - MDC 19 – patients, patient days, and DRGs for psychiatric
  - MDC 15 – patients, patient days, and DRGs for neonates
  - DRG 462/945-946 – patients, patient days, and DRGs for rehabilitation
- Weighted Occupancy – Calculated consistent with the State Health Plan as the sum, across all hospitals in the planning area, of each hospital's occupancy rate times that hospital's percentage of total beds in the area. CHI Franciscan's methodology calculated a weighted occupancy of 65.0%.

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[4] The acute care bed methodology in the 1987 SHP divides Washington State into four separate Health Service Areas (HSAs) that are established by geographic regions appropriate for effective health planning. The West King planning area is located in HSA #1 and is a subset of King County located south of the Duwamish waterway and West of Interstate 5

[5] CHARS=Comprehensive Hospital Abstract Reporting System

[6] At the time of application submission, 2019 CHARS Data had been recalled due to data errors, therefore the Department advised CHI to base their methodology on 2018 CHARS. The 2019 dataset has since been re-issued.

[7] MDC=Major Diagnostic Category

[8] DRG=Diagnosis Related Group

- Existing Acute Care Bed Capacity – St. Anne is the only acute care hospital in the Southwest King planning area.

In addition, CHI Franciscan provided the following information on the utilization of St. Anne and characteristics of the planning area that it believes demonstrates a need for additional capacity and also demonstrates that similar services are not sufficiently available to serve that need. [source: Application 12-14]

"St. Anne is the only hospital located in Southwest King Hospital; the State Health Plan's adjusted target occupancy for a hospital the be size of St. Anne is 65%. While St. Anne averages about 70% average midnight occupancy, internal data shows that mid-day/mid- week (between 10AM and 1 PM), census is typically 10-20% higher, meaning that there are significant days and times of day when there are no beds are available, and patients are held in ED or diverted.

As depicted in Table 8, in 2018, the 112 medical surgical beds operated at 69% and 73% midnight occupancy, respectfully. About 5% of the time, in both years, the medical surgical beds were at 95% occupancy at midnight. Nine percent of the time in 2018 and nearly 12% of the time in 2019 it was above 85%..

Applicant's Table
Table 8
St. Anne Hospital
2018 and 2019 ADC and Occupancy

	2018		2019	
	Total Med/Surg	**Total**	**Total Med/Surg**	**Total**
Current Licensed/ Set-Up Beds	112	128	112	128
Avg. Daily Census (ADC) at Midnight	76.8	81.6	81.4	86.9
Target Avg. Occupancy	65%	65%	65%	65%
Actual Avg. Occupancy	68.6%	63.8%	72.6%	67.9%
Occupancy				
100%	1	0	2	0
95%	4	0	3	1
90%	18	3	19	4
85%	33	14	42	14
80%	63	27	91	34
75%	107	56	143	82
70%	147	96	221	150
Target Occupancy per SHP: 65%	207	150	291	233
60%	273	216	333	304

Source: Applicant

"The Governor's Proclamation #20-24.1 dated May 18, 2020, limited inpatient census to 80% of available (defined as licensed and staffed beds) capacity. The intent was to assure surge capacity. This proclamation, while reflective of the current Public Health Emergency, does impact access. Table 9 shows that if the Proclamation had been in effect in 2019, St. Anne would have only been able to have

102 beds in use, and would have exceeded "capacity" more than 36 times at midnight, and many more times during the day, causing significant diversion of patients.

Applicant's Table

Table 9
St. Anne Hospital
2018 and 2019 ADC and Occupancy

	2019
Licensed Beds Assuming 80% of Med/Surg (128 licensed beds)	102
Avg. Daily Census (ADC) at Midnight	86.9
Target Avg. Occupancy	65.0%
Actual Avg. Occupancy (102 beds)	85.0%
Occupancy	
100%	36
95%	72
90%	125
85%	190
80%	250
75%	307
70%	337
Target Occupancy per SHP: 65%	361
60%	364

Source: Applicant

There are a number of factors in the geography and socioeconomics of the communities served by St. Anne that make access more challenging than in most other communities. These challenges are compounded by the public health emergency and King County's declared civil emergency, demonstrating that these communities are no longer assured accessible health care.

The closure of the High-Rise West Seattle Bridge (the civil emergency) has also impacted access, as West Seattle is part of the Southwest King Hospital Planning Area. The bridge closed on March 23, 2020 because of severe cracking on its underside and concerns regarding collapse. The expected "fix" is years out. Data collected by St. Anne shows that since April, ambulance runs from West Seattle to St. Anne are consistently up about 10%. Further while total ED visits are down throughout the region, the percentage of patients in the ED being admitted to the Hospital has increased from about 13% to 15%, an increase of 17%.

The communities served by St. Anne are among the most diverse and underserved in the state, and the socioeconomics of South King County have been extensively vetted by King Public Health and other organizations, including Washington's Department of Health. For example, Public Health-Seattle & King County, Evergreen Health, CHI Franciscan Health (St. Elizabeth Hospital, St. Francis Hospital, and Highline), Kaiser Permanente, MultiCare Health System (Auburn Medical Center and Covington Medical Center), Navos, Overlake Medical Center, Seattle Cancer Care Alliance, Seattle Children's, Swedish Medical Center (Ballard Campus, Cherry Hill Campus, First Hill Campus, Issaquah Campus), UW Medicine (Harborview Medical Center, Northwest Hospital & Medical Center, UW Medical Center and Valley Medical Center), Virginia Mason and the Washington State Hospital

Association collectively produced the King County Community Health Needs Assessment 2018/2019. That Report found:

"People of color and low-income residents are at disproportionate risk of being uninsured and having poor health and social outcomes. Many health and social indicators—such as housing quality, alcohol related deaths, obesity, lack of health insurance, and smoking— show regional patterns of inequity. South King County is home to some of the most racially and ethnically diverse communities in our county, and experiences disparities in multiple health and social indicators.

In addition, and as can be identified in the map on the next page, a report by the Northwest Healthcare Response Network and King County Health Department found that COVID-19 disproportionally affects socioeconomically disadvantaged populations. This report identified South King County as both a hot spot in terms of socioeconomic disadvantage status and in terms of positive COVID-19 tests.

Because our COVID census has been high and has remained high, St. Anne put into place a dedicated team and has established a "center of excellence" for COVID with reverse air flow in the patient rooms. Today, as of the submittal of this application, St. Anne has 16 COVID patients in-house. These admissions are unscheduled and moving the patient quickly to the dedicated unit, in a private bed, is a best practice, making bed availability paramount." (Table omitted)

Table 4 details patient days for the past three full calendar years for the type of beds (medical/surgical) that will increase with the project. Table 5 details the same information for the entire hospital."

Applicant's Tables

Table 4
St. Anne Medical/Surgical Patient Days and Discharges, 2017-2019
Excludes all Newborns

Project-Specific Only	2017	2018	2019
Licensed beds	112	112	112
Available beds	112	112	112
Discharges	6,078	5,531	5,617
Patient days	29,106	28,047	29,698

Source: Applicant, 2017 discharges and days from CHARS, excludes newborns

Table 5
St. Anne Hospital Total Patient Days and Discharges, 2017-2019,
Excludes all Newborns

Entire Hospital	2017	2018	2019
Licensed beds	128	128	128
Available beds	128	128	128
Discharges	7,111	6,460	6,647
Patient days	31,109	29,750	31721

Source: Applicant, 2017 discharges and days from CHARS, excludes all newborns and 5 Level II bassinets

Table 6 includes the requested seven-year estimate of medical/surgical patient days. Table 7 provides the same information for all acute care beds, less the Level II Neonatal unit.

Table 6
St. Anne Medical/Surgical Patient Days and Discharges, 2020-2025
Excludes all Newborns

Project-Specific Only	2020	2021	2022	2023	2024	2025
Licensed beds	112	138	138	138	138	138
Available beds	112	138	138	138	138	138
Discharges	5,667	5,837	6,071	6,314	6,535	6,731
Patient days	29,961	30,860	32,095	33,379	34,547	35,583

Source: Applicant

Table 7
St. Anne Hospital Total Patient Days and Discharges, 2017-2019,
Excludes all Newborns

Entire Hospital	2020	2021	2022	2023	2024	2025
Licensed beds	128	154	154	154	154	154
Available beds	128	154	154	154	154	154
Discharges	6,708	6,909	7,185	7,473	7,734	7,966
Patient days	32,010	32,970	34,289	35,661	36,909	38,016

Source: Applicant

The need projections provided by CHI Franciscan based on 2018 CHARS data showed a surplus of 11 beds in 2018, increasing to a break even or zero bed need in 2020, increasing to a need for 12 beds in 2024 and ultimately 26 beds in 2027.

CHI also prepared a version of the need methodology based on internal data. That projection showed a surplus of 1 bed in 2018, and a need for 27 beds in 2024 and 41 beds in 2027.

Public Comment

The department received public comment from several sources supporting the proposed expansion, but also received some opposing comment. As noted earlier in the evaluation, information from three different commenters is conglomerated under the name Barnes for the sake of brevity.

Barnes, et al, contended that CHI Franciscan should not have been permitted to use its own internal data instead of CHARS. Barnes also criticized the projection period used by the applicant, differences between values in various data sources provided by St. Anne (CHARS vs. quarterly financial and utilization reports), the configuration of St. Anne's patient rooms (single vs. two-patient rooms), the inclusion of line drawings for only the portion of the hospital containing the beds to be added, rather than the entire facility, and the occupancy standards used by CHI Franciscan in developing its need projections. Excerpts are provided below.

Barnes:

"2019 CHARS Data Not Utilized

My understanding is that the Hospital Bed Need Method requires the use of the most recent available CHARS data. This data is available to the public and provide important and necessary transparency

in the Certificate of Need review process. It is important that an accurate, consistent data set be used in calculating the impact of a change in licensed bed capacity.

2019 CHARS data was not available in October 2019 due to a technical problem. Instead, CHI Franciscan was allowed to use its own unspecified data for these calculations. This lacks transparency and cannot be verified for accuracy. The 2019 data is now available, and the application should not proceed until these calculations are corrected.

Other Data Concerns:

• The application does not project out seven years from the actual data as required by the Hospital Bed Need Method. Table 6 in the application appears to include just six years in the projection.

• The applicant's own data do not match that which it provided elsewhere to the Department of Health, including CHARS data for which corrections were available January 20th.

• The 26-bed projection based on CHARS uses a 2019 number of patient days, 28,693 (page 66 of the application). This does not match the actual for 2019, 27,870, which was provided by St. Anne in the quarterly reports, which may also include newborns. The 2019 projection is already at least 3% higher than the 2019 actual.

• In the non-CHARS projection (page 51) St. Anne's 2019 days are shown as 31,666. This is even more inaccurate than the figure cited in the bullet point above and it is 14% greater than the 2019 actual shown in the table below or 13% greater than the corrected CHARS 2019 of 28,201 available on the Department of Health website.

Comments on the St. Anne Certificate of Need Application - Dennis Barnes

2019 Quarterly Reports					
				ACUTE	ACUTE
4 Quarters, 2019			TOTAL	TOTAL	TOTAL
		TOTAL	PATIENT	INPATIENT	OUTPATIENT
Hospital Name	City	DISCHARGES	DAYS	REVENUE	REVENUE
HIGHLINE MEDICAL CENTER	Burien	1,578	7,720	$ 111,405,993	$ 135,654,765
HIGHLINE MEDICAL CENTER	Burien	1407	7200	$ 100,009,641	$ 143,660,618
HIGHLINE MEDICAL CENTER	Burien	1,375	6,250	$ 92,470,750	$ 167,282,533
HIGHLINE MEDICAL CENTER	Burien	1,476	6,700	$ 100,026,117	$ 171,047,413
		5,836	27,870	$ 403,912,501	$ 617,645,329
				40%	60%

Lack of Project Illustrations

Line drawings of the project's impacts were not supplied, so it is impossible to determine whether St. Anne's projected expansion is justified. While there is mention in the application that St. Anne is already using some of the beds in their newer wing there was no supporting evidence. It is impossible to make a clear assessment of the project's benefits without complete drawings of all nursing floors where the additional beds will be located.

They also state that the expansion of their license would allow their use of two-patient rooms in other parts of the hospital, but again there is no detail provided to make a judgement on the validity of this request."

Young and McQuinn (Zimmers's comment on these issues is very similar)

"Using the outdated Bed Need Standards from the 1979 State Health Plan (updated in 1989), Certificate of Need persists in allowing hospitals to build their entire license capacity instead of building to what they actually need. This is because these standards were developed when multi-bed wards and two-bed rooms were standard in many hospitals. In fact, semi-private rooms were often thought of as a luxury. At that time, occupancy rates were kept low (65%) because there were many factors that made 100% occupancy impossible. For example, wards and semi-private rooms had to be assigned to patients of the same gender, or patients with highly infectious diseases needed to be isolated from other patients. Or, maternity patients and surgical patients could not be assigned the same room. Today, private rooms are the current standard of care, with semi-private rooms being phased out for a variety of reasons.

St. Anne is using Washington's outdated standards in making its case to justify the need for an additional 26 beds. However, based on what we know to be best practice, it appears that St. Anne is asking to expand its number of licensed beds now so that it can build new single bed rooms later without a Certificate of Need review for that building project. This is how hospitals with unused two-patient rooms keep increasing their control of market share without a review."

Rebuttal Comment

CHI Franciscan supplied rebuttal to the public comment submitted and addressed each of the issues outlined above.

i. The Department Formally Notified Users that CHARS 2019 Contained Flaws in August of 2020.

CHI Franciscan was aware of the flaws even prior to the formal notice, and as reflected in the record, held a TA with the CN Program in which it agreed that 2018 would serve as a better baseline. A Department of Health email sent to a listserv on December 8, 2020 notified users that the problem with the CHARS data had been isolated, and stated "We hope to have a resolution soon but have no concrete ETA at the time." Since then, CHI Franciscan was notified as recently as February 8, 2021, that 2019 CHARS is still unavailable (information provided by Katie Hutchinson, PhD, MSPH, Section Manager).

Since the most recent year of CHARS was 2018, the correct projection year is 2025; however, the beds are demonstrated as needed by 2024. This is the year used in our forecast methodology.

ii. Other Data Concerns including Internal versus Public Data.

In the public comment, issues were raised regarding the projection horizon. St. Anne did run the bed need methodology out seven years as required (Exhibit 4 and Screening Response Attachment 2). In addition, the 2019 patient days identified in the public comment (referencing p. 51 of the application) is a calculated number based upon the 2018 baseline methodology (and would therefore, not be expected to match actual data). Finally, the data contained in the application is the most recent internal data available.

e. Bed Need Occupancy Targets Are Reasonable .

The commenters suggest that the Program should disavow itself of the State Health Plan methodology because it relies on outdated bed need occupancy standards. CHI Franciscan has found the methodology to be a reasonable proxy of need, and importantly, it has been used in every CN decision for more than three decades. In fact, we are not aware of any hospital arguing that the bed need targets should be higher given the increase in single occupancy rooms. From a state policy perspective, the current pandemic demonstrates that a slightly lower midnight target (which is the lowest census point

in the day for most hospitals) better allows for and recognizes surge capacity. In fact, St. Anne was one of the first hospitals in the state to treat a COVID-19 positive patient and has maintained a higher census throughout the pandemic."

Department Evaluation

Below are the assumptions and factors used in the department's acute care bed need methodology. The methodology is included in this evaluation as Appendix A.

- Hospital Planning Area – Southwest King
- CHARS Data – Historical years 2010 through 2018
- Projected Population –Based on Office of Financial Management medium series data for the statewide projections, Claritas data used for the planning area[9]. Historical and projected intercensal and postcensal estimates were calculated.
- Excluded MDCs[10] and DRGs[11]
  - MDC 19 – patients, patient days, and DRGs for psychiatric
  - DRG385-391/789-795 – patients, patient days, and DRGs for neonates
  - DRG 462/945-946 – patients, patient days, and DRGs for rehabilitation
- Weighted Occupancy – Calculated consistent with the State Health Plan as the sum, across all hospitals in the planning area, of each hospital's occupancy rate times that hospital's percentage of total beds in the area. The department's methodology calculated a weighted occupancy of 65.0%.
- Existing Acute Care Bed Capacity – One acute care hospital operates in the Southwest King planning area. Based upon DOH bed surveys of 2019 and Hospital Year End Reports

Below is a summary of the steps in the department's numeric need methodology.

Steps 1 through 4 develop trend information on historical hospital utilization.
In steps 1 through 4, the department focused on historical data for years 2010 through 2019 to determine the statewide and health service area [HSA] use trends for acute care services. Southwest King is within HSA #1. The department computed a trend line for statewide and HSA utilization of inpatient acute care services. The HSA and state use trend line projected an increase in acute care use: 2.0187 and 1.7722, respectively. The SHP requires use of either the statewide or HSA trend line "whichever has the slowest change." The Statewide trend line showed the slowest change and is considered more statistically reliable. The department applied the data derived from those calculations to the projection years in the following steps.

Steps 5 through 9 calculate baseline, non-psychiatric bed need forecasts.
For these steps, the department calculates base-year use rates, broken down by population ages 0-64 and ages 65 and older, determining the rates at which different populations receive inpatient non-psychiatric care. This includes calculating in-migration to Southwest King (for Washington and out-of-state residents) and out-migration (to other Washington State hospitals and Oregon hospitals[12]).

[9] OFM population projections are only available for whole counties. Because Southwest King is a subset of King County, the department purchase zip code-level population projections from Claritas
[10] MDC=Major Diagnostic Category
[11] DRG=Diagnosis Related Group
[12] Current data is unavailable from the State of Oregon regarding out migration.

This results in a use rate for the hospitals in Southwest King. The department then multiplies this use rate by the slope acquired in Step 4 to project how this use rate may change during the projection period.

Table 1 below shows the use rates, broken down by age groups that CHI Franciscan and the department applied to the projected population for the projection year:

Department's Table 1
Department Numeric Need Methodology
Use Rates by Age Cohort

	0-64	**65+**
Department	188.14/1,000 population	1,041.45/1,000 population
CHI Franciscan	207.34/1,000 population	992.00/1,000 population

When the use rates are applied to the projected population, the result is the projected number of patient days for the planning area. The numeric methodology is designed to project bed need in a specified "target year." It is the practice of the department to evaluate need for a given project through at least seven years from the last full year of available CHARS data. Using 2019 CHARS data, seven years would be 2026. Due to aspects of the planning area projections discussed below, and limitations on Claritas data beyond 2024, the department only prepared projections through 2024 at the planning area level.

Steps 10 through 12 are intended to determine the total baseline hospital bed need forecasts, including need for short-stay psychiatric services.

In step 10, the department projected the number of acute care beds needed in the planning area, subtracted the existing capacity, resulting in a net need for acute care beds.

There is only one hospital in the planning area – the applicant – with a capacity of 128 general acute care beds. Regional hospital closed at the end of 2019, so its beds are included in 2019 only.

Table 2 on the following page shows the department's methodology calculations for years 2019 through 2024. This table also shows the impact to the planning area as the beds are added by phase.

Department's Table 2
Department of Health Methodology
Projection Years 2018 through 2024

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Gross Number of Beds Needed	121	120	122	126	131	135	139	143	147	152	156
Minus Existing Capacity	154	128	128	128	128	128	128	128	128	128	128
Net Bed Need/(Surplus)	**(33)**	**(9)**	**(6)**	**(2)**	**3**	**7**	**11**	**15**	**19**	**24**	**28**
Bed Additions	0	0	26	0	0	0	0	0	0	0	0
Net Bed Need/(Surplus) with project[13]	**(33)**	**(9)**	**(32)**	**(28)**	**(23)**	**(19)**	**(15)**	**(11)**	**(7)**	**(2)**	**2**

Step 11 projects need for short-stay psychiatric beds. Step 12 is the adjustment phase where any necessary changes are made to the calculations in the prior steps to reflect conditions which might cause the application of the methodology to over or understate the need for acute care beds. This application did not request short-stay psychiatric beds, nor are there any circumstances known to the department (or suggested by the applicant) to suggest that adjustments are necessary to any prior steps. Therefore, neither CHI Franciscan nor the department completed steps 11 or 12. Neither of these steps will be discussed any further.

The primary differences between the department's methodology and the methodologies submitted by CHI Franciscan are the sources of patient days used. CHI Franciscan's versions relied on 2009-2018 CHARS and, alternately, internal data. The department used 2010-2019 CHARS once the 2019 data had been re-issued. This leads to a difference in the tabulated amount of the additional capacity needed. CHI Franciscan's presentation of the need methodology based on 2018 CHARS shows a need for additional beds starting in 2022, with a need for 26 beds demonstrated in 2027. The CHI Franciscan methodology based on internal data showed a need for additional acute care capacity beginning in 2018, with a need for 41 beds by 2027. The department's methodology, illustrated above, projects a need for additional beds beginning in 2023, with a need for 15 beds in 2026 and 28 beds in 2029. Ultimately, all models reviewed by the department show need for additional acute care beds in the Southwest King planning area within the forecast period, although the amount of need and year need arises varies among the three methods.

The department typically reviews a need horizon for acute care beds of seven years – in this case, based on 2019 CHARS data, that projection year would be 2026. The department's 2026 need projection is for 15 beds, rather than the 26 requested by the applicant. The department notes, however, that need for the entire project is demonstrated by 2029. While not all beds are demonstrated by the target year, the majority of the projected capacity is demonstrated.

[13] The area's weighted occupancy standard shifts as a result of this project, which is why these numbers may not sum.

The department has historically allowed for approvals of acute care beds in excess of projected need in various circumstances. Among those circumstances are consideration of whether other facilities exist and can serve the projected need and how quickly the projected over-bedding disappears. In the case of the Southwest King planning are, St. Anne is the only acute care provider. No other facilities are located in the planning area to absorb the patient days that will be projected to exist in the future. In this planning area, additional need, even after adding the applicant's requested beds, manifests itself by 2029 – eight years from the present or ten years from the date of the most recent available data.

The department also evaluated the rate at which additional capacity is projected to determine whether sufficient demand is likely to support the entry of a hypothetical competitor to St. Anne and concluded that the rate of patient growth in the planning area is sufficiently rapid to support the proposed project, but is unlikely to support any new entrants to the planning area at a level that would support a new hospital within the foreseeable future even if the department were to depart from established practice and "reserve" bed capacity for a hypothetical competitor to enter the market.

The department concludes that comment objecting to CHI Franciscan's use of 2018 CHARS instead of 2019 data is inapposite, given the department's guidance to the applicant to use 2018 as the most current publicly available dataset. The department further concludes that the applicant's use of internal data to validate its CHARS-based projections is appropriate, though the data's lack of transparency would generally make it inappropriate for the department to base its determination on such internal data. As noted above, the department used re-released 2019 CHARS data in its evaluation of the project. Each of the three data sources demonstrated need for additional beds in the planning area, with the Department's projections showing need for most of the requested beds by 2026 and in excess of the requested beds by 2029.

The department also concludes that the occupancy standards used by CHI Franciscan are appropriate and consistent with program practice over the last two decades that has been reviewed and accepted in multiple adjudicative proceedings. Similarly, the configuration of St. Anne's beds in either single or double rooms is not an issue used by the department in its bed projections in this review.

Finally, the department concludes that the lack of line drawings for the entire facility is not relevant to the review of this project in that only the floor previously occupied by Regional Hospital is affected and no other changes to St. Anne's physical plant will be made.

Absent documentation that there is insufficient numeric need in the planning area or that the existing healthcare system could support the upcoming numeric need, the department concludes that the planning area will not have sufficient beds available and accessible to the community. This sub-criterion is met.

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

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

The admission policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility and assurances regarding access to treatment. The admission policy must also include language to ensure all residents of the planning area would have

access to the proposed services. This is accomplished by providing an admission policy that states patients would be admitted without regard to race, ethnicity, national origin, age, sex, pre-existing condition, physical, or mental status.

Medicare certification is a measure of an applicant's willingness to serve the elderly. With limited exceptions, Medicare is coverage for individuals age 65 and over. It is also 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 underinsured. With the passage of the Affordable Care Act in 2010, the amount of charity care decreased over time. However, with recent federal legislative changes affecting the ACA, it is uncertain whether this trend will continue.

CHI Franciscan Highline Medical Center dba St. Anne Hospital

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

"*Admission to each of CHI Franciscan's facilities and programs is based on clinical need. Services are made available to all persons regardless of race, color, creed, sex, national origin, or disability. A copy of CHI Franciscan's admission and non-discrimination policy is included as Exhibit 7.*

For hospital charity care reporting purposes, the Department divides Washington State into five regions. St. Anne is located in the King County Region. According to 2016-2018 charity care data produced by the Department (the latest data available), the three-year charity care average for the Region, excluding Harborview, was 1.00% of gross revenue and 2.11% of adjusted revenue. During the same time frame, St. Anne's charity care was 1.39% and 4.49%, respectively. The percentage of charity care included in the pro forma is 1.6% of total revenue, which is based on 2019." [Source: Application, p15]

CHI provided copies of the following policies currently in use at St. Anne Hospital. [Source: Application, Exhibit 7]

- Nondiscrimination Policy – current as of October 2020
- Reproductive Healthcare Policy – current as of October 2020
- Patient Rights and Responsibilities on Admission Policy – current as of October 2020
- Financial Assistance (Charity Care Policy) – current as of October 2020
- End of Life Policy – updated June 2020

St. Anne Hospital is currently Medicare and Medicaid certified. CHI provided its current source of revenues by payer for St. Anne Hospital by both percentage of revenue and percent of patients. CHI projects that the payer mix is not anticipated to change with the additional beds. [Source: Application, p19]

Applicant's Table

Table 10
St. Anne Hospital
Current and Proposed Payer Mix

Payer Mix	Percentage by Revenue	Percentage by Patient
Medicare	43.4%	37.6%
Medicaid	23.7%	24.7%
Commercial	0.9%	1.0%
Managed Care	26.4%	30.4%
Other Government (L&I, VA, etc.)	1.0%	0.7%
Workers Comp	0.8%	1.2%
Self-Pay	3.4%	3.9%
Other	0.4%	0.5%
Total	**100.0%**	**100.0%**

Source: Applicant

Public Comments

The department received the following public comment in support of the project, related to this sub-criterion.

Scott Kennard, MD, St. Anne board member (January 26, 2021, public comment)

"*Please accept this letter as my full support for the proposal of St. Anne Hospital to increase its current licensed bed capacity by 26 beds. I offer this letter as a resident of the community for more than 38 years, as a local practicing anesthesiologist, as the current president of the Hospital's medical staff and as a Hospital board member.*

St. Anne's licensed bed count was 154 beds for at least three decades until it was decreased by 26 to support the relocation of Regional Hospital in 2014. Since 2014, the overall population has grown by 8% in Southwest King and the population 65+, the cohort with one of the highest uses of inpatient beds increased by nearly 27%.

While it has been "tight" and while scheduled elective surgeries were being bumped, delayed, or rescheduled, CHI Franciscan and St. Anne "managed" within its limited 128 bed capacity on most days. However, as the Department of Health knows, the rate of COVID-19 in South King County is more 1.5 times to more than twice the rate in other parts of the County. In response, St. Anne has created dedicated COVID care teams, established a COVID "center of excellence", and added reverse air flow in the COVID patient rooms. As an anesthesiologist, I can speak directly to delays for inpatient and outpatient scheduled surgery patients caused by the current high census. These delays are both stressful and disruptive to the patient and their families/caregivers. But more importantly, these periods of over subscription for inpatient beds directly affects the ability of our Emergency Room to care for the urgent and emergent needs of our local community. If there are no available beds in our hospital, those patients in the emergency room needing inpatient care (as many as 30 at one time) must remain in the emergency room and hallways sometimes for several days until in-patient beds become available. The literature also speaks to the pending "cancer pandemic" expected as patients that delayed a visit being diagnosed later, with later stage disease thus needing more in-patient services and care.

St. Anne has the space for the 26 beds but cannot use them because of the licensing limitation. Allowing the 26 beds to come back into operation will make significant difference for the patients and the community we serve. Please approve this project."

The department also received several the letters during the public comment period of this application's review which contained almost identical arguments in varying format, all of these letters generally brought forward the same argument in support of the project. Following is a representative sample of the letters submitted.

Following is public comment the department received, related to this sub-criterion, which opposes the project.

Barnes, et al

"*Denial of Legal Reproductive Services*

St. Anne's application claims that many reproductive services are provided on an outpatient basis, but elsewhere notes that 60% of their review is in outpatient services. With the preponderance of services moving to outpatient a claim for additional hospital beds is not justified. CHI also owns or controls a majority of the practices in their service area through Franciscan Medical Group, particularly primary care clinics and a large women's health clinic. The physicians are thus bound by the religious restrictions of all Catholic medical providers, restricting common, necessary reproductive and end of life services to their patients.

NEED, CARE FOR DISADVANTAGED PERSONS

When submitting their application in 2014, CHI Franciscan stated in their application the they were fully aware of the requirements they were to fulfill for charity care. Yet in 2017 the Washington State Attorney General's office filed a civil lawsuit alleging repeated failure to provide this care under state law and the charity care policies of Franciscan Health Services itself. This suit was settled in 2019 with $25 million in fines and restitution, to be applied for all FHS/CHI hospitals in the region for five years. Evidence found during discovery suggests that the corporate culture within CHI contributed to this behavior and that continued monitoring by the AG's office would be necessary. (Assistant Attorney General Audrey Udashen of the Consumer Protection Division is the attorney responsible for monitoring compliance through the decree's end in 2024.)

Unfortunately, it appears FHS is not in compliance with this settlement. The consent decree requires them to use an eligibility standard of 300% of the Federal Poverty Guideline rather than the 200% required by other hospitals in the state, yet FHS continues to use a value of 200%.

Any expansion of CHI's network must be held pending demonstration of their compliance with these important needs.

Rebuttal Comments

The department received the following rebuttal comments from CHI, restated here.

CHI Franciscan Highline Medical Center dba St. Anne Hospital

St. Anne's Charity Care Levels Exceed the Regional Average.

The three letters wrongly state that there is a charity care concern at St. Anne's. The Department's own data demonstrates that St. Anne's has consistently exceeded the regional average. As detailed on page 15 of the CN application, for hospital charity care reporting purposes, the Department divides

Washington State into five regions. St. Anne is located in the King County Region. According to 2016-2018 charity care data produced by the Department (the latest data available), the three-year charity care average for the Region, excluding Harborview, was 1.00% of gross revenue and 2.11% of adjusted revenue. During the same time frame, St. Anne's charity care was 1.39% and 4.49%, respectively.

Further, the letters incorrectly state the charity care policy of CHI Franciscan. Each CHI Franciscan hospital's policy is to provide charity up to 300% of FPL. See page 104 of the application."

Barnes, et al

The four interested persons provided rebuttal to the letters of support provided by CHI Franciscan. The majority of the rebuttal comment was directly tied to comments made by the individuals supporting this project; however, this rebuttal was largely restatement of the themes in the original comments, therefore it will not be excerpted here.

Department Evaluation

St. Anne Hospital has been providing healthcare services to the residents of Burien and surrounding areas for many years. In 2013 under its previous dba Highline Medical Center, it became affiliated with CHI Franciscan. More recently the facility had been renamed St. Anne Hospital. [Sources: Department files and CHI Franciscan website, About Us]

CHI provided policies demonstrating that healthcare services at St. Anne Hospital are available without discrimination on the basis of income, race, ethnicity, sex, or handicap. [Source: Application, Exhibit 7]

The Patient Rights and Responsibilities on Admission Policy provided is currently in use at St. Anne Hospital. Its stated purpose is "*To assure all patients and their legal representative have been informed of their patient rights and responsibilities on admission*." Additionally, it outlines the procedure for admission of a patient, as well as patient and hospital responsibilities, patient rights, patient visitation rights, a grievance process, and service animal allowance.

CHI also provided its Nondiscrimination Policy currently in use at St. Anne Hospital. The policy is intended to ensure services are provided to patients and all visitors are welcomed "*in a manner that respects, protects, and promotes patient rights*." The policy includes the following non-discrimination language.

"*CHI Franciscan does not exclude, deny benefits to, or otherwise discriminate against any person on the basis of age, race, color, creed, national origin, ethnicity, religion, marital status, sex, sexual orientation, gender identity or expression, physical , mental or other disability, citizenship, medical condition, or any other basis prohibited by federal, state, or local law in admission to, participation in, or receipt of the services and benefits under any of its programs and activities, whether carried out by CHI Franciscan directly or through a contractor or any other entity with which CHI Franciscan arranges to carry out its programs and activities*."

The policy also includes a number of procedures including ensuring access for persons with disabilities, ensuring compliance and oversight of nondiscrimination requirements, and for grievances.

St. Anne Hospital currently provides services to both Medicare and Medicaid patients. CHI expects no changes in Medicare and Medicaid percentages at the hospital if this project is approved. The table provided by CHI shows the comparison of current and projected percentages of revenue by payer for

the hospital as a whole. Financial data provided in the application also shows both Medicare and Medicaid revenues.

The Financial Assistance Policy (Charity Care) provided in the application has been reviewed and approved by the Department of Health's Hospital Finance and Charity Care Program (HFCCP). The policy's stated purpose is "*to describe the conditions under which a Hospital Facility provides Financial Assistance to its patients. In addition, this Policy describes the actions a Hospital Facility may take with respect to delinquent patient accounts*." The policy outlines the process to obtain financial assistance or charity care, requirements for eligibility, patient cooperation standards, notification, and actions for non-payment. The policy was approved in March 2017. This is the same policy posted to the department's website for St. Anne Hospital. The pro forma financial documents provided in the application include a charity care costs as a deduction of revenue.

Public comments provided for this sub-criterion assert that the CHI Franciscan organization is not in compliance with an agreed order with the Washington Attorney General that required significant changes to CHI Franciscan's charity care practices. In those comments and rebuttal comments, the writers misinterpret the charity care eligibility requirements. CHI Franciscan notes, and the department has verified, that its financial assistance policy contained in the application and approved by the department provides financial assistance to families with an income up to 300% of the federal poverty guidelines. The department makes no conclusions whether CHI Franciscan is in compliance with the agreed order since the department is not a party to that order.

Charity Care Percentage Requirement

For charity care reporting purposes, Washington State is divided into five regions: King County, Puget Sound (less King County), Southwest, Central, and Eastern. St. Anne Hospital is located in King County, within the King County Region. Currently there are 23 hospitals operating within the region. Of the 23 hospitals, not all reported charity care data for years three reviewed, years 2017, 2018, and 2019.[14]

The following table compares the three-year historical average of charity care provided by the hospitals currently operating in the King County Region and St. Anne Hospital's historical charity care percentages for years 2017-2019; as well as St. Anne Hospital's projected average percentage of charity care. [Source: Application, Exhibit 5 and HFCCP 2017-2019 charity care summaries]

Department's Table 3
Charity Care Percentage Comparisons

	Percentage of Total Revenue	Percentage of Adjusted Revenue
King County Region Historical 3-Year Average	1.05%	2.34%
St. Anne Hospital Historical 3-Year Average	1.89%	5.90%
St. Anne Hospital Projected Average	1.39%	4.22%

[14] For year 2017 one hospital was not yet operational, MultiCare Covington Medical Center became licensed in April 2018 and is not included in the report for 2017 and includes a partial year for 2018.

As noted in the table, St. Anne Hospital has historically been providing charity care above the three-year King County Regional average. Additionally, its anticipated average percent of revenue estimated for charity care is also above the three-year King County Regional average.

Additional public comments were provided on the impacts of the COVID-19 pandemic, the West Seattle Bridge closure, the demographics of the West King planning area. Some of these topics have been addressed in earlier parts of this evaluation and will not be repeated here.

CHI Franciscan asserts, and the commenters refute, that the COVID-19 pandemic and the current closure and future replacement of the West Seattle Bridge create additional reasons to approve additional capacity at St. Anne. The department notes that CHI Franciscan reports that it has been using additional capacity during the pandemic in accordance with certain waivers of Certificate of Need regulations granted by the governor. As of the writing of this evaluation, the pandemic continues, though hopeful signs of subsidence are present. Similarly, plans are being made by the city of Seattle to replace or renovate the West Seattle Bridge. Presumably, both the current pandemic and the transportation difficulties created by the bridge restrictions do present pressure on the capacity of St. Anne. Both of these deviations from typical health care access and utilization, however, are projected to be of limited duration, while Certificate of Need authorization for additional capacity is generally made on the basis of longer-term population projections. Because the department's population-based projections, as well as those presented by the applicant, demonstrate need for at least the number of beds requested in the planning are, those additional factors need not be examined in detail to determine whether need exists for the requested beds.

CHI Franciscan did not provide rebuttal to statements made about potential limitations to the scope of care provided due to St. Anne religious affiliation. The commenters request that this application be denied because this religious affiliation is not consistent with the Bree Collaborative quality guidelines for reproductive health care. The department has not historically denied church-affiliated hospitals the opportunity to expand or add services on these grounds; and does not conclude that these concerns warrant denial of beds for which there is demonstrated need. The writers further request that the department hold the projected quantity of additional needed beds in reserve to entice another entrant to the market who will provide the scope of services desired by the writers. The department notes that the number of beds in this instance is very low – fewer than 30 – and no other provider has presented itself as willing or able to establish a new hospital to serve the Southwest King planning area. While scope of services, including reproductive health, can be used as a factor to decide among multiple applicants to serve the same need, there is no other applicant in this instance. The department concludes that holding beds in reserve for an applicant of which it is unaware would not meet the needs of the planning area residents.

Typically, the department attaches a charity care condition to the approvals, based in part, on the fluctuation of charity care percentages since the passage of the Affordable Care Act in March 2010. For this reason, if this project is approved, the department would attach a condition that requires CHI to agree to provide charity care at an amount consistent with the King County Regional amounts.

Based on the information provided in the application and with CHI's agreement to a charity condition, the department concludes **this sub-criterion is met.**

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

(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 sub-criteria under (3), (4), and (5) are not applicable to this application.

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

Based on the source information reviewed, the department determines that CHI Franciscan Highline Medical Center dba St. Anne Hospital **has 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.

CHI Franciscan Highline Medical Center dba St. Anne Hospital

Following are the assumptions CHI used to project revenue, expenses, and net income for the project: [Source: Application, Exhibit 5]

"***Overall (hospital wide) Assumptions:***

- *Charity care: assumed to be 0.9% (based on 2019) of gross inpatient revenue; overall charity care is assumed to be about 1.4%.*
- *Bad Debt: assumed to be 1.4% of gross revenue (based on 2019).*
- *All information provided in current dollars. No inflation is assumed.*
- *Project start date 4/1/2021*

- *Deductions from Revenue are provided for the hospital with and without the project.*
- *ross patient revenue was calculated using the same rates and utilization of services as in the baseline period of 2019. Payer mix associated with med/surg volumes was kept constant. No reimbursement changes were used in the pro forma. Thus, the net patient revenue per case is the same as the baseline period of 2019. Incremental revenue per discharge was assumed to be $16,772.*
- *Other operating revenue which includes cafeteria and gift shop purchases, was assumed to be $35 per discharge.*
- *Salary expense corresponds to the FTEs needed to provide the service. FTEs increase in accordance with the increase in patient days. This level of productivity is based upon the productivity that occurred in 2019. The statement does not include any compensation increases.*
- *Employee benefits are kept at the same percentage of salary as 2019 or 27% throughout the projection period.*
- *Purchased services-other: This line item contains fees paid to CHI Franciscan's parent company, CHI, for services provided to CHI Franciscan such as Legal, Compliance, Information Technology, and Revenue Cycle. This line item also includes payments to vendors for such things as, laundry service, security services, etc. Several of St. Anne's support departments, such as Dietary, are managed by outside companies that have expertise in managing these types of service. Payments for these type of management services are included in this expense category. This was assumed to $202 per discharge.*
- *Supplies expense increases proportionate to the increase in patient days. Supplies were assumed to be $2,178 per discharge.*
- *No increases in utilities, depreciation, rentals and leases, insurance, repairs and maintenance, license and taxes or interest were assumed for the project.*
- *No additional patient days were assumed without the project*

CHI also provided a projected revenue and expense statement for St. Anne Hospital as a whole with the additional beds. The summary below shows fiscal years 2020 and 2022 through 2024. [Source: August 14, 2020 screening response, Attachment 6]

Department's Table 4
St. Anne Hospital Projected Revenue and Expense Summary

	2020[15][16]	**2022**	**2023**	**2024**
Number of Beds[17]	128	154	154	154
Patient Days	26,204	34,289	35,661	36,909
Average Daily Census	72	94	98	101
Calculated Occupancy	56.1%	61.0%	63.4%$	65.7%
Net Revenue	$217,073,046	$204,994,418	$209,865,776	$214,283,594
Total Expenses*	$256,595,790	$199,598,713	$200,629,312	$201,551,218
Net Profit/(Loss)	**($39,625,719)**	**$5,395,705**	**$9,236,464**	**$12,732,376**

[15] Fiscal year 2020 is the most recent for which the department has actual financial data. Years 2022-2024 are the first three full years for the proposed project.
[16] 2020 values in this table calculated using St. Anne's year-end report submitted to the department in late 2020. This differs from the projected values. The year-end report covers the time period July 1, 2019 to June 30, 2020
[17] For this table, the facility's 5 NICU beds have been deducted, since those volumes were not used in the projections

*Includes fixed expenses and depreciation

Net revenue includes inpatient, outpatient, and other operating revenue for the entire hospital, minus any deductions for contractual allowances, bad debt, and charity care. Total expenses include all expenses for the hospital and additional service, including purchased services, professional fees, and staff wages and benefits.

Public Comments
None

Rebuttal Comments
None

Department Evaluation
To evaluate this sub-criterion, the department first reviewed the assumptions used by CHI to determine the projected patient volumes and patient mix for the St. Anne Hospital. The projections are based upon the hospital's actual experience. CHI based its projected payer mix on St. Anne Hospital's existing payer mix, with no changes in the percentages of payer sources with the project.

Both the applicant's need methodologies and the department's need methodology project need for additional beds in the planning area, consistent with the number of beds CHI Franciscan proposes to add at St. Anne (see discussion under WAC 246-310-210). Based on that numeric need, the department concludes that there are sufficient volumes to support the additional beds in the planning area. Based on the above information, the department concludes that CHI's assumptions and projections are reasonable.

CHI based its revenue and expenses for St. Anne Hospital on the assumptions referenced here. CHI also used its historical operations as a baseline for the revenue and expenses projected for the hospital as a whole with the additional beds.

For this sub-criterion, the department also completes a focused financial and cost containment review (WAC 246-310-220 and WAC 246-310-240, respectively) that includes pro forma financial statements submitted in the application, including screening responses and rebuttal documents, and historical data reported to the data collection office within the Department of Health.

To determine whether CHI would meet its immediate and long-range capital costs, the fiscal year 2020 balance sheets for St. Anne Hospital and 2019 balance sheets for Common Spirit Health were reviewed.]

Department's Table 5
St. Anne Hospital's Balance Sheet for Year 2020

Assets		**Liabilities**	
Current	$45,121,971	Current	$50,770,889
Board Designated	-	Long Term Debt	$97,691,627
Property/Plant/Equipment	$139,695,668	Other	$24,888,974
Other	$11,371,091	Equity	$88,837,230
Total Assets	**$262,188,730**	**Total Liabilities and Equity**	**$262,188,730**

Department's Table 6
Common Spirit Health's Balance Sheet for Year 2019 (in 1,000s)

Assets		**Liabilities**	
Current	$13,002,000	Current	$9,518,000
Board Designated	$8,062,000	Long Term Debt	$9,212,000
Property/Plant/Equipment	$15,266,000	Other	$6,104,000
Other	$4,295,000	Equity	$15,791,000
Total Assets	**$40,625,000**	**Total Liabilities and Equity**	**$40,625,000**

For hospital projects, the department performs a financial ratio analysis which assesses the financial position of an applicant, both historically and prospectively. The financial ratios typically analyzed are 1) long-term debt to equity; 2) current assets to current liabilities; 3) assets financed by liabilities; 4) total operating expense to total operating revenue; and 5) debt service coverage. Historical and projected balance sheet data is used in the analysis. St. Anne Hospital's 2020 balance sheet shows Current Assets at the facility-level are sufficient to fund this project.

The department also reviews various ratios that can give a snapshot of the financial health of St. Anne Hospital and Common Spirit Health as of 2019 and 2018. Also detailed are the three years following completion of the project. Statewide 2019 ratios are included as a comparison and are calculated from all community hospitals in Washington State whose fiscal year ended in that year. Following is a table showing the results. In the "Trend" column an "A" means it is better if the number is above the State number and "B" means it is better if the number is below the state number.

Department's Table 7
Current and Projected Debt Ratios
St. Anne Hospital

Category	**Trend**	**State 2019**	**Common Spirit Health 2019**	**St. Anne 2020 Actual**	**St. Anne 2022**	**St. Anne 2023**	**St. Anne 2024**
Long Term Debt to Equity	B	0.426	0.583	0.3983	0.905	0.830	0.747
Current Assets/Current Liabilities	A	3.287	1.366	1.548	1.575	1.5593	1.608
Assets Funded by Liabilities	B	0.370	0.461	0.550	0.530	0.509	0.482
Operating Expense/Operating Revenue	B	0.973	1.013	1.003	0.974	0.956	0.941
Debt Service Coverage	A	6.123	2.796	2.399	3.161	3.653	4.102
Definitions	**Formula**						
Long Term Debt to Equity	Long Term Debt/Equity						
Current Assets/Current Liabilities	Current Assets/Current Liabilities						
Assets Funded by Liabilities	Current Liabilities + Long term Debt/Assets						
Operating Expense/Operating Revenue	Operating expenses / operating revenue						
Debt Service Coverage	Net Profit+Depr and Interest Exp/Current Mat. LTD and Interest Exp						

After reviewing the financial ratios above, staff provided the following statements:
"*All of the ratios for CommonSpirit and St. Anne are outside the desired range for 2019 and 2020. Both the hospital and the system as a whole recorded operating losses in 2019 and 2020. A review of the years 2016-2019 shows that St. Anne's net income varies considerably, from a profit of over $7*

million on 2018 to the 2020 deficit of $39.6 million. The applicant provided projected income statements predicting a moderate trend of fiscal improvement for the facility that appears to be appropriate. Because the project is not using any capital expenditure, review of the debt-related ratios is not crucial to this evaluation.

Because this project requires no capital expenditure or debt financing, and the income projections provided by the applicant appear reasonable, review of the financial and utilization information shows that the immediate and long-range capital expenditure as well as the operating costs can be met. This criterion is satisfied."

The department concludes that the project is financially feasible primarily because there is no estimated capital expense and the applicant has substantiated need for the additional beds. Because of this, the department concludes that the immediate and long-range operating costs of the project can be met. **This sub-criterion is met.**

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

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

Department Evaluation

There are no capital costs associated with this project. The department reviewed the revenue and expense projections provided by the applicant against its projected utilization. Those values are displayed in the table below:

Department's Table 8
St. Anne Revenue and Expenses per Patient Day

St Anne Bed Addition	2022	2023	2024
Rate per Various Items	**CONyr1**	**CONyr2**	**CONyr3**
Admissions	7,185	7,473	7,734
Patient Days	34,289	35,661	36,909
Gross Revenue	997,513,003	1,019,803,563	1,040,018,795
Deductions From Revenue	804,144,498	821,571,240	837,375,492
Net Patient Billing	193,368,505	198,232,323	202,643,303
Other Operating Revenue	11,625,913	11,633,453	11,640,291
Net Operating Revenue	204,994,418	209,865,776	214,283,594
Operating Expense	199,598,713	200,629,312	201,551,218
Operating Profit	5,395,705	9,236,464	12,732,376
Other Revenue	-	-	-
Net Profit	5,395,705	9,236,464	12,732,376
Operating Revenue per Admission	$ 26,913	$ 26,526	$ 26,202
Operating Expense per Admission	$ 27,780	$ 26,847	$ 26,060
Net Profit per Admission	$ 751	$ 1,236	$ 1,646
Operating Revenue per Patient Day	$ 5,639	$ 5,559	$ 5,490
Operating Expense per Patient Day	$ 5,821	$ 5,626	$ 5,461
Net Profit per Patient Day	$ 157	$ 259	$ 345
Operating Revenue per Adj Admissions	$ 12,008	$ 12,157	$ 12,284
Operating Expense per Adj Admissions	$ 12,395	$ 12,304	$ 12,218
Net Profit per Adj Admissions	$ 335	$ 566	$ 772
Operating Revenue per Adj Pat Days	$ 2,516	$ 2,548	$ 2,574
Operating Expense per Adj Pat Days	$ 2,597	$ 2,578	$ 2,560
Net Profit per Adj Pat Days	$ 70	$ 119	$ 162

St. Anne's rates are within the Washington statewide averages. Contingent upon a demonstration of need, this project should not result in an unreasonable impact on the costs and charges for health services. This criterion is satisfied."

(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.

Department Evaluation

There are no costs associated with this project. This sub-criterion is not applicable to this project.

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

Based on the source information reviewed, the department determines that CHI Franciscan Highline Medical Center dba St. Anne Hospital **has met** the applicable cost containment 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 [full time equivalents] that should be employed for projects of this type or size. Therefore, using its experience and expertise the department concludes that the planning would allow for the required coverage.

CHI Franciscan Highline Medical Center dba St. Anne Hospital

CHI provided the following information regarding recruitment of staff necessary for the bed expansion: [source: Application, pp22-23

"For an organization the size of CHI Franciscan, and because this project proposes an expansion of an existing facility, the staffing needs noted in Table 11 are relatively small and due only to normal growth associated with the State's Acute Care Bed Need Methodology In an effort to assure that we always have the staff needed to support our existing and proposed new programs, CHI Franciscan offers a competitive wage and benefit package as well as numerous other recruitment and retention strategies. Specific strategies for clinical, ancillary and support staff include:

- *CHI Franciscan offers, and will continue to offer, a generous benefit package for both full and part time employees that includes: Medical, Dental, Paid Time Off/Extended Illness/Injury Time, Employee Assistance Plans, and a Tuition Reimbursement Program, among other benefits.*
- *CHI Franciscan posts all of its openings on our website via our online applicant tracking system. In addition to our own website, CHI Franciscan has agreements with several job boards including Indeed.com, Health-e-Careers, and Washington HealthCare News to name a few.*
- *CHI Franciscan currently has contracts with more than 40 technical colleges, community colleges, and four-year universities throughout the United States that enable us to offer either training and/or job opportunities. In addition, CHI Franciscan Education Services staff serves on healthcare program advisory boards and as clinical or affiliate faculty at a number of local institutions. CHI Franciscan constantly monitors the "wage" market, adjusting as necessary to ensure that our hospitals' wage structures remains competitive.*
- *CHI Franciscan provides a career counselor who is available to all staff to encourage development and growth within the healthcare industry. This is further supported through a tuition reimbursement program and referrals to state and federal funds for continuing education. In addition, the Franciscan Foundation has annual scholarships available for current employees to advance their education.*
- *CHI Franciscan's various facilities serve as clinical training sites for healthcare specialties such as nursing, diagnostic imaging, physical/occupational therapy, and pharmacy, (to name a few).*
- *CHI Franciscan also offers various other recruitment strategies (i.e., nursing new grad events, nursing school class visits, job fairs, career days, direct e- mail campaigns, etc.) as other ways to bring new healthcare workers to the CHI Franciscan organization.*
- *CHI Franciscan works closely with agency personnel, not only to negotiate rates but to also ensure that agency staff is able to provide the same high-quality skill level that CHI Franciscan requires of our own employees.*
- *CHI Franciscan holds residency program RN career fairs twice a year to help recruit and train new RNs. They go through a formal residency program at the site and in the department, they*

are hired into. CHI Franciscan also attends campus career fairs and speaks with graduating RN classes about our opportunities and training for new nurses. We advertise on popular job boards as well as specialty niche sites.'

Department's Table 9
St. Anne Hospital's Current and Proposed
FTEs associated with bed addition

FTE by Type	2020	2022 Incremental	2023 Incremental	2024 Incremental	2024 Total
Management	24.0	3.0	0.0	0.0	27.0
RNs	596.0	5.0	3.0	2.0	596.0
LPNs	2.0	0.0	0.0	0.0	0.0
Patient Care Assistants	360.0	5.0	1.0	1.0	367.0
Tech/Professional	158.0	1.0	0.0	0.0	159.0
Total	**1317.0**	**18.0**	**6.0**	**6.0**	**1347.0**

Public Comments
None

Rebuttal Comments
None

Department Evaluation
This section of the evaluation focuses on the staffing of the proposed project. St. Anne Hospital is currently licensed for 133 acute care beds. The addition of 26 acute care beds will require an increase in staff appropriate to the increased volumes.

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

Information provided in the application demonstrates that CHI is a well-established provider of healthcare services in King County and to surrounding areas. The application demonstrates that CHI has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

(2) The proposed service(s) will have an appropriate relationship, including organizational relationship, to ancillary and support services, and ancillary and support services will be sufficient to support any health services included in the proposed project.
WAC 246-310 does not contain specific WAC 246-310-230(2) as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what relationships, ancillary and support services should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials contained in the application. As an operating facility, St. Anne Hospital has long-established and well-functioning relationships with health and social service providers in the area.

CHI Franciscan Highline Medical Center dba St. Anne Hospital

CHI provided the following statement related to this sub-criterion. [Source: Application, p23]
"*No existing ancillary or support agreements are expected to change as a result of this project.*"

CHI provided the following table of current and future ancillary and support services and vendors.

Applicant's Table
Table 12
Ancillary and Support Services

Services Provided	Vendor
Linen service	In-house
Pathology	Cellnetix
Janitorial services	In-house
Biomedical	In-house
Biomedical waste	Stericycle
PT (PRN)	PRN Physical Rehab Network
Dietary	Thomas Cuisine
Respiratory Therapy	In-house

Source: Applicant

Public Comments
None

Rebuttal Comments
None

Department Evaluation

Specific to this sub-criterion, the CHI demonstrates compliance with this standard. **This sub-criterion is met.**

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

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

CHI Franciscan Highline Medical Center dba St. Anne Hospital

The specific question in the application form related to this sub-criterion requests the applicant to identify if the owner, operator, or physician(s) identified in this application has had any of the following in this state or other states:

a. Decertification from Medicare
b. Decertification from Medicaid
c. Convictions related to the competency to practice medicine or own or operate a hospital.
d. Denial of a license
e. Revocation of a license

f. Voluntary withdrawal from Medicare or Medicaid while decertification processes were pending.

In response to the specific question above, CHI provided the following statement. [Source: Application, p25]
"*No facility or practitioner associated with the application has any history with respect to the above."*

Public Comments
None

Rebuttal Comments
None

Department Evaluation
As part of this review, the department must conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.[18] To accomplish this task, the department reviewed the quality of care compliance history for the healthcare facilities owned, co-owned, operated, or managed by CHI or its subsidiaries. Additionally, the department reviewed the credentialing history of the lead medical professionals associated with St. Anne Hospital.

Washington State Survey Data
As stated in the applicant description section of this evaluation, CHI is a current provider in Washington State with facilities operating throughout the state. The Department of Health's Office of Health Systems Oversight (OHSO) conducted surveys for the facilities owned or operated by CHI. Using its own internal database, the department reviewed the historical survey data for the healthcare facilities associated with CHI. Since 2017 CHI's facilities have been surveyed 22 times with no significant noncompliance reported. [Source: DOH Office of Health System Oversight]

CMS Survey Data
Using the Center for Medicare and Medicaid Services Quality, Certification & Oversight Reports (QCOR) website, the department reviewed the available historical survey information for all CHI facilities. A QCOR review shows that since 2017, twelve CHI facilities had surveys resulting in actions.

[18] WAC 246-310-230(5)

Department's Table 10
CHI Franciscan's Facilities and Survey History

Facility	Number of Surveys Since Year 2017
CHI Franciscan Rehabilitation Hospital	3
Franciscan Ambulatory Surgery Center at The Doctors Clinic - Silverdale[19]	0
St Joseph Medical Center	2
St Elizabeth Hospital	2
St. Anne Hospital	2
St Clare Hospital	3
St Michael Medical Center	2
St Francis Hospital	4
St Anthony Hospital	2
Franciscan Hospice and Palliative Care	0
Franciscan Hospice	2
Gig Harbor Same Day Surgery	0

All of the hospitals, ASFs, and hospice agencies owned and operated by CHI are located in Washington State. Since 2017, none have received condition-level deficiencies.[20] Several surveys resulted in no deficiencies. The surveys which resulted with standard-level deficiencies were remedied and did not require any follow-up visits.

In addition to the facility review, CHI provided the names and provider credential numbers for key leadership staff. The listing includes two physicians and two registered nurses. The review of each provider's credential revealed no sanctions.

Based on the above information, the department concludes that CHI demonstrated reasonable assurance that its existing healthcare facilities would continue to operate in compliance with state and federal guidelines if this project is approved. **This sub-criterion is met.**

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

WAC 246-310 does not contain specific WAC 246-310-230(4) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that 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.

[19] No surveys, facility was issued a license in July 2020

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

CHI Franciscan Highline Medical Center dba St. Anne Hospital

CHI provided the following discussion to demonstrate compliance with this sub-criterion. [Sources: Application, p25]

"The additional acute care beds will promote continuity of care particularly considering the access issues outlined in the Need section. St. Anne's already high occupancy has been compounded by the Governor's capacity proclamation, the community's health disparities and socioeconomic challenges, and King County's civil emergency resulting from the West Seattle bridge closure. An adequate number of medical/surgical beds must be located close to where patients reside. Approval of the project will promote timely access to inpatient service by enhancing St. Anne's bed capacity.

"As noted above, St. Anne has a long track record of working closely with EMS, other existing hospitals, and other health care systems throughout the Puget Sound Region. St. Anne's collaborates with area nursing homes, assisted living, adult family homes, home health, and hospice agencies as well as outpatient providers. St. Anne also supports area primary care and specialists, as well as insurers to assure care coordination, smooth transitions of care, and reduced rehospitalization and ED visits."

Public Comments

Comment was provided regarding St. Anne's current and proposed scope of services and is discussed earlier in this evaluation.

Rebuttal Comments

None

Department Evaluation

This evaluation takes into consideration the letters of support and opposition submitted for the project. It also takes into consideration the calculated numeric methodology and rules related to adding new beds to a planning area.

As noted in the need section of this evaluation, the department's methodology concluded sufficient need for the beds requested by the applicant. The department also notes that opposition to this project was provided on several grounds, including the applicant's scope of services. The department notes, however, that the applicant is a long-time provider of acute care services in the planning area and no other applicant has sought to establish a facility with expanded services.

For those reasons, the department concludes that approval of this project is not expected to result in unwarranted fragmentation of acute care services in the Southwest King planning area. **This sub-criterion is met.**

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

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, the department determines that CHI Franciscan Highline Medical Center dba St. Anne Hospital **meets** 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.

CHI Franciscan Highline Medical Center dba St. Anne Hospital

Step One

CHI Franciscan's application met the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves to step two below.

Step Two

The applicant considered only one other option prior to submission of this application – add the requested beds but do so in two phases. Below is the rationale for this approach. [source: Application. P26]

"St. Anne's plan has always been to restore the beds lost when Regional Hospital relocated to our 5th floor Cedar unit, particularly since the beds leased to Regional were all private rooms (approximately one-third of St. Anne's beds are located in semiprivate rooms). The original project to restore the licensed bed count was part of a proposed $53 million, 62,000 square foot addition to the Hospital. While the original project is still needed, especially the outpatient square footage and the resultant increase in private rooms, the January 2020 vacation of 5 Cedar by Regional provided an inexpensive and quick means of addressing high occupancy. It also provided increased private room capacity to treat a potential COVID-19 surge; it did however require that beds be taken off-line elsewhere in the hospital to not exceed 128 medical/surgical beds.

"As such, the only other option considered was whether all 26 beds should be brought online at the same time or divided into two phases. Because the 26-bed unit is 100% private rooms and already equipped, the decision was made to return to 154 acute care beds immediately upon CN approval. This also provides relief to the sole hospital servicing the Southwest King Hospital Planning Area, should COVID-19 continue into 2021 and beyond, and should the West Seattle Bridge closure involve multiple years of diverted traffic."

Step Three
This step is applicable only when there are two or more approvable projects. CHI Franciscan's application is the only application under review to add acute care capacity in Southwest King County. Therefore, this step does not apply.

Public Comments
None

Rebuttal Comments
None

Department's Evaluation
Information provided in the application and screening responses demonstrate that additional acute care beds are needed in the planning area. CHI Franciscan discussed the occupancy constraints and appropriately concluded that a "do nothing" option was not the best option.

Given that St. Anne is the only hospital operating in the Southwest King planning area, the department did not identify any alternative that was superior in terms of cost, efficiency, or effectiveness that is available or practicable.

The department concludes that the project as submitted by CHI Franciscan is the best available option for the planning area. 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
There are no costs associated with this project. This sub-criterion is not applicable 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.

CHI Franciscan Highline Medical Center dba St. Anne Hospital
In response to this sub-criterion, CHI provided the following statement. [Source: Application, p28]
"*As discussed in earlier sections of this application, St. Anne is able to add these beds to the hospital without any capital expenditure, and given the pressures our occupancy, this is both prudent and necessary to assure access. St. Anne will, with the additional beds, increase its overall operating*

efficiency as measured by average cost per patient day. The average cost decreases by about 10% over the project timeline."

Public Comments
None

Rebuttal Comments
None

Department Evaluation
This project has the potential to improve delivery of acute care services to the residents of Southwest King County and surrounding communities with the addition of 26 acute care beds to St. Anne. The department is satisfied the project is appropriate and needed. This sub-criterion is met.

APPENDIX

Southwest King Acute Care Bed Need
Step 1

2010 to 2019 HSA TOTAL NUMBER OF RESIDENT PATIENT DAYS
Source: DOH 2019 Statewide Methodology

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10-YEAR TOTAL
HSA #1	1,272,789	1,298,227	1,282,023	1,300,706	1,339,663	1,406,654	1,432,521	1,515,233	1,537,566	1,433,041	**13,818,423**
STATEWIDE TOTAL	2,055,241	2,068,011	2,054,931	2,067,274	2,116,496	2,210,893	2,274,457	2,387,290	2,414,946	2,278,332	**21,927,871**

Southwest King Acute Care Bed Need
Step 2

2010 to 2019 HSA TOTAL NUMBER OF RESIDENT PATIENT DAYS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10-YEAR TOTAL
HSA #1	1,272,789	1,298,227	1,282,023	1,300,706	1,339,663	1,406,654	1,432,521	1,515,233	1,537,566	1,433,041	13,818,423
STATEWIDE TOTAL	2,055,241	2,068,011	2,054,931	2,067,274	2,116,496	2,210,893	2,274,457	2,387,290	2,414,946	2,278,332	21,927,871

2010 TO 2019 HSA TOTAL NUMBER OF PSYCHIATRIC PATIENT DAYS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10-YEAR TOTAL
HSA #1	14,127	14,165	14,474	12,941	18,538	25,933	24,318	25,342	26,288	27,365	**203,491**
STATEWIDE TOTAL	17,392	17,964	16,983	16,105	22,239	29,898	29,562	31,607	31,577	28,649	**241,976**

HSA # 1 Psych Hospitals Include: BHC Fairfax in Kirkland, BHC Fairfax North in Everett, Fairfax Behavioral Health Monroe in Monroe, Cascade Behavioral Health in Tukwila, Navos in Seattle, and Smokey Point Behavioral Hospital in Marysville

2010 to 2019 HSA TOTAL NUMBER OF PATIENT DAYS MINUS PSYCH DAYS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10-YEAR TOTAL
HSA #1	1,258,662	1,284,062	1,267,549	1,287,765	1,321,125	1,380,721	1,408,203	1,489,891	1,511,278	1,405,676	**13,614,932**
STATEWIDE TOTAL	2,037,849	2,050,047	2,037,948	2,051,169	2,094,257	2,180,995	2,244,895	2,355,683	2,383,369	2,249,683	**21,685,895**

Prepared by Randy Huyck, April 2021

Southwest King Acute Care Bed Need
Step 3

2010 to 2019 HSA TOTAL NUMBER OF PATIENT DAYS MINUS PSYCH DAYS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10-YEAR TOTAL
HSA #1	1,258,662	1,284,062	1,267,549	1,287,765	1,321,125	1,380,721	1,408,203	1,489,891	1,511,278	1,405,676	**13,614,932**
STATEWIDE TOTAL	2,037,849	2,050,047	2,037,948	2,051,169	2,094,257	2,180,995	2,244,895	2,355,683	2,383,369	2,249,683	**21,685,895**

TOTAL POPULATIONS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10-YEAR TOTAL
HSA #1	4,204,534	4,249,515	4,294,496	4,339,478	4,384,459	4,429,440	4,507,526	4,585,612	4,663,697	4,741,783	**44,400,540**
STATEWIDE TOTAL	6,724,540	6,791,914	6,859,288	6,926,662	6,994,036	7,061,410	7,176,813	7,292,215	7,407,618	7,523,020	**70,757,516**

RESIDENT USE RATE PER 1,000

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
HSA #1	299.36	302.17	295.16	296.76	301.32	311.71	312.41	324.91	324.05	296.44
STATEWIDE TOTAL	303.05	301.84	297.11	296.13	299.43	308.86	312.80	323.04	321.75	299.04

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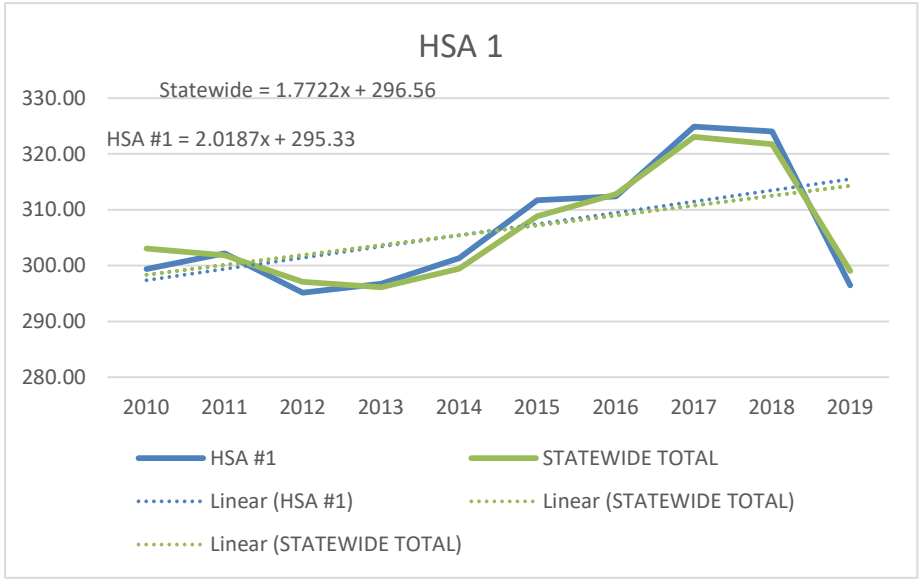
Southwest King Acute Care Bed Need
Step 4

RESIDENT USE RATE PER 1,000

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TREND LINE
HSA #1	299.36	302.17	295.16	296.76	301.32	311.71	312.41	324.91	324.05	296.44	2.0187
STATEWIDE TOTAL	303.05	301.84	297.11	296.13	299.43	308.86	312.80	323.04	321.75	299.04	1.7722



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Southwest King Acute Care Bed Need
Steps 5 & 6

STEP #5
2019

HOSPITAL PATIENT DAYS

	Total Patient Days in Southwest King Hospitals	-	Out of State (OOS) Resident Patient Days in Southwest King Hospitals	=	Total Patient Days in Southwest King Hospitals, Minus OOS	%
0-64	13,023		395		12,628	3.03%
65+	16,282		226		16,056	1.39%
TOTAL	**29,305**		**621**		**28,684**	2.12%

	Total Patient Days in Washington State Hospitals Minus Southwest King	-	Out of State (OOS) Resident Patient Days in Washington State Hospitals Minus Southwest King	=	Total Patient Days in Washington State Hospitals, Minus OOS, Minus Southwest King	%
0-64	1,056,727		60,628		996,099	5.74%
65+	1,134,649		46,735		1,087,914	4.12%
TOTAL	**2,191,376**		**107,363**		**2,084,013**	4.90%

	Total Southwest King Resident Patient Days in Southwest King Hospitals	+	Total Southwest King Resident Patient Days in Other Washington State Hospitals	=	Total Southwest King Resident Patient Days	+	Southwest King Resident Patient Days Provided in Oregon	=	Total Southwest King Resident Patient Days - All Settings
0-64	7,778		33,360		41,138		20		41,158
65+	11,547		29,901		41,448		24		41,472
TOTAL	**19,325**		**63,261**		**82,586**		**44**		**82,630**

	Total Other Washington State Resident Patient Days in Southwest King Hospitals	+	Total Other Washington State Resident Patient Days in Other Washington State Hospitals	=	Total Other Washington State Resident Patient Days	+	Other Washington State Resident Patient Days Provided in Oregon	=	Total Other Washington State Resident Patient Days - All Settings
0-64	4,850		962,739		967,589		55,390		1,022,979
65+	4,509		1,058,013		1,062,522		20,699		1,083,221
TOTAL	**9,359**		**2,020,752**		**2,030,111**		**76,089**		**2,106,200**

Prepared by Randy Huyck, April 2021

Southwest King Acute Care Bed Need
Steps 5 & 6

MARKET SHARES

PERCENTAGES OF PATIENT DAYS

Southwest King RESIDENT PATIENT DAYS

	In Southwest King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	18.90%	81.05%	0.05%
65+	27.84%	72.10%	0.06%

OTHER WASHINGTON STATE RESIDENT PATIENT DAYS

	In Southwest King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	0.47%	94.11%	5.41%
65+	0.42%	97.67%	1.91%

2019
POPULATION BY PLANNING AREA

	Southwest King County	Other Washington State
0-64	229,580	6,064,554
65+	40,163	1,188,723
TOTAL	269,743	7,253,277

STEP #6
USE RATE BY PLANNING AREA

	Southwest King County	Other Washington State
0-64	179.28	168.68
65+	1,032.59	911.25

Southwest King Acute Care Bed Need
Step 7A

USE RATE BY PLANNING AREA
2019
Southwest King County

0-64	**179.28**
65+	**1,032.59**

PROJECTED POPULATION - Southwest King COUNTY

PROJECTION YEAR	**2026**
0-64	241,547
65+	51,375
TOTAL	292,922

PROJECTED USE RATE

PROJECTION YEAR	**2026**
USE RATES	
0-64 Using HSA #11 Trend	193.41
0-64 Using Statewide Trend	**191.68**
65+ Using HSA #1 Trend	1,046.72
65+ Using Statewide Trend	**1,045.00**

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Southwest King Acute Care Bed Need
Step 8

PROJECTED USE RATE

PROJECTION YEAR	**2026**
USE RATES	
0-64	191.68
65+	1,045.00

PROJECTED POPULATION

PROJECTION YEAR	**2026**
0-64	241,547
65+	51,375
TOTAL	**292,922**

PROJECTED NUMBER OF PATIENT DAYS

PROJECTION YEAR	**2026**
0-64	46,300
65+	53,687
TOTAL	**99,987**

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Southwest King Acute Care Bed Need
Step 9

PROJECTED NUMBER OF PATIENT DAYS

PROJECTION YEAR **2026**

	Southwest King COUNTY RESIDENTS	ALL OTHER WASHINGTON STATE	TOTAL WASHINGTON STATE
0-64	46,300	614,233	660,533
65+	53,687	1,613,658	1,667,345
TOTAL	**99,987**	**2,227,892**	**2,327,878**

MARKET SHARE (% PATIENT DAYS FROM STEP 5)

Southwest King RESIDENT PATIENT DAYS

	In Southwest King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	18.90%	81.05%	0.05%
65+	27.84%	72.10%	0.06%

OTHER WASHINGTON STATE RESIDENT PATIENT DAYS

	In Southwest King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	0.47%	94.11%	5.41%
65+	0.42%	97.67%	1.91%

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Southwest King Acute Care Bed Need
Step 9

PROJECTED RESIDENT PATIENT DAYS BY LOCATION, WITH MARKET SHARE ASSIGNED

Southwest King RESIDENT PATIENT DAYS

	In Southwest King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	8,750	37,528	22
65+	14,948	38,708	31
TOTAL	**23,698**	**76,235**	**54**

OTHER WASHINGTON STATE RESIDENT PATIENT DAYS

	In Southwest King Hospitals	In Other Washington State Hospitals	In Oregon Hospitals
0-64	2,912	578,063	33,258
65+	6,717	1,576,106	30,835
TOTAL	**9,629**	**2,154,170**	**64,093**

NUMBER OF PATIENT DAYS PROJECTED IN Southwest King HOSPITALS

0-64	11,662
65+	21,665
TOTAL	**33,327**

NUMBER OF PATIENT DAYS PROJECTED IN ALL OTHER WASHINGTON STATE HOSPITALS

2,230,405

NUMBER OF WASHINGTON STATE PATIENT DAYS PROJECTED IN OREGON HOSPITALS

64,147

PERCENTAGE OF OUT OF STATE RESIDENT PATIENT DAYS IN WASHINGTON STATE HOSPITALS

Southwest King

0-64	3.03%
65+	1.39%

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Southwest King Acute Care Bed Need
Step 9

ALL OTHER WASHINGTON STATE

0-64	5.74%
65+	4.12%

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Southwest King Acute Care Bed Need
Step 9

PROJECTED NUMBER OF PATIENT DAYS IN PROJECTION YEAR, PLUS OUT OF STATE RESIDENTS

PROJECTION YEAR **2026**

PATIENT DAYS IN Southwest King IN PROJECTION YEAR

		Ratio - Projected Patient Days in Planning Area Hospitals over Planning Area Resident Patient Days
0-64	12,016	0.259515509
65+	21,966	0.409144641
TOTAL	**33,981**	

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Southwest King Acute Care Bed Need
Step 10A

Benton-Franklin PLANNING AREA	2019	2020	2021	2022	2023	2024	2025	Target 2026	2027	2028	2029
POPULATION 0-64	229,580	231,201	232,821	234,566	236,311	238,057	239,802	241,547	243,292	245,037	246,783
0-64 USE RATE	179.28	181.05	182.82	184.59	186.36	188.14	189.91	191.68	193.45	195.22	197.00
POPULATION 65+	40,163	41,281	42,398	44,193	45,989	47,784	49,580	51,375	53,170	54,966	56,761
65+ USE RATE	1,032.59	1,034.36	1,036.14	1,037.91	1,039.68	1,041.45	1,043.23	1,045.00	1,046.77	1,048.54	1,050.31
TOTAL POPULATION	269,743	272,481	275,219	278,760	282,300	285,841	289,381	292,922	296,463	300,003	303,544
TOTAL PA RESIDENT DAYS	82,630	84,557	86,494	89,168	91,854	94,552	97,263	99,987	102,723	105,471	108,233
TOTAL DAYS IN PA HOSPITALS	27,649	28,333	29,020	30,004	30,992	31,984	32,980	33,981	34,986	35,995	37,008
AVAILABLE BEDS PER MOST RECENT DATA AVAILABLE - EITHER ACUTE CARE SURVEY OR YEAR-END FINANCIAL REPORT											
Highline/St. Anne's	128	128	128	128	128	128	128	128	128	128	128
Regional	26	0	0	0	0	0	0	0	0	0	0
TOTAL	**154**	**128**	**128**	**128**	**128**	**128**	**128**	**128**	**128**	**128**	**128**
Market Share By Hospital											
Highline/St. Anne's	83.12%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Regional	16.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Occupancy Standard by Hospital											
Highline/St. Anne's	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Regional	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
WEIGHTED OCCUPANCY STANDARD	62.47%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
GROSS BED NEED	**121.26**	**119.42**	**122.32**	**126.46**	**130.63**	**134.81**	**139.01**	**143.23**	**147.47**	**151.72**	**155.99**
NET BED NEED/(SURPLUS)	**-33**	**-9**	**-6**	**-2**	**3**	**7**	**11**	**15**	**19.47**	**23.72**	**27.99**

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Southwest King Acute Care Bed Need
Step 10B

Benton-Franklin PLANNING AREA	2019	2020	2021	2022	2023	2024	2025	Target 2026	2027	2028	2029
POPULATION 0-64	229,580	231,201	232,821	234,566	236,311	238,057	239,802	241,547	243,292	245,037	246,783
0-64 USE RATE	179.28	181.05	182.82	184.59	186.36	188.14	189.91	191.68	193.45	195.22	197.00
POPULATION 65+	40,163	41,281	42,398	44,193	45,989	47,784	49,580	51,375	53,170	54,966	56,761
65+ USE RATE	1,032.59	1,034.36	1,036.14	1,037.91	1,039.68	1,041.45	1,043.23	1,045.00	1,046.77	1,048.54	1,050.31
TOTAL POPULATION	269,743	272,481	275,219	278,760	282,300	285,841	289,381	292,922	296,463	300,003	303,544
TOTAL PA RESIDENT DAYS	82,630	84,557	86,494	89,168	91,854	94,552	97,263	99,987	102,723	105,471	108,233
TOTAL DAYS IN PA HOSPITALS	27,649	28,333	29,020	30,004	30,992	31,984	32,980	33,981	34,986	35,995	37,008
AVAILABLE BEDS PER MOST RECENT DATA AVAILABLE - EITHER ACUTE CARE SURVEY OR YEAR-END FINANCIAL REPORT											
Highline/St. Anne's	128	128	154	154	154	154	154	154	154	154	154
Regional	26	0	0	0	0	0	0	0	0	0	0
TOTAL	**154**	**128**	**154**	**154**	**154**	**154**	**154**	**154**	**154**	**154**	**154**
Market Share By Hospital											
Highline/St. Anne's	83.12%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Regional	16.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Occupancy Standard by Hospital											
Highline/St. Anne's	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Regional	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
WEIGHTED OCCUPANCY STANDARD	62.47%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
GROSS BED NEED	**121.26**	**119.42**	**122.32**	**126.46**	**130.63**	**134.81**	**139.01**	**143.23**	**147.47**	**151.72**	**155.99**
NET BED NEED/(SURPLUS)	**-33**	**-9**	**-32**	**-28**	**-23**	**-19**	**-15**	**-11**	**-6.53**	**-2.28**	**1.99**

Prepared by Randy Huyck, April 2021